Guala Closures Group

ANNUAL REPORT
2022

Translation from the Italian original which remains the definitive version

Registered and administrative office: Via Rana, 12 - zona industriale D/6, 15122 Spinetta Marengo, Alessandria
Subscribed and fully paid-in share capital € 68.906.646 - Tax code and company registration no. 10038620968

2022 GROUP HIGHLIGHTS

1954 Establishment	**31** Production sites	**~5,040** Employees	**881M €** Turnover 2022	**6** R&D Centres Italy, Bulgaria, Mexico, Ukraine, UK
18bn+ Closures per year	**300+** Closure models	**3** Product lines: safety, luxury and roll-on	**170+** Active intellectual property rights	**100** Countries where we have strong customer partnerships

NET REVENUE BY GEOGRAPHICAL SEGMENT

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA	GROUP
€508.1m	€222.1m	€86.4m	€40.1m	€24.3m	€881.0m
57.7%	*25.2%*	*9.8%*	*4.5%*	*2.8%*	*100.0%*

NET REVENUE BY PRODUCT

SAFETY	LUXURY	ROLL-ON	OTHER REVENUE	GROUP
€329.1m	€85.6m	€442.1m	€24.3m	€881.0m
37.4%	*9.7%*	*50.2%*	*2.8%*	*100.0%*

NET REVENUE BY DESTINATION

SPIRITS	WINE	WATER	NON-ALC. BEVERAGES	OLIVE OIL & CONDIMENTS	OTHER MARKETS	GROUP
€583.4m	€149.3m	€77.6m	€19.2m	€19.0m	€32.6m	€881.0m
66.2%	*16.9%*	*8.8%*	*2.2%*	*2.2%*	*3.7%*	*100.0%*

Letter to stakeholders

Dear stakeholders,

2022 saw some macro-economic disruption, including the rise of inflation and energy costs and supply chain disruption, following the exit from the social and economic emergency caused by the Covid-19 pandemic.

In this context, thanks to the strong focus on the 3 key pillars of the Development Strategy (Excellence, Innovation and Sustainability), aimed at creating value for shareholders, generating safety and well-being for its employees, demonstrating social responsibility and a strong focus on reducing its environmental impact, Guala Closures Group has been able to continue the positive momentum started in 2021.

The organic growth was significant, compared to the previous year, with net sales increasing by 32.7%, reaching €876 million, thanks to the contribution of substantially all the Group's Business Units.

Organic Adjusted EBITDA amounted to €163 million, +41.8% compared to 2021. 2022 was also characterised by a persistent significant increase in raw material and energy costs, which the Group was able to mitigate by limiting its negative impacts on profitability and growth.

2022 also marked an important change in Group structure thanks to the acquisition of Labrenta Group which operates in the production and sale of closures for the luxury segment, reinforcing the Guala Closures Group strategy on premiumisation and market positioning.

Gabriele Del Torchio

Chairman and CEO

(signed on the original)

COMPANY OFFICERS

BOARD OF DIRECTORS

Chairman and CEO	Gabriele Del Torchio
Director	Francesco Bove
Director	Marina Brogi
Director	Giovanni Casali
Director	Roberto Maestroni
Director	Chiara Palmieri
Director	Dante Razzano
Director	Francisco Javier De Juan Uriarte
Director	Raffaella Viscardi

BOARD OF STATUTORY AUDITORS

Chairwoman	Mara Vanzetta
Standing auditor	Massimo Gallina
Standing auditor	Fioranna Vittoria Negri
Substitute auditor	Massimiliano Di Maria
Substitute auditor	Mariateresa Salerno

INDEPENDENT AUDITORS

KPMG S.p.A.

Contents

GENERAL INFORMATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF FINANCIAL POSITION

OTHER INFORMATION

3. Separate financial statements of Guala Closures S.p.A. as of December 31, 2022

DIRECTORS'

REPORT

Guala Closures Group

1.1 Introduction

€ 881.0m
2022 NET REVENUE

SALES NETWORK
IN OVER **100**
COUNTRIES

Over **18 BILLION**
CLOSURES
PRODUCED IN 2022

3 **PRODUCT**
CATEGORIES

OVER
170 INTELLECTUAL
PROPERTY RIGHTS

31 FACILITIES
&
2 SALES OFFICES

5,040
EMPLOYEES
AROUND THE WORLD

The Guala Closures Group is a leading multinational group manufacturing closures for spirits, wine, water, other non-alcoholic beverages, olive oil and condiments.

The group is a global leader in the safety closures segment. Safety closures are an essential tool against the adulteration and counterfeiting of beverages.

In 2022, the group produced and sold over 18 billion closures across its three product lines (safety, luxury, roll-on) and across five destination markets (spirits, wine, water, other non-alcoholic beverages, olive oil & condiments).

Thanks to its policy of continuous product and process development, the group has designed solutions that protect the quality and reputation of the most important international brands, by means of tamper-evident and non-refillable valve systems.

The group invests in production and decoration processes, both to enhance customers' brands through the design and production of high value-added closures and to make replication and, therefore possible counterfeiting, difficult.

In addition to traditional materials such as plastic and aluminium, the group uses materials from renewable sources such as wood. All raw materials comply with food contact regulations in Europe, the United States (FDA) and the countries where closures are produced and sold.

Vision and mission

Guala Closures Group pursues the goal of continuous and constant sustainable development in all the group companies' businesses, in order to strengthen its leadership in the production of closures in the market sectors in which it operates. This is achieved through full customer satisfaction, a focus on consumers, the enhancement of human resources, continuous innovation of products and processes, investor satisfaction and a focus on the environment and local communities.

The goal of providing two hours of training on the sustainability plan reflects Guala Closures' commitment:
Working together for sustainable growth

Values

Transparency: clarity, completeness and correctness of information in our business activities and in our interpersonal relations

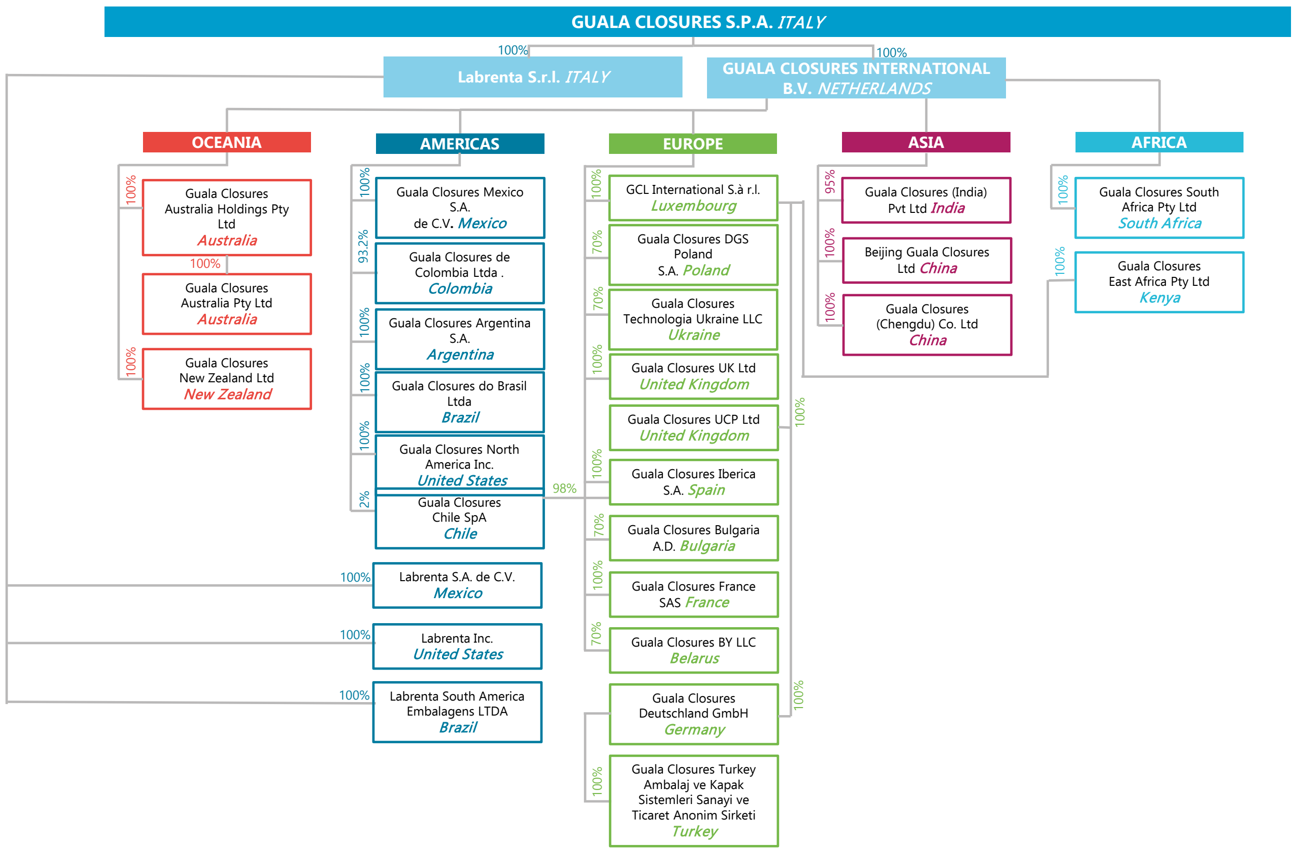
Professionalism: personnel training and growth in the pursuit of continuous and ongoing development;

Protection and well-being of the environment: occupational health and safety, for products and the impact on local communities;

Acknowledging and rewarding results: full disclosure of the goals and the evaluation criteria applied in relation thereto to recognise and reward our human resources.

1.2 The group structure

The Guala Closures Group, owned by the operational company Guala Closures S.p.A., operates on five continents.
The following chart illustrates the group structure at December 31, 2022 (companies consolidated on a line-by-line basis):

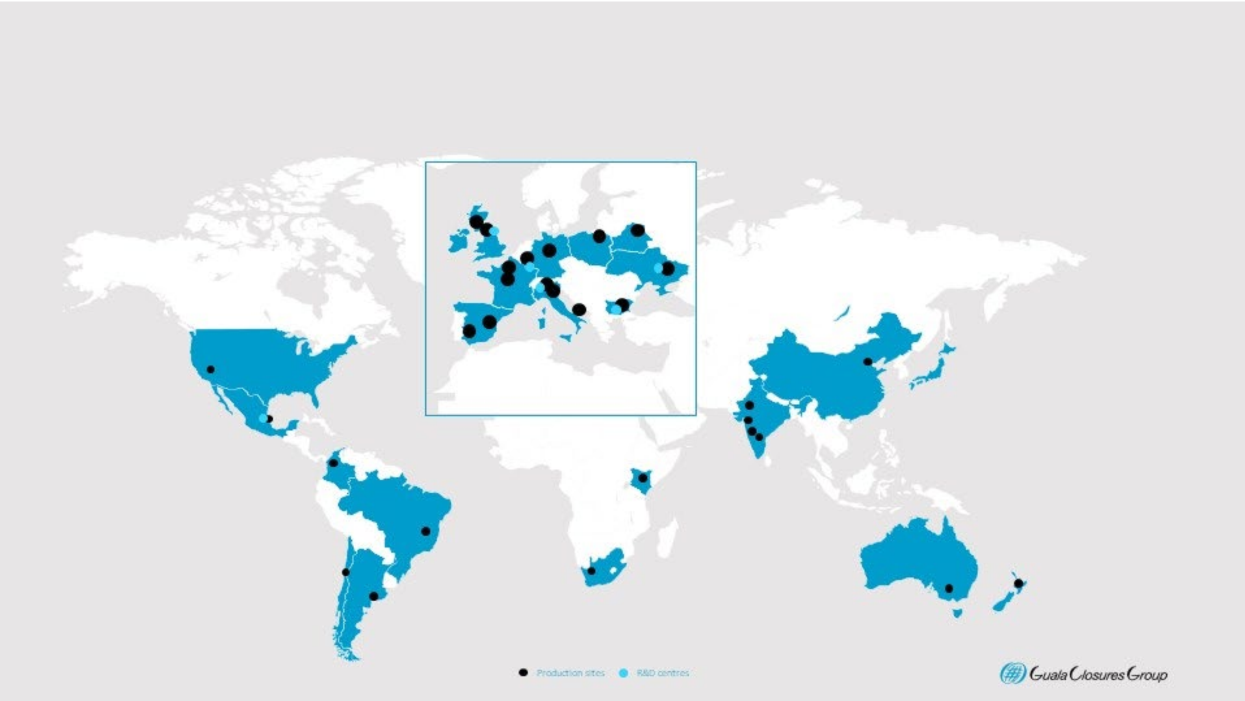


The group structure changed in 2022 as follows:

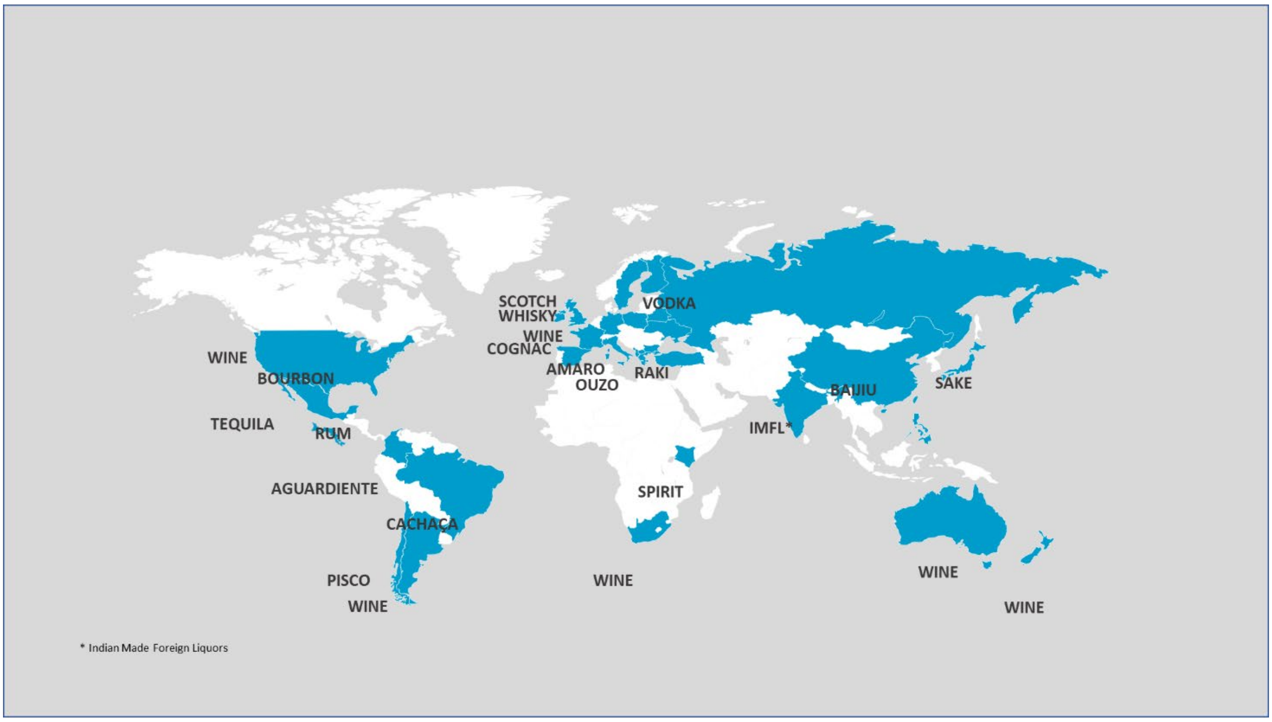
- Guala Closures Japan KK completed its liquidation process and was dissolved at the end of March 2022
- Guala Closures Chengdu Co. Ltd was established in September 2022
- On October 4, 2022, following the agreement reached on July 6, 2022, Guala Closures S.p.A. signed the closing with Cortapedra S.r.l. for the purchase of 100% of the quota capital of Labrenta Group, based in Breganze (VI), which operates in the production and sale of closures for the luxury segment.

1.3 International footprint

The Guala Closures Group is a multinational group with 31 facilities and six research and innovation centres (in the United Kingdom, Ukraine, Bulgaria, Mexico and two in Italy).



With a widespread presence, the group enjoys a close relationship and affiliation with its customers given its proximity to their production sites.



1.4 Product lines and destination markets

In 2022, the group produced and sold more than 18 billion closures in three product lines and across five destination markets.

Product lines:

Safety closures:

Complex closures designed to fight the phenomenon of counterfeiting of the product, wine or vegetable oil. Made up of various components, they offer systems that prevent fraudulent filling of the bottle.

Luxury closures:

Closures designed in precious materials, such as wood and plastic-metal composites, mainly used by spirits producers to give a luxury image to their most prestigious brands.

Roll-on:

Aluminium screw caps for wine, beverages in glass bottles, fruit juices, non-alcoholic beverages, oil and condiments, which may feature either generic or tamper-evident closure systems.

Destination markets

Spirits:

The Guala Closures Group is renowned as a key partner in the alcoholic beverages market, harnessing technological innovation to offer customised anti-counterfeit closure solutions, while responding to the move towards more premium products.

Wine:

With screw-on aluminium closures, wine is more stable over time and its delicate balance is not compromised during transport. Guala Closures caps also make it easier to open and re-seal the bottle and feature liners that keep the oxygenation of the wine in check so the wine maintains its quality and taste for longer.

Water:

The group produces aluminium closures for sparkling and still mineral water in glass bottles, supplying some of the leading international brands with generic or tamper-evident closure systems featuring capsules based on a patented system to show when a bottle has been opened.

Other non-alcoholic beverages:

The group produces aluminium and plastic closures for sparkling and still beverages, fruit juices and other non-alcoholic beverages protecting its customers with generic or tamper-evident closures. All closures can be customized with high quality graphics to enhance the brand image.

Olive oil & condiments:

The group offers oil producers a wide range of short and long caps, with valves and pourers, as well as anti-drip devices specifically designed for the viscosity of oil which enable the perfect pour. The Group also offers cutting-edge solutions for all types of liquid condiments.

1.5 Research and product and process research and innovation

Product and process innovation to design and provide the world's markets with valid solutions for the individual brands and with increasingly effective and sustainable production processes was again the focus of the business for the Guala Closures Group in 2022. The Group continued to lead the way in pinpointing new market trends and converting them into cutting-edge solutions thanks to the close collaboration between its marketing, sales and innovation areas.

In order to provide a range of harmonised products, designed to provide effective sustainable development solutions, we have adopted a rigorous design method, starting from understanding packaging production issues.

The three biggest challenges in terms of sustainable development comprise the use of finite resources, greenhouse gas emissions, mainly due to the production of materials and, to a lesser extent, their transport or processing, and the product end-of-life.

In order to address these challenges, the Guala Closures Group follows four design models for sustainable solutions:

DESIGN TO REDUCE

This principle is based on eco-design and the elimination of anything not necessary: by reducing the use of finite materials and renewables necessary for a product to function properly we have a lower impact on the environment. In fact, not only does the reduced use of resources lead to more responsible behaviour, as well as promoting sustainable development, but it can also reduce the volume of carbon dioxide emitted in relation to closures

DESIGN TO CHANGE

Product sustainability requires changing the resources used. This can be achieved by no longer using limited resources and adopting the use of recycled or renewable materials. In the case of ALUMINIUM, this means increasing the amount of recycled alloys used in production, which would significantly reduce the associated carbon dioxide emissions and energy consumption. In the case of POLYMERS, the use of recycled materials is more challenging as polymers from mechanical recycling are often not suitable for food contact and have different properties compared to petroleum-based polymers. There are two categories of recycled polymers: those from chemical recycling and those from renewable sources.

DESIGN TO FADE

This approach involves the reduction of waste that goes to landfill or is incinerated, thanks to the use of biodegradable polymers. The guideline also suggests decreasing the materials used and the use of easily-removable components. Where biodegradable waste can be disposed of properly, this solution has a positive impact on waste treatment and potentially reduces carbon dioxide emissions.

DESIGN TO REVIVE

As far as possible, existing recycling systems should be adopted, as future technological advances may mean that closures may also become recyclable. Accordingly, we could potentially resolve scrap pollution and the waste of resources by recovering the materials used in closures as much as possible.

These four design models address early life and recycling issues. Each model has been given a name, a concept and a series of actions to facilitate the application of the concept to closures. Each model responds differently to the challenges identified and has been created to be applied individually or in combination with other models.

All four models focus on the use of materials, the sources from which the materials are derived and their possible end-of-life in different ways. Specifically, research focused on polymers: both materials produced from renewable or recycled sources, in order to abandon the use of oil, and biodegradable and compostable materials.

Research has led to the validation of certain grades of polyethylene derived from renewable sources. This means oil can be phased out as a primary source for the production of polymers and that new carbon dioxide from the extraction of fossil fuels is not released into the atmosphere.

1.6 Strategy

The group's mission is to maintain its market leadership, increase profitability and expand its business through organic growth and acquisitions aimed at consolidating/increasing the market share.

The group's management has a clear strategy focused on the following pillars.

Operational excellence	• Central management and coordination of BU activities from a decentralized BU responsibilities to harmonized corporate guidance. • Improve the operational set up and optimize the manufacturing footprint. • Focus on the upscaling the existing industrial footprint, with dedicated projects for Mexico, China and UK (Scotland). • Constant reduction of % on sales of personnel cost & G&A
R&D and product developments	• Focus on the strong R&D capabilities of Guala Closures to improve product differentiation *vis-à-vis* competitors • 230+ currently active luxury and innovation projects, focusing on break-through sustainable solutions, with high focus in India and China • Our 6 R&D centers identify risk / opportunities and product design in view of EC PPWR
Market Share and Volume improvements	• Tailored and proactive effort with Key Global Clients and other existing customers, aiming to increasing share of wallet with major customers • Identification of new customers in defined Geographies / Unexploited Segments / White areas • Bespoke activities / tactics to defend market share in high-volume products / countries with strong competition • Market Guala position as leader in Innovative and sustainable product solutions
Establishment of the "luxury division"	• Complete the integration of Labrenta with focus on luxury closures. • Strengthen the presence in the luxury segment with the establishment of a dedicated division in different BUs (Scotland, India, Bulgaria).
Focus on ESG proposition	• Solid and tangible achievements in all ESG areas (CO2 emission, Waste, Renewable Energy, Gender Equity, and Health & Safety) • In 2023, we foresee to continue our focus on specific areas, thanks to and aiming to new achievements, pivot activities, and new certifications
Focus on financial performance improvement	• Focus on cashflow generation (EBITDA improvement, working capital and capex optimization). New guidelines implemented in all BUs • Significant investment plan on IT development.
Focus on human resources and talents	• After being introduced in 2022, the new global and structured MBO will be approved and put in place in 2023 as well • Enhanced assessment and valuation system for the middle management in each single BU • Launch of the Group Academy and of the new Talent management / Succession Plan

Financial Performance

2.1 Group performance

Key figures

(€m)	2021	2022	% variation	2022 PF [3]	% variation
Net revenue	**659.8**	**881.0**	*33.5%*	**900.2**	*36.4%*
Adjusted gross operating profit (Adjusted EBITDA)[1]	**115.1**	**163.7**	*42.3%*	**168.3**	*46.2%*
Adjusted gross operating profit (Adjusted EBITDA)[1] margin	*17.4%*	*18.6%*		*18.7%*	
	Dec 31, 2021	**Dec 31, 2022**			
Net financial indebtedness [2]	462.0	489.0			
Employees		5,040			
Facilities: 31 production facilities and 2 sales offices in 24 countries on 5 continents					
Intellectual property rights		over 170			

Note:

(1) Reference should be made to the section Alternative performance indicators – Guala Closures Group in this report for information on the alternative performance indicators, such as adjusted gross operating profit.
(2) Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as financial assets.
(3) 2022 PF includes twelve months Labrenta

Persistent high inflation and supply chains disruption together with significant tensions on commodity and energy prices continue to represent a risk to the world economy's recovery, with GDP growth expectations moderating worldwide. The high, above-targets inflation has triggered a generalised tendency to implement corrective measures in terms of interest rate increases, with possible consequences for global growth.

Furthermore, the Russian-Ukraine conflict continues to generate geopolitical tensions and volatility and uncertainty, adding further inflationary pressure and potentially impacting consumer demand, in addition to higher input costs pressure combined with logistics constraints.

Regarding the spirits industry, with the end of restrictive Covid-19 measures in most markets, the sector continues to benefit from a return to on-premise sales.

The key economic and financial indicators of the Group in 2022 show a positive trend with revenue up 33.5% compared to 2021 and an Adjusted EBITDA margin of 18.6% (respectively 32.7% and 18.6% on organic basis), an improvement on the 17.4% margin of the previous year.

Revenue growth was driven by both sales volume/mix and selling price increase. The performance in 2022 was due to double digit growth in all the regions in which the group operates.

The increase in adjusted gross operating profit (adjusted EBITDA) in 2022 compared to 2021 was achieved thanks to the combined contribution of the additional sales volume/mix and the selling price increase, implemented to compensate the cost base increase (raw materials, utilities, transports and other costs) in the current year and in 2021.

Net financial indebtedness at December 31, 2022 (€489.0 million) is higher than at December 31, 2021 (€462.0 million), mainly due to the acquisition of Labrenta business. Excluding Labrenta acquisition, on a L4L basis, net financial indebtedness decreased by €14 million versus December 2021.

Significant events of the year

The main events which affected the Guala Closures Group in 2022 are summarised below:

BUSINESS:

Guala Closures Japan KK

Guala Closures Japan KK, which consisted solely of a representative office in Tokyo, completed its liquidation process and was dissolved at the end of March 2022.
The former general manager of Guala Closures Japan KK continues to act as Asia Pacific Development Director, based in India.

Guala Closures UK Ltd

With regard to the pension scheme of Guala Closures UK Ltd, on March 23, 2022, the board of directors of Guala Closures UK approved a step-plan to enter into an insurance policy with a private insurance company. During Q4 2022, the Trustees entered into a 'buy-in' transaction, with a significant proportion of the Scheme's assets transferred to a third-party insurance company, in order to transfer risk relating to members' benefits to the insurer.

This may be converted to a 'buy-out' in the future whereby the liabilities would be extinguished from the company's perspective, and obligation to pay member's benefits would be passed to the insurer. This would become possible following completion of various legal and administrative procedures. Upon completion, the obligation would be fully transferred and the company relieved of any future liability.

Luxembourg

On July 11, 2022, GCL International S.à r.l. informed its employees that it intends to terminate its activities by the end of 2022 and that all projects of GCL Technologies will be transferred to Guala Closures S.p.A.. Figures as at December 31, 2022 include €1.6 million of accruals for this restructuring project.

Guala Closures France

On July 4, 2022, Guala Closures France informed its employees about Saint Remy plant closing that happened by middle December 2022. This project's cost is approximately €0.3 million, which has been provided for at December 31, 2022.

Purchase of sponsor warrant

In July 2022, Guala Closures S.p.A. purchased. the 2,500,000 "Sponsor Warrant Guala Closures S.p.A." (the "Sponsor Warrant") from Space Holding S.r.l. for an amount of €1 million as, following the delisting of the Guala Closures ordinary shares from the "Mercato Telematico Azionario", a regulated market managed and organized by Borsa Italiana S.p.A., the sponsor warrants are no longer exercisable.

Subscription of additional facility with Cassa Depositi e Prestiti S.p.A. ("CDP")

On August 8, 2022, the board of directors of Guala Closures S.p.A. approved the subscription of an additional facility to the "2028 RCF" governed by English law (with information undertakings, restrictive covenants, events of default and related definitions interpreted in accordance with New York law), entered into on June 28, 2021, by and between Guala Closures, as borrower, U.S. Bank Global Corporate Trust Limited, as the agent, and Deutsche Bank Aktiengesellschaft, Credit Suisse AG, Milan Branch, Goldman Sachs Bank Europe SE, Unicredit S.p.A. and Bank of America Designated Activity Company, as mandated lead arrangers.

Guala Closures S.p.A. requested Cassa Depositi e Prestiti S.p.A. ("CDP") as "Additional Facility Lender" to make an additional facility available for an amount of €16 million. The expiry date of the additional facility is in line with the 2028 RCF, bearing an interest rate applicable to drawn amounts equal to EURIBOR, LIBOR or a different parameter identified as the Compounded Reference Rate (2028 RCF + 2.5% p.a.), but based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF margin decreased from the original rate of 2.5% to 1.75% based on the decreasing leverage-based margin. Guala Closures paid an upfront fee of €0.4 million.

Announcement of the plan to open a new plant in China

On August 25, 2022, the Group signed an agreement to develop a new plant in Chengdu in the Chinese Province of Sichuan.

Located in a renowned baijiu (Chinese traditional liquor) region, the plant and R&D center will focus on closures for the premium and luxury segments, with plans to produce an estimated 130 million closures per year, positioning the plant as a world-class facility tailored to the Chinese spirits market.

The new plant will cover an area of 13,800 square meters and is expected to employ 110 people. An ambitious investment plan is envisaged for the next 24 months focused on the production of closures for the luxury segment, enabling the Group to provide concrete support to the local economy which will also benefit from the Group's technological know-how and R&D activities. Such investment confirms the Group's commitment to territorial development in the spirits sector and customer support in China, where the Group has been operating for over 20 years through a plant in Beijing.

In September 2022 Guala Closures Chengdu Co. Ltd was established obtaining a regular business license and the group is starting to reorganise its operations in China to support the new plant.

On October 28, 2022, the company received from its parent company Guala Closures International B.V. a capital injection for an amount of €0.7 million to fulfill with the initial investment obligations.

Start of production in the new site expected by the end of Q2 2023.

As a consequence of the operation, a restructuring provision of €1.4 million was recognised by Beijing Guala Closures Ltd.

Acquisition of Labrenta S.r.l.

On October 4, 2022, following the agreement reached on July 6, 2022, Guala Closures S.p.A. and Cortapedra S.r.l. signed the closing of the acquisition for the purchase of 100% of the quota capital of Labrenta S.r.l., based in Breganze (VI), which operates in the production and sale of closures for the luxury segment.

Labrenta has a production capacity of approximately 180 million annual closures and in 2021 it achieved a turnover of approximately €22 million, with an EBITDA of €3.5 million. In 2022 pro-forma figures, Labrenta Group realised €25m of net revenue and an adj EBITDA of €5 milion. Labrenta has around 140 employees and over 800 customers in more than 70 countries.

Total purchase price was about €49 million, including €15 million that Cortapedra S.r.l. has reinvested in SPSI. The first instalment of the price for an amount of €14.6 million was paid through available cash.

GOVERNANCE:

Appointment of new chairwoman of the board of statutory auditors and new substitute auditor

On April 28, 2022, Benedetta Navarra resigned as chairwoman of the board of statutory auditors and on April 29, 2022, Ugo Marco Luca Maria Pollice resigned as substitute auditor.

On May 6, 2022, the shareholder’s meeting appointed Mara Vanzetta as the new chairwoman of the board of statutory auditors and Massimiliano Di Maria as substitute auditor.

Russia – Ukraine conflict

The optimism after the winding-down of the pandemic has been largely disrupted since the outbreak of the Russian invasion of Ukraine, together with the increasing global geopolitical tensions that began at the end of February 2022.
On February 24, 2022, as a result of the start of the war, GC Ukraine was forced to shut down the factory located in Sumy. All the employees were evacuated and are safe. No damage was suffered in relation to the assets of the company.

The group promptly reacted, supporting humanitarian efforts in Ukraine through donations to the Red Cross, the organisation of humanitarian transports of essential supplies and the hosting of some employees' families.

In 2022, GC Ukraine recognised revenue of approximately €74 million and an EBITDA of approximately €16 million (respectively €64 million and €17 million in 2021), which included accruals linked to potential losses due to the conflict for an amount of €2.3 million and impairment losses of €4.7 million on the customer relationships attributable to the Russian market following the lack of visibility on the ongoing business in the Russian market, with net assets of about €50 million.

About half of the 2021 annual turnover of GC Ukraine was realised with third parties, 50% of which with customers located in Ukraine and Russia. At group level, in 2021, roughly 2.7% of consolidated net revenue was realised with Russian local customers and 1.6% with Ukrainian local customers. The remaining intragroup sales were mainly realised with GC S.p.A., GC North America and GC Belarus, with sales of aluminium shells and components.

Contingency plans have been implemented to mitigate the potential impacts on customers and the group. In particular, as soon as the war started, we immediately began relocating production for international customers to other group plants, also considering the non-recurring capex expenditures to adapt production lines for closure models previously made in Ukraine.
The backup plan adopted and the inventory quantities available at the end of February 2022 limited the loss of orders (at the moment not significant) from international customers, which we have recovered. No sales were made to local Russian customers after March 2022 by group companies.

Production in Ukraine resumed at the end of March, but with fewer employees involved. Sumy has returned under the control of Sumy Regional State Administration and many business activities have resumed.

At December 31, 2022, GC Ukraine had no trade receivables from Russian customers, €1.3 million due from Ukrainian customers and €1.1 million due from GC Belarus, of which about €1.5 million is provided for in the loss allowance. €1 million from Ukrainian customers had been collected as of the date of this report.

The group is continuously monitoring the current conflict. Due to the above situation, to improve logistics, among other things, GC Ukraine moved a small part of its production lines to a satellite plant located in the city of Ternopil, near the Polish Border, where the company plans to employ around 100 people. The overall production capacity and product portfolio of GC Ukraine will not be affected by such transfer.

GC Ukraine still has to comply with certain administrative restrictions on currency conversion transactions and payments abroad adopted by the National Bank of Ukraine and transactions with Russian and Belarussian-based companies are forbidden. These restrictions do not apply to aluminum importation. The current sanctions adopted by the EU and the USA against Russia are currently not significantly impacting our business.

Until March 2022, GC Belarus revenue was mostly generated with Russia, selling closures produced from aluminium shells and components purchased from Ukraine. In 2022, the company realised revenue of approximately €3 million and an EBITDA close to zero (respectively €12 million and €0.8 million in 2021), with net assets of €0.2 million.

At December 31, 2022, GC Belarus had no trade receivables due from Russian customers and, due to the lack of supply and freeze on sales to Russian local customers, the company has been inoperative since March.

The continuing isolation of Belarus triggered the risk of not being able to recover the amount of the company's non-current assets, resulting in the recognition of an impairment loss of about €1 million covering the full carrying amount at 31 December 2022 of property, plant and equipment and right of use assets.

As a conclusion, no business interruption occurred and impacted the customers thanks to the Group business model which guarantees product delivery thanks to the availability of alternative production sites within the Group. Despite the lack of sales to Russian customers, the performance of GC Ukraine improved on both third-party sales and intercompany ones (€74 million total sales 2022 vs €64 million total sales 2021).

Financial performance

ANALYSIS OF THE FINANCIAL PERFORMANCE

The table below summarises the financial performance of the Guala Closures Group for 2021 and 2022. For comparative purposes, the 2022 figures include, for the last quarter, those of Labrenta Group (acquired in the last quarter 2022).

Statement of profit or loss	2021		2022	
	(€'000)	*% of net revenue*	*(€'000)*	*% of net revenue*
Net revenue	**659,799**	*100.0%*	**881,047**	*100.0%*
Change in finished goods and semi-finished products	3,848	*0.6%*	18,248	*2.1%*
Other operating income	5,383	*0.8%*	5,308	*0.6%*
Internal work capitalised	5,165	*0.8%*	6,050	*0.7%*
Costs for raw materials	(308,883)	*(46.8%)*	(427,778)	*(48.6%)*
Costs for services	(114,053)	*(17.3%)*	(158,672)	*(18.0%)*
Personnel expense	(137,153)	*(20.8%)*	(150,461)	*(17.1%)*
Other operating expense	(8,469)	*(1.3%)*	(18,587)	*(2.1%)*
Impairment losses	(2,349)	*(0.4%)*	(10,313)	*(1.2%)*
Gross operating profit (EBITDA)	**103,289**	*15.7%*	**144,842**	*16.4%*
Amortisation and depreciation	(54,409)	*(8.2%)*	(54,004)	*(6.1%)*
Operating profit (EBIT)	**48,880**	*7.4%*	**90,838**	*10.3%*
Financial income	15,484	*2.3%*	20,930	*2.4%*
Financial expense	(46,920)	*(7.1%)*	(43,732)	*(5.0%)*
Net financial expense	**(31,436)**	*(4.8%)*	**(22,802)**	*(2.6%)*
Profit before taxation	**17,444**	*2.6%*	**68,035**	*7.7%*
Income taxes	(9,450)	*(1.4%)*	365	*0.0%*
Profit for the period	**7,994**	*1.2%*	**68,400**	*7.8%*
Attributable to:				
- the owners of the parent	(782)	*(0.1%)*	55,196	*6.3%*
- non-controlling interests	8,776	*1.3%*	13,204	*1.5%*

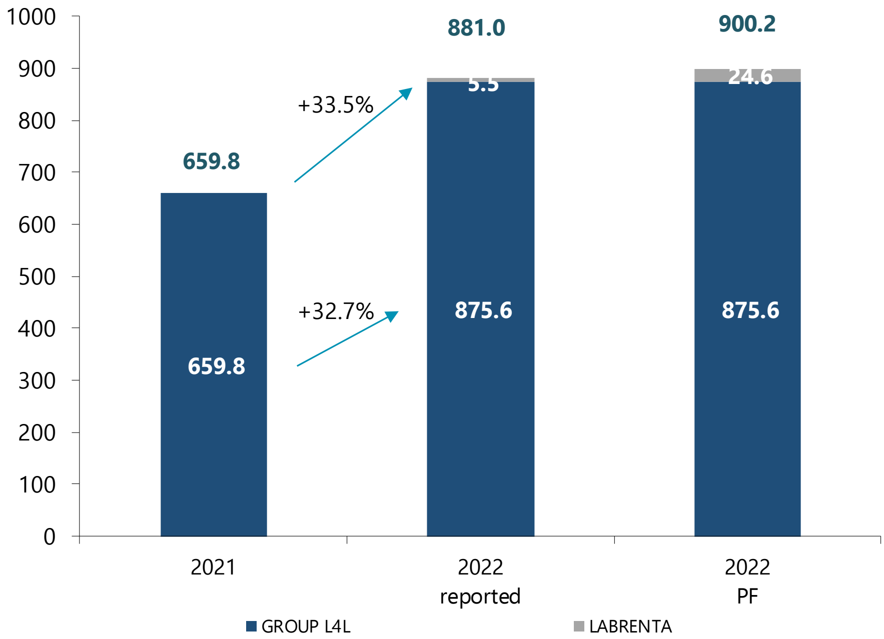
Adjusted gross operating profit (Adjusted EBITDA)	**115,098**	*17.4%*	**163,738**	*18.6%*

Note:

For information on the calculation of the adjusted gross operating profit reference should be made to page 44.

NET REVENUE

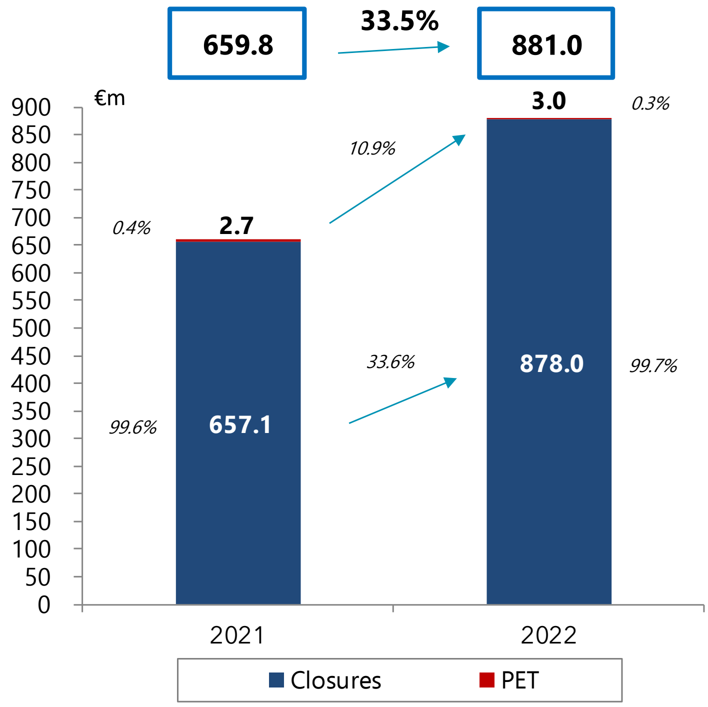
The following chart illustrates the 2022 trend in revenue compared to 2021.



In 2022, consolidated net revenue totalled €881.0 million, up €221.2 million (+33.5%) compared to 2021. The €221.2 million increase is mainly due to selling price increase (+€139.9 million) and volume/mix increase (+€63.1 million). The FX positively impacted the revenues by €11.0 million.
Organic growth (without considering 3 months revenues coming from the Labrenta acquisition) of €215.8 million (+32.7%) due to the growth in all product lines and in all the regions.
On a pro-forma basis, had the acquisition of Labrenta taken place on January 1, 2022, consolidated revenue would have amounted to approximately €900 million (+36.4%).

NET REVENUE BY DIVISION

The following chart gives a breakdown of net revenue by division.



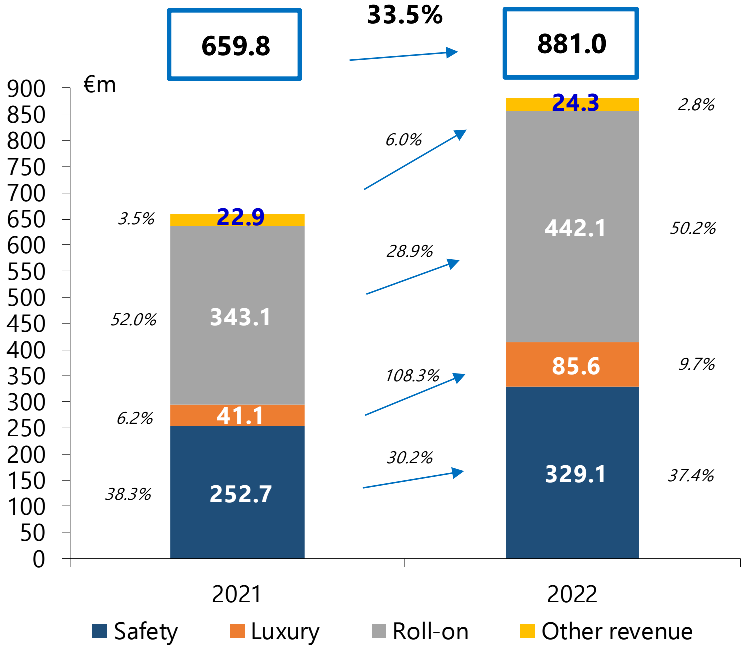
As the group's core business, the "Closures" division accounts for over 99% of net revenue in 2022. It is specialised in the production of safety, customised luxury and roll-on closures.

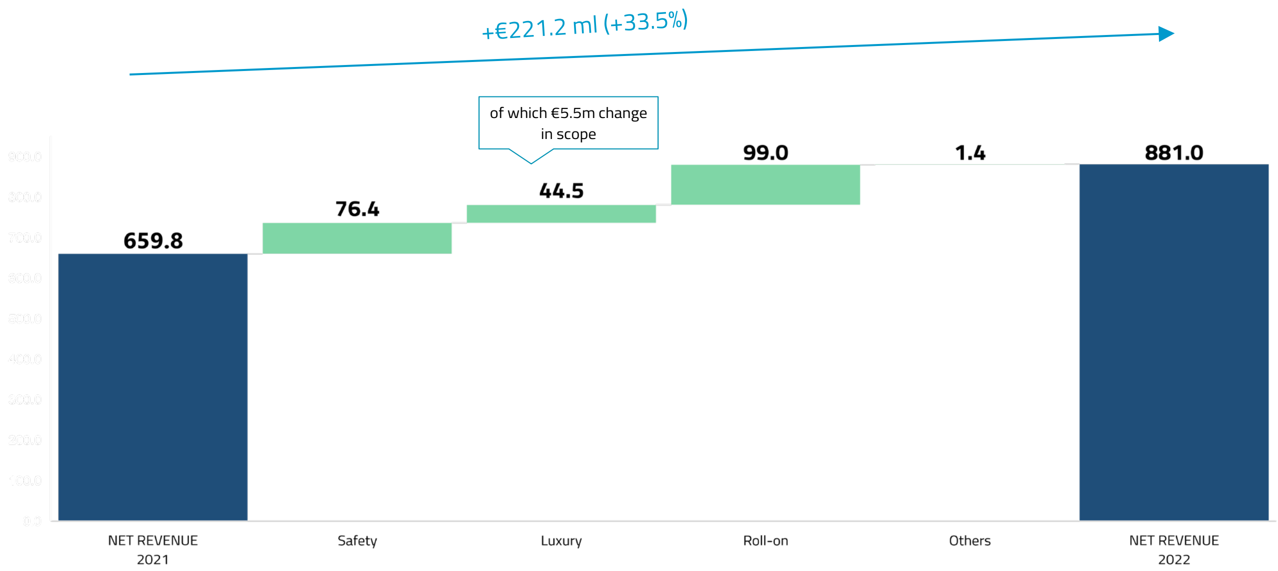
The net revenue of the Closures division increased by €220.9 million (+33.6%) in 2022 from €657.1 million in 2021 to €878.0 million in 2022, of which €5.5 million was due to the acquisition of the Labrenta business.

The "PET" division, active in the production of PET bottles and miniatures, is no longer considered a core business for the group and will be dismissed in 2023. As the PET division is not considered significant in size, it is not analysed in this report.

NET REVENUE BY PRODUCT

The following graphs give a breakdown of and changes in net revenue by product:





Source: *Internal data*

Net revenue increased in all the product lines with roll-on and safety closures driving the growth in terms of value and luxury closures in terms of percentage growth.

Revenue from **safety** closures increased by €76.4 million from €252.7 million in 2021 (38.3% of net revenue) to €329.1 million in 2022 (37.4%). The growth is entirely organic and it is mainly driven by the increase in UK, Italy, Mexico and India.

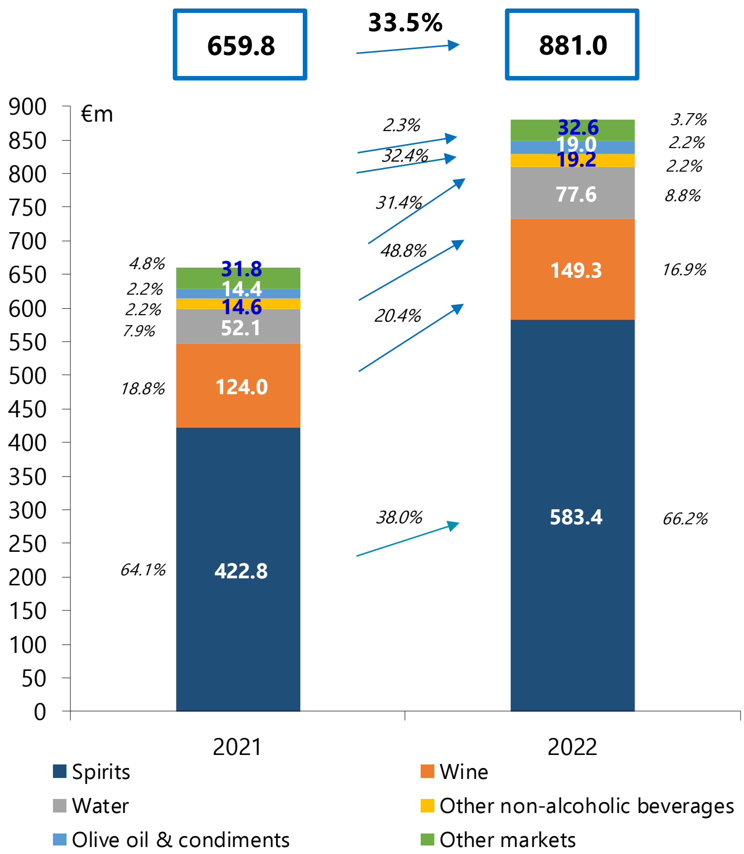
Revenue from **luxury** closures increased by €44.5 million from €41.1 million in 2021 (6.2% of net revenue) to €85.6 million in 2022 (9.7%), due to the increase in both volumes and average price, mainly related to the development of the luxury business in the Americas and Europe and to the change in perimeter of €5.5 million related to the acquisition of Labrenta business.

Revenue from **roll-on** closures increased by €99.0 million from €343.1 million in 2021 (52.0% of net revenue) to €442.1 million in 2022 (50.2%) thanks to the increase in water, wine and spirits markets.

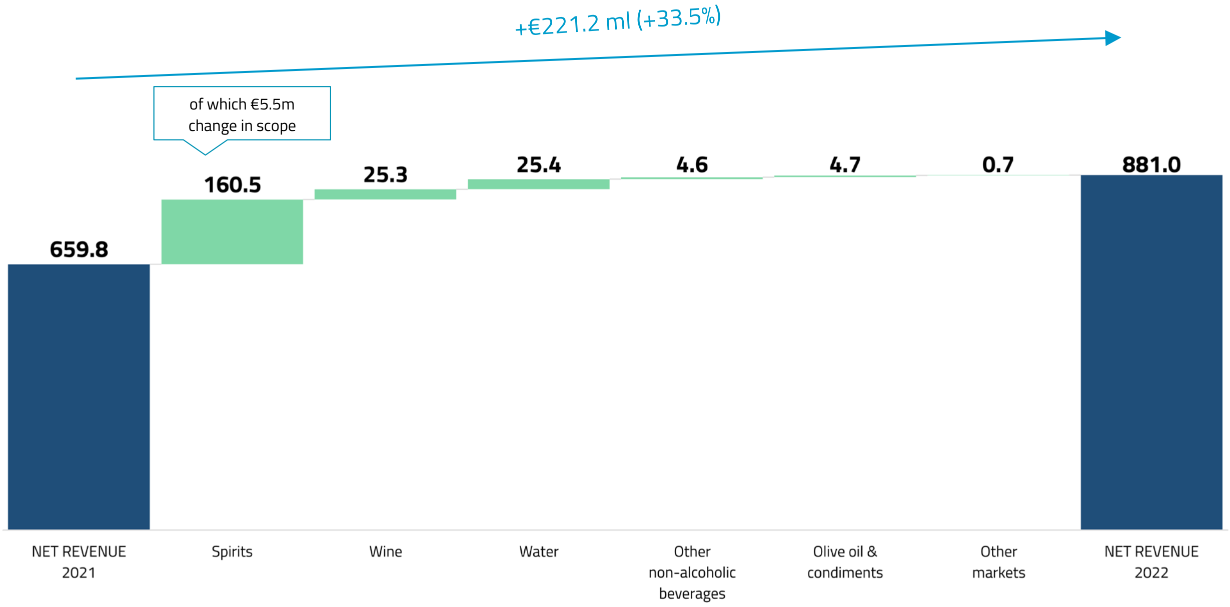
Other revenue increased by €1.4 million from €22.9 million in 2021 (3.5% of net revenue) to €24.3 million in 2022 (2.8%). Other revenue includes sale of closures for the pharmaceutical sector, PET and other revenue not included in the previous categories.

NET REVENUE BY DESTINATION MARKET

The charts below indicate the trend in revenue by destination market:



Source: *Internal data*



The increase in 2022 net revenue was mainly due to the spirits market which is the Group main destination market.

Net revenue in the **spirits market** increased by €160.5 million from €422.8 million in 2021 (64.1% of net revenue) to €583.4 million in 2022 (66.2%). The increase was realised thanks to the increase in all the regions in which the Group operates and to the contribution coming from the acquisition of the Labrenta business.

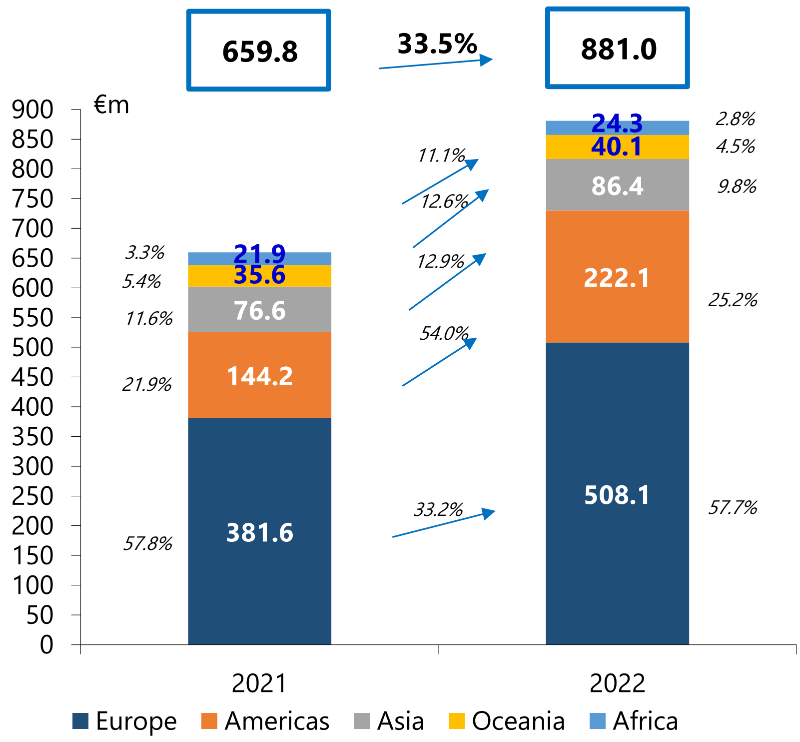
The **wine market** is the group's second largest destination market and generated 16.9% of net revenue in 2022. Revenue from the sale of wine closures rose €25.3 million from €124.0 million in 2021 (18.8% of net revenue) to €149.3 million in 2022 (16.9%). The growth was mainly achieved in Europe and in the Americas.

The **water market** recovered from the contraction of commercial activities caused by the Covid-19 pandemic and shows growth of 48.8% rising from €52.1million in 2021 (7.9% of net revenues) to €77.6 million in 2022 (8.8%).

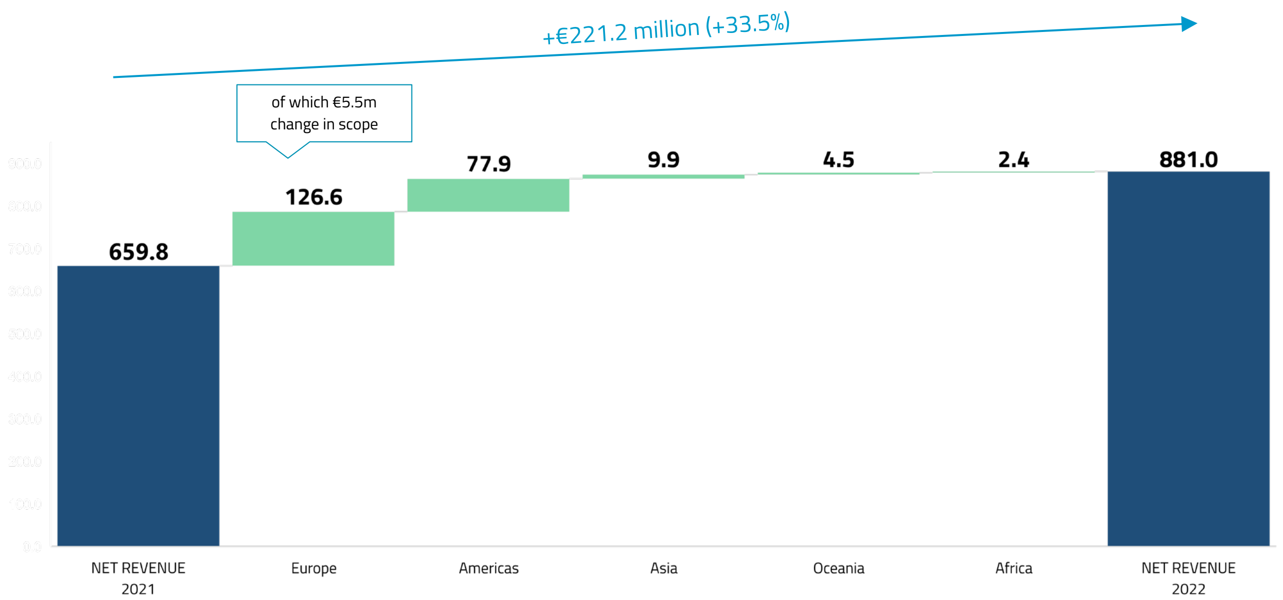
The **other non-alcoholic beverages market** increased compared to 2021 due to some customers growth in specialty beverages.

NET REVENUE BY GEOGRAPHICAL SEGMENT

The table below shows a breakdown of net revenue by geographical segment based on the location of the production site:



The chart below indicates the trend in revenue by geographical segment:



The sales growth in 2022 was driven by double-digit growth in all regions.

Net revenue from operations in **Europe** increased by €126.6 million from €381.6 million in 2021 (57.8% of net revenue) to €508.1 million in 2022 (57.7%).

This increase is due to the good performance of the UK, Italy, Poland, Spain and Germany thanks to the increase in spirits, water and wine markets together with the contribution from the acquisition of the Labrenta business (€5.5 million).

Net revenue from operations in the **Americas** increased by €77.9 million from €144.2 million in 2021 to €222.1 million in 2022 (21.9% and 25.2% of net revenue, respectively) mainly due to the increase in the spirits (both safety and luxury) and wine segments.

Net revenue from operations in **Asia** went from €76.6 million in 2021 (11.6% of net revenue) to €86.4 million in 2022 (9.8%), mainly attributable to the Indian spirit market.

Net revenue from operations in **Oceania** increased by €4.5 million from €35.6 million in 2021, or 5.4% of net revenue, to €40.1 million in 2022, or 4.5% mainly due to the increase in the wine market.

Net revenue from operations in **Africa** increased by €2.4 million from €21.9 million in 2021 (3.3% of net revenue) to €24.3 million in 2022 (2.8%) driven by the increase in East Africa's spirits market.

The group is not exposed to significant geographical risks other than normal business risks.

OTHER OPERATING INCOME

Other operating income is mainly composed by government grants received at the beginning of the year and other recoveries; the amount (€5.3 million in 2022) is substantially in line with 2021 (€5.4 million).

INTERNAL WORK CAPITALISED

This caption increased by €0.9 million from €5.2 million in 2021 (0.8% of net revenue) to €6.1 million in 2022 (0.7%). Internal work capitalised includes capitalised development expenditure and internal personnel expense for extraordinary maintenance on property, plant and equipment.

COSTS FOR RAW MATERIALS

Costs for raw materials increased by €118.9 million from €308.9 million in 2021 (46.8% of net revenue) to €427.8 million in 2022 (48.6%), due to the increase in the cost of plastic and aluminium, partially mitigated by the increase in selling price. The cost of aluminium in 2022 also includes a negative impact of €3 million due to the realized aluminium derivatives during the year and €1 million due to their change in fair value at year end and €2.2 million due to the consolidation of Labrenta business.

COSTS FOR SERVICES

Costs for services increased by €44.6 million from €114.1 million in 2021 (17.3% of net revenue) to €158.7 million in 2022 (18.0%). Compared to 2021, the increase is mainly due to utilities and freight costs (which represent together 10.3% of net revenue in 2022 compared to 9.7% in 2021). The impact of the consolidation of the Labrenta business was €1.7 million.

PERSONNEL EXPENSE

Personnel expense increased by €13.3 million from €137.2 million in 2021 to €150.5 million in 2022, due to increased activities in 2022 compared to last year, while it decreased as a percentage of net revenue from 20.8% in 2021 to 17.1% in 2022. The impact of the consolidation of the Labrenta business was €1.9 million.

OTHER OPERATING EXPENSE

The table below breaks down and compares other operating expense in the two years:

(€'000)	2021	2022	diff.
Accruals to provisions	2,240	5,034	2,794
Taxes and duties	2,042	2,923	881
Use of third-party assets	1,763	2,064	301
Impairment losses on trade receivables and contract assets	248	2,592	2,344
Other charges	2,176	5,975	3,799
Total	**8,469**	**18,587**	**10,118**

Other operating expense increased by €10.1 million from €8.5 million in 2021 (1.3% of net revenue) to €18.6 million in 2022 (2.1%), mainly due to higher accruals to provisions principally for corporate restructuring in Luxembourg and China and to impairment losses on trade receivables mainly deriving from expected credit losses on trade receivables due to the deterioration of credit rating in Argentina.
Other charges include €2.1 million of write-off of investment in SharpEnd which is no longer considered strategic for the Group.

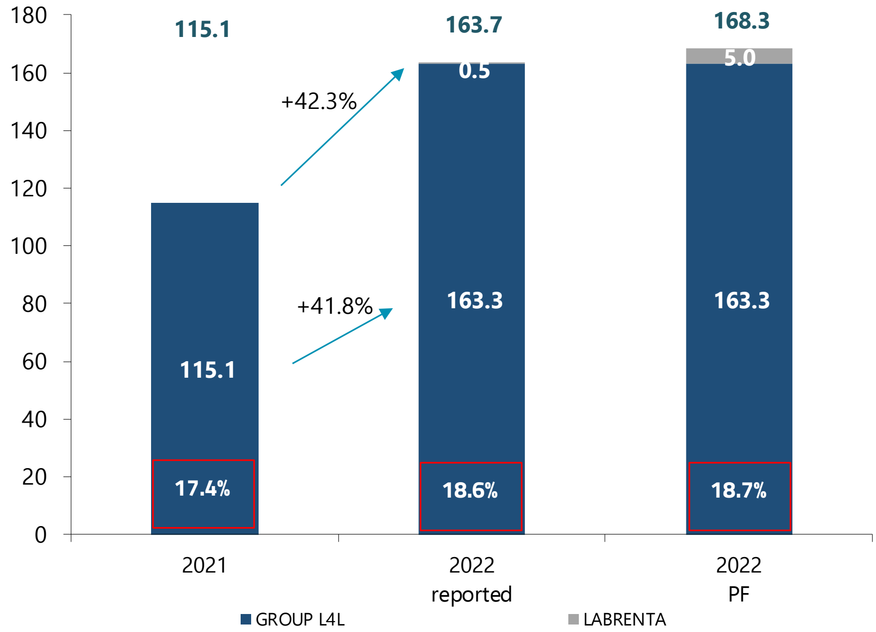
IMPAIRMENT LOSSES

Impairment losses increased by €8.0 million from €2.3 million in 2021 (0.4% of net revenue) to €10.3 million in 2022 (1.2%). Impairment losses in 2022 mainly relate to the customer relationship of Guala Closures Technologia Ukraine LLC which have been impaired by around €5 million due to the loss of the business in Russia, to the impairment by €1 million of carrying amount of property, plant and equipment and right of use assets of Guala Closures Belarus as a consequence of the risk not to be able to recover the value of the fixed assets of the company due to the significant uncertainties of the local political situation and to the impairment of €3.8 million of GC UCP property, plant and equipment related to assets that are no longer considered strategic for the Group and will not be transferred to Scottish single plant under construction.

ADJUSTED GROSS OPERATING PROFIT

In 2022, the reported adjusted gross operating profit (adjusted EBITDA) was €163.7 million, up €48.6 million (+42.3%) on 2021 (€115.1 million).
Organic growth of €48.2 million (+41.8%) thanks to the positive effect of the increase in sales volume/mix and selling price, which offset the negative effect of the increase in raw materials, utilities, transports and other costs.
Labrenta contributed for €0.5 million from the acquisition date.
On a pro-forma basis, had the acquisition of Labrenta taken place on January 1, 2022, adjusted EBITDA would have amounted to approximately €168 million (+46.2%).

The adjusted gross operating profit margin increased from 17.4% in 2021 to 18.6% in 2022 (18.7% on a pro-forma basis).



Note: *The percentages shown in the boxes indicate the adjusted gross operating profit (adjusted EBITDA) as a percentage of net revenue.*

AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased by €0.4 million from €54.4 million in 2021 (8.2% of net revenue) to €54 million (6.1%). Labrenta impact amounts to €0.4 million.

2022 amortization and depreciation include €17.2 million related to the step-up of the assets value due to PPA procedure accounted in the past years.

OPERATING PROFIT

In 2022, the reported operating profit (EBIT) was €90.8 million, up €42.0 million (+85.8%) on 2021 (€48.9 million). Adjusted operating profit in 2022 would be €107.6 million compared to €60.7 million in 2021.

Excluding amortization and depreciation related to the step-up of the assets value due to the PPA procedure accounted in the past years, adjusted operating profit would be €124.8 million in 2022 compared to €80.5 million in 2021).

FINANCIAL INCOME AND EXPENSE

The following table breaks down financial income and expense by nature in 2021 and 2022:

(€'000)	**2021**	**2022**	**diff.**
Net interest expense	(19,489)	(19,270)	219
Net exchange rate losses	(4,233)	(1,901)	2,332
Change in fair value of market warrants	5,961	-	(5,961)
Net fair value losses on financial liabilities to non-controlling investors	(5,387)	(841)	4,546
Other net financial expense	(568)	(790)	(222)
Interest expense for refinancing	(7,720)	-	7,720
Net financial expense	**(31,436)**	**(22,802)**	**8,634**

Net financial expense decreased by €8.6 million from €31.4 million in 2021 to €22.8 million in 2022.
Such decrease is mainly due to €7.7 million impact from interest expense for refinancing booked in 2021 (nil in 2022), €4.5 million positive effect of lower change in fair value of financial liabilities to non-controlling investors (€0.8 million in 2022 versus €5.4 million in 2021), €2.3 million lower impact of exchange rate losses (€1.9 million in 2022 versus €4.2 million in 2021), partially offset by the negative impact from the change in fair value of market warrants booked in 2021 (€6 million gain in 2021 versus nil in 2022, as these instruments were delisted from the Italian Stock Exchange on July 2021).

INCOME TAXES

The following table compares the income taxes in 2021 and 2022:

(€'000)	2021	2022	diff.
Current taxes	(17,553)	(29,746)	(12,193)
Deferred taxes	8,102	30,111	22,008
Total income taxes	**(9,450)**	**365**	**9,815**

Income taxes decreased by €9.8 million from -€9.5 million in 2021 (1.4% of net revenue) to a positive €0.4 million in 2022 (0.0%), mainly due to higher deferred taxes income partially offset by the higher current income taxes following the higher net income of the year.
Deferred taxes increase is mainly due to the additional recognition of deferred tax assets on losses carry forward in Guala Closures S.p.A. following the higher taxable income forecasted on previous year tax losses.

PROFIT FOR THE YEAR

The profit for 2022 amounts to €68.4 million, up €60.4 million on the profit of €8.0 million for the previous year.
The increase in 2022 is mainly due to the increase in the gross operating profit (€41.6 million), the decrease in net financial expense (€8.6 million) and lower taxes (€9.8 million).

Reclassified statement of financial position

The following table shows the reclassified financial position of the Guala Closures Group as at December 31, 2022 with comparative figures as at December 31, 2021:

(€'000)	December, 31 2021	December 31, 2022
Intangible assets	823,518	850,451
Property, plant and equipment	219,292	220,968
Right-of-use assets	15,525	20,607
Net working capital	139,083	181,264
Investment in associates	2,536	(0)
Net derivative assets/(liabilities)	68	(976)
Employee benefits	(8,913)	(8,055)
Other net liabilities	(96,206)	(76,309)
Net invested capital	**1,094,904**	**1,187,950**
Financed by:		
Net financial liabilities - third parties	491,497	492,119
Net financial liabilities - related parties	-	19,922
Financial liabilities - Leases	16,136	21,226
Financial liabilities - non-controlling investors	34,419	35,260
Market warrants	4	-
Cash and cash equivalents	(80,032)	(79,478)
Net financial indebtedness	**462,024**	**489,049**
Equity	632,880	698,901
Sources of financing	**1,094,904**	**1,187,950**

INTANGIBLE ASSETS

Intangible assets increased by €26.9 million mainly due to the change in perimeter following to the provisional amounting of Labrenta acquisition (€45.8 million) and to the net increase of the period (€2.3 million), partially offset by the amortisation of the period (€12.7 million), the impairment losses of €4.8 million recognised on the customer relationships of Guala Closures Ukraine LLC due to potential losses of the business in Russia and by the negative translation effect (€3.7 million).

PROPERTY, PLANT AND EQUIPMENT

The €1.7 million increase in property, plant and equipment compared to December 31, 2021 is mainly due to the net investments of the period (€40.0 million) and the change in perimeter following to Labrenta acquisition (€3.5 million), partially offset by the depreciation of the period (€34.6 million), the impairment losses (€5.3 million) and the negative translation impact (€0.6 million).

Net capital expenditure in 2022, totalling €40.0 million, refers to investments made to increase production capacity, develop new products, perform plant maintenance and EHS (Environment, Health and Safety) investments. Capex mainly refers to equipment across all five continents where the group operates, with a specific focus on the group's facilities in Italy, UK, Mexico, Poland and India.

The impairment losses mainly refer to GC UCP assets that were used for business that are no longer considered strategic for the Group.

RIGHT-OF-USE ASSETS

At December 31, 2022, right-of-use assets amount to €20.6 million and the main increases in right-of-use assets relate to land and buildings, specifically for the renewal of 3-year leases on the two Kirkintilloch premises in the UK.

NET WORKING CAPITAL

The table below provides a breakdown of net working capital:

(€'000)	December 31, 2021	December 31, 2022
Inventories	120,265	157,192
Trade receivables	119,532	139,583
Trade payables	(100,714)	(115,511)
Net working capital (*)	**139,083**	**181,264**

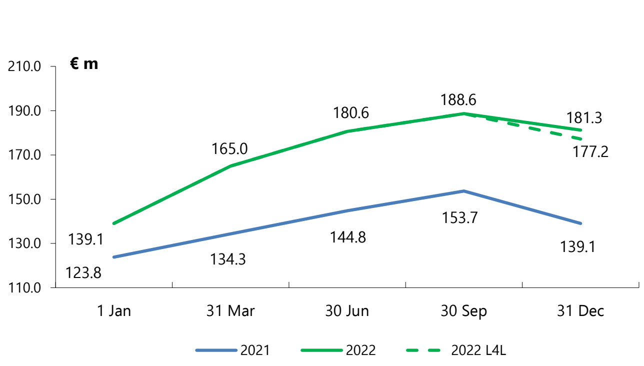
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable year as those amounts have been adjusted to reflect changes in exchange rates on the opening balances and in the number of consolidated companies.
The above net working capital includes certain reclassifications compared to the consolidated format. A reconciliation schedule is attached as Annex B) to this report

The table and chart below analyse net working capital days, calculated on the last quarter sales figures:

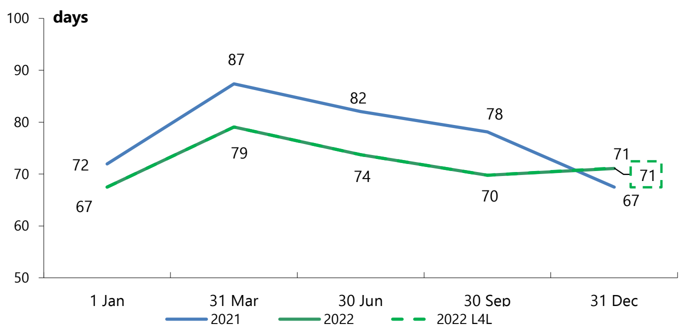
Days	December 31, 2021	December 31, 2022
Inventories	58	62
Trade receivables	58	55
Trade payables	(49)	(45)
Net working capital days	**67**	**71**

The chart below refers to the historical trend in net working capital by quarter:

VALUE



DAYS



Net working capital at December 31, 2022 increased by €42.2 million mainly due to the growth of the business turnover and to the acquisition of Labrenta business (€4.1 million).

Net working capital days have been below the previous year throughout all 2022. At the end of December 2022, net working capital days were four days higher than at the end of December 2021 due to the increase in stock.
Trade receivables reflect the positive impact of the various group companies' use of without-recourse factoring, also related to the purchasing policies of its main customers. The impact of without-recourse factoring at December 31, 2022 amounts to €42.5 million, compared to €37.2 million at December 31, 2021. The increase is due to an overall increase in turnover with customers whose receivables are usually factored.
Total net working capital days excluding factoring would have increased from 86 days at the end of 2021 to 88 days at the end of 2022.

OTHER NET LIABILITIES

Other net liabilities amount to €76.3 million at December 31, 2022, compared to €96.2 million at December 31, 2021. This caption mainly includes the net deferred tax liabilities (€36.9 million) mainly related to the 2018 PPA effect on group's identified assets, liabilities to employees and social security (€20.8 million), provisions (€8.1 million), liabilities for investments (€4.9 million) and other net liabilities (€5.5 million).

(€'000)	**December 31, 2021**	**December 31, 2022**
Deferred tax assets	29,029	51,929
Deferred tax liabilities	(95,979)	(88,838)
Net deferred tax liabilities	**(66,950)**	**(36,909)**
Liabilities to employees and social security	(16,390)	(20,812)
Provisions	(2,817)	(8,149)
Liabilities for investments	(3,196)	(4,934)
Other net liabilities	(6,853)	(5,504)
Total other net liabilities	**(96,206)**	**(76,309)**

EQUITY

The table below shows a breakdown of equity:

(€'000)	**December 31, 2021**	**December 31, 2022**
Equity attributable to the owners of the parent	590,894	652,444
Equity attributable to non-controlling interests	41,985	46,457
Equity	**632,880**	**698,901**

The increase in equity is mainly due to the profit for the year and to the capital injection of €15 million from SPSI as a consequence of the Labrenta acquisition. The details of the above are provided in the statement of changes in equity.

NET FINANCIAL INDEBTEDNESS

The table below gives a breakdown of net financial indebtedness:

(€'000)	December 31, 2021	December 31, 2022
Net financial liabilities - third parties	491,497	492,119
Net financial liabilities - related parties	-	19,922
Financial liabilities - Lease	16,136	21,226
Financial liabilities - non-controlling investors	34,419	35,260
Market warrants	4	-
Cash and cash equivalents	(80,032)	(79,478)
Net financial indebtedness	**462,024**	**489,049**

Note:
The above net financial indebtedness includes certain reclassifications compared to the consolidated financial statements. A reconciliation schedule is attached as Annex A) to this report.

In 2022, net financial indebtedness increased by €27 million mainly due to the impact of the acquisition of Labrenta business (€41.5 million, of which €13.3 million as consideration paid at the acquisition (net of cash acquired), €19.9 million as liability versus Labrenta former shareholder, €10 million as initial indebtedness of Labrenta.

The details of the above are provided in the reclassified statement of changes in net financial indebtedness.

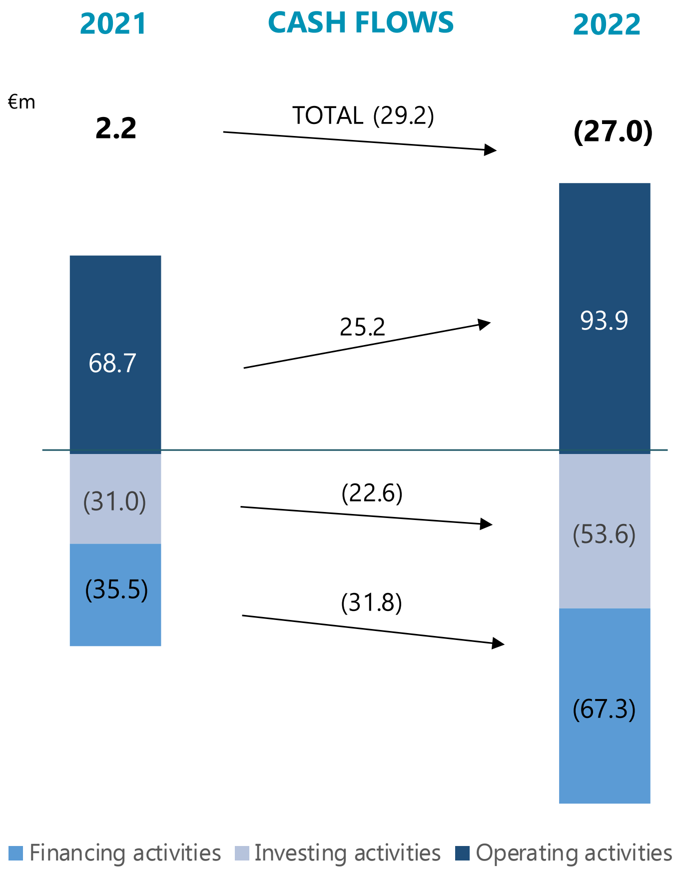
RECLASSIFIED STATEMENT OF CHANGES IN NET FINANCIAL INDEBTEDNESS

The reclassified statement of changes in net financial indebtedness for 2022, compared with 2021, is given below.

	2021	2022
A) Opening net financial indebtedness	**(464,210)**	**(462,024)**
Gross operating profit	103,289	144,842
Net gains on sale of non-current assets	(439)	(290)
Change in net working capital	(11,618)	(41,401)
Other operating items	(3,447)	16,575
Derivatives	-	1,131
Taxes	(19,098)	(26,952)
B) Net cash flows from operating activities	**68,687**	**93,904**
Capex	(31,410)	(40,299)
Acquisition of Labrenta's business (net of cash acquired)	-	(13,324)
Acquisition of non-controlling interest in SharpEnd (UK)	(1,608)	-
Sales of GCL Pharma S.r.l. (net of cash transferred)	2,000	-
C) Cash flows used in investing activities	**(31,018)**	**(53,623)**
Increases in right-of-use assets	(4,684)	(7,371)
Transaction costs not yet paid/(paid) on Bond issued in 2021	486	(486)
Net interest expense	(20,057)	(19,952)
Non-recurring financial expense due to transaction costs on 2024 Notes and 2024 RCF	(7,720)	-
Dividends paid	(7,378)	(4,649)
Change in financial liabilities for put options	(5,387)	(841)
Fair value gains on market warrants	5,961	-
M&A Labrenta - Initial Impact of IFRS 16	-	(2,907)
M&A Labrenta - Acquisition of initial indebtedness	-	(7,142)
M&A Labrenta - Indebtedness vs previous shareholders	-	(19,922)
M&A Labrenta - warranty price adj	-	1,786
Sponsor warrants buyback	-	(1,000)
Other financial items	642	1,778
Effect of exchange fluctuation	2,654	(6,601)
D) Change in net financial indebtedness due to financing activities	**(35,483)**	**(67,307)**
E) Total change in net financial indebtedness (B+C+D)	**2,186**	**(27,025)**
F) Closing net financial indebtedness (A+E)	**(462,024)**	**(489,049)**

Reference should be made to Annex C) Reconciliation between the change in net financial indebtedness and the change in cash and cash equivalents for the reconciliation between the above reclassified statement of changes in net financial indebtedness and the statement of cash flows included in these consolidated financial statements

The following chart gives a breakdown of the change in net financial indebtedness, detailing the various items in 2022, compared with 2021:



Net cash flows from operating activities

Net cash flows from operating activities total €93.9 million, up €25.2 million on 2021 (€68.7 million) due to the increase in the gross operating profit (EBITDA) (€41.6 million), the increase in other operating items (€20.0 million) and the positive impact of the derivatives (€1.1 million), partially offset by the higher absorption of the changes in net working capital (€29.8 million) and by the higher cash out for taxes (€7.9 million).

The higher absorption by the change in net working capital is due to the strong turnover increase and the change in perimeter (€4 million).

Other operating items in 2022 mainly includes €10.1 million for impairment of which €5 million recognised by Guala Closures Technologia Ukraine LLC on the customer relationship due to the loss of the business in Russia and €1 million recognised by Guala Closures Belarus on the net book value of property, plant and equipment and right-of-use assets as a consequence of the risk not to be able to recover the value of the fixed assets of the company due to the significant uncertainties of the local political situation. Furthermore, it includes €3.8 million of impairment of GC UCP property, plant and equipment related to assets that were used for business that are no longer considered strategic for the Group.
Other operating in 2022 also includes €1.4 million as deferred insurance refund in Magenta and €3.5 million for provision increases. In 2021 other operating items were negatively impacted by €3 million as the recognition of the incentive plan to the previous management of the Group.

Cash flows used in investing activities

Cash flows used in investing activities were €53.6 million, up €22.6 million on 2021 (€31.0 million).
Such increase is mainly due to the impact of the Labrenta acquisition (€13.3 million, as consideration paid, net of cash acquired) and higher capital expenditure (€8.9 million).
Furthermore, in 2021, the group received €2.0 million as deferred payment for the sale of GCL Pharma which took place in 2020 and paid €1.6 million to acquire an additional 10% stake in the UK associate SharpEnd.

Change in net financial indebtedness due to financing activities

The change in net financial indebtedness due to financing activities in 2022 amounts to €67.3 million, up €31.8 million on 2021 (€35.5 million).

Such increase refers to the following main negative effects:
- lower change in fair value on the market warrants (€6.0 million in 2021);
- negative effect of the sponsor warrant buyback (€1.0 million);
- negative effect of exchange rate fluctuation (€9.3 million);
- increase in right-of-use assets (€2.7 million);
- transaction costs paid on bond/RCF issued in 2021 (€1.0 million);

partially offset by the following positive factors:
- non-recurring financial expense due to the reversal of unamortised transaction costs recognised in 2021 as a consequence of the Group's refinancing (€7.7 million in 2021);
- lower fair value losses on non-controlling investors' put options (€4.5 million);
- lower dividend paid (€2.7 million);
- increase in other financial items (€1.1 million).

Change in financial indebtedness was also negatively affected by €28.2 million due to the acquisition of the Labrenta business.

KEY FINANCIAL AND OTHER INDICATORS

Financial indicators

	2021	2022
Adjusted gross operating profit (Adjusted EBITDA) (€ mln)	115.1	163.7
EBITDA margin (Adjusted gross operating profit/Net revenue)	17.4%	18.6%
ROS (Adjusted operating profit/Net revenue)	9.2%	12.5%
ROE (Net result/Equity)	1.3%	9.8%
ROCE (Adjusted operating profit / (Current Assets - Current Liabilities net of current financial liabilities))	4.7%	8.0%
ROI (Adjusted operating profit/Net invested capital)	5.5%	9.2%
Gearing ratio (Net financial indebtedness/Equity)	0.73	0.70
NWC days (Net working capital/Turnover of last quarter)	67	71

Source: consolidated financial statements figures company data

Notes:

- *In relation to the gross operating profit and adjusted gross operating profit, reference should be made to the section "Alternative performance indicators" in this report.*
- *In relation to the net invested capital and net working capital, reference should be made to the reclassified statement of financial position in this report.*

Other indicators

The following table gives a breakdown of the group's personnel by gender and number:

Number	December 31, 2021			December 31, 2022		
	Men	Women	Total	Men	Women	Total
Managers	232	64	296	291	86	377
White collars	721	319	1,040	651	333	984
Blue collars	2,766	757	3,523	2,862	817	3,679
Total	**3,719**	**1,140**	**4,859**	**3,804**	**1,236**	**5,040**

In addition, the group also employed 1,083 temporary workers as at December 31, 2022 (841 as at December 31, 2021).

Alternative performance indicators - Guala Closures Group

In addition to the financial performance indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss), adjusted gross operating profit (loss), operating profit (loss), adjusted operating profit (loss), net financial indebtedness) which, although not required by IFRS, are based on IFRS values.
Management has presented the performance of gross operating profit, adjusted gross operating profit, operating profit and adjusted operating profit because it monitors them at a consolidated level and it believes that these measures are relevant to an understanding of the group's financial performance and should not be considered as substitutes of IFRS indicators.

Gross operating profit (EBITDA) is calculated by adjusting the profit (loss) for the year to exclude the impact of taxation, net financial expense and amortisation/depreciation.

Adjusted gross operating profit (adjusted EBITDA) is calculated by adjusting the profit (loss) for the year to exclude the effect of taxation, net financial expense, amortisation/depreciation and the effects of other costs, such as expense related to the SPSI public tender offer, reorganisation costs, change in inventory valuation policy, non-recurring grants, expenses on mergers and acquisitions activities (M&A), losses due to war, impairment losses and losses on equity investments.

Operating profit is calculated by adjusting the profit (loss) for the year to exclude the impact of taxation and net financial expense.

Adjusted operating profit (adjusted EBIT) is calculated by adjusting the profit (loss) for the year to exclude the effect of taxation, net financial expense and the effects of other costs, such as expense related to the SPSI public tender offer, reorganisation costs, non-recurring grants, expenses on mergers and acquisitions activities (M&A), losses due to war, impairment losses and losses on equity investments.

The **gross operating profit**, the adjusted gross operating profit and the adjusted operating profit are not defined performance measures in the IFRS. The group's definition of adjusted gross operating profit and adjusted operating profit may not be comparable with similarly titled performance measures and disclosures by other entities. The table below gives a summary of the gross operating profit.

The **Group L4L** means the Group like-for-like, i.e. figures at a 2021 constant perimeter.

PF means pro-forma figures, i.e. Labrenta acquisition had taken place on January 1, 2022.

Adjusted gross operating profit

(€'000)	2021	2022
Profit for the year	7,994	68,400
Income taxes	9,450	(365)
Profit before tax	**17,444**	**68,035**
Net financial expense	31,436	22,802
Amortisation and depreciation	54,409	54,004
Gross operating profit	**103,289**	**144,842**
Adjustments:		
Public tender offer expenses	941	-
Reorganisation costs	2,923	4,724
Change in inventory valuation policy	6,245	
Merger and acquisition expenses	(657)	1,945
Change in equity-accounted investments	208	2,407
Losses due to war	-	1,007
Non-recurring grants	-	(1,274)
Impairment losses	2,150	10,087
Adjusted gross operating profit	**115,098**	**163,738**

Adjusted operating profit

(€'000)	2021	2022
Profit for the year	7,994	68,400
Income taxes	9,450	(365)
Profit before tax	**17,444**	**68,035**
Net financial expense	31,436	22,802
Operating profit	**48,880**	**90,837**
Adjustments:		
Public tender offer expenses	941	-
Reorganisation costs	2,923	4,633
Merger and acquisition expenses	(657)	1,945
Change in equity-accounted investments	208	2,407
Losses due to war	-	1,007
Non-recurring grants	-	(1,274)
Impairment losses	2,150	10,087
Adjusted operating profit	**60,690**	**109,733**

These indicators are shown in order to provide a better understanding of the group's financial performance and should not be considered as substitutes of IFRS indicators.

Net financial indebtedness consists of financial liabilities minus cash and cash equivalents and financial assets as reconciled in Annex B) to this report "Reconciliation between the tables included in the directors' report and the consolidated financial statements". This indicator is shown in order to provide a better understanding of the group's financial position and should not be considered as a substitute for IFRS indicators.

2.2 Guala Closures S.p.A. performance

Operating offices

Guala Closures S.p.A. currently operates in Italy out of the following production facilities and locations:
- Milan, Piazza Vetra 17: headquarter and management operating office
- Alessandria, Via Rana 12 Frazione Spinetta Marengo: the company's registered and operating offices and a plant for the production of plastic safety closures and aluminium closures;
- Termoli (Campobasso), località Pantano Basso Zona Industriale: a plant producing plastic safety closures and aluminium closures;
- Termoli (Campobasso), località Pantano Basso Zona Industriale: a warehouse;
- Basaluzzo (Alessandria), Via Novi 46: a warehouse;
- Basaluzzo (Alessandria), Via Novi 44: a warehouse
- Magenta (Milan), Strada per Cascina Peralza 20: a site for printing and cutting aluminium;

Financial performance

The table below summarises the comparable financial performance of Guala Closures S.p.A. for 2021 and 2022:

Statement of profit or loss Guala Closures S.p.A.	**2021**		**2022**	
	(€'000)	*% of net revenue*	*(€'000)*	*% of net revenue*
Net revenues	**153,596**	*100.0%*	**211,827**	*100.0%*
Change in finished goods and semi-finished products	(457)	*(0.3%)*	6,030	*2.8%*
Other operating income	28,283	*18.4%*	36,024	*17.0%*
Internal work capitalised	2,555	*1.7%*	3,282	*1.5%*
Costs for raw materials	(104,400)	*(68.0%)*	(154,909)	*(73.1%)*
Costs for services	(33,189)	*(21.6%)*	(44,916)	*(21.2%)*
Personnel expense	(30,591)	*(19.9%)*	(34,368)	*(16.2%)*
Other operating expense	(2,079)	*(1.4%)*	(3,509)	*(1.7%)*
Impairment losses	(908)	*(0.6%)*	(226)	*(0.1%)*
Gross operating profit	**12,809**	*8.3%*	**19,235**	*9.1%*
Amortisation and depreciation	(10,873)	*(7.1%)*	(10,024)	*(4.7%)*
Operating profit (loss)	**1,936**	*1.3%*	**9,211**	*4.3%*
Financial income	18,938	*12.3%*	13,923	*6.6%*
Financial expense	(28,310)	*(18.4%)*	(23,233)	*(11.0%)*
Dividends	15,500	*10.1%*	8,000	*3.8%*
Net financial income	**6,128**	*4.0%*	**(1,310)**	*(0.6%)*
Profit before taxation	**8,064**	*5.3%*	**7,901**	*3.7%*
Income taxes	1,666	*1.1%*	23,940	*11.3%*
Profit for the year	**9,730**	*6.3%*	**31,841**	*15.0%*

Adjusted gross operating profit (Adjusted EBITDA)	**16,316**	*10.6%*	**22,075**	*10.4%*

NET REVENUE

During 2022, the company recognised **net revenue of €211.8 million**, up €58.2 million compared to 2021, due to both-the growth in sales of closures and semi-finished products in aluminium. Value has increased due to volume growth and sales price increase implemented to offset raw material and energy purchase price inflation and general growth of production costs.
Export sales represented around 77% of turnover in 2022. Such exports mainly went to Great Britain, Germany, Spain, Mexico, the US, Sweden, Netherlands and France.

OTHER OPERATING INCOME

Other operating income increased by €7.7 million from €28.3 million in 2021 (18.4% of net revenue) to **€36.0 million** in 2022 (17.0%).

Other operating income mainly comprises:
a) the **Service Agreement** for the recharge to subsidiaries of costs incurred by Guala Closures S.p.A. on behalf of other group companies for accounting, financial, treasury, purchasing, personnel management and data management services and the recharge of insurance and other costs incurred by Guala Closures S.p.A. on behalf of other group companies (**€14.0 million**);
b) **royalties** charged to other group companies to use the Guala Closures trademark (**€14.3 million**);
c) charging of **transport costs** (**€2.6 million**);
d) charging of **insurance costs** (**€0.9 million**);
e) recharging of **fees** (**€1.8 million**);
f) recharging of **personnel expense** (**€0.3 million**);

INTERNAL WORK CAPITALISED

Internal work capitalised increased from €2.6 million in 2021 (1.7% of net revenue) to **€3.2 million** in 2022 (1.5%).
This item consists of capitalised development expenditure for new closures and personnel expense for capitalised extraordinary maintenance. The portion of these costs relating to foreign subsidiaries is recharged thereto.

COSTS FOR RAW MATERIALS

These costs increased from €104.4 million in 2021 (68.0% of net revenue) to **€154.9 million** in 2022 (73.1%). This increase is due to higher aluminium purchases to meet the growing demand for semi-finished products and lithographed sheets for the related companies (the raw materials for these products have a higher impact on turnover), the significant increase in volumes of closures compared to previous year and to significant raw material price increases, both for plastics and resins and aluminium throughout the year. Aluminium cost was affected in 2022 by the negative impact of derivatives contracts on the purchases for an amount of €4 million.

COSTS FOR SERVICES

Costs for services increase significantly from €33.2 million in 2021 (21.6% of net revenue) to **€44.9 million** in 2022 (21.2%), mainly due unfavourable impact of energy costs linked to market turbulence and effects of gas availability linked to Russo-Ukraine crisis and to professional services to follow some reorganisation projects and M&A activities.

Energy costs increased significantly despite the tax credit (totalling €3.1 million) provided by government starting from April until year-end (in a range between 25% and 40% of the cost) to offset the impact of price hikes.

PERSONNEL EXPENSE

Personnel expense increased from €30.6 million in 2021 to **€34.4 million** in 2022, with an increase of 12.4% on 2021. As a percentage of net revenue, it decreased from 19.9% of net revenue in 2021 to 16.2% in 2022. The increase is due both to inflation under collective labor agreements and the increase in the headcount in line with the company's growth.
The average number of employees in the year was 460 (444 in 2021), including 22 managers, 157 white collars and 281 blue collars.

OTHER OPERATING EXPENSE

Other operating expense increased from €2.1 million in 2021 (1.4% of net revenue) to **€3.5 million** in 2022 (1.7%) mainly following the allowance for doubtful receivables towards Guala Closures Argentina.

IMPAIRMENT LOSSES

Impairment losses recognised in 2022 related to printing machine installed at Magenta plant, which is no longer working due to damages caused by fire. The amount involved **€0.2 million** is lower than the €0.9 million recognised in 2021.

ADJUSTED GROSS OPERATING PROFIT

The **gross operating profit** amounts to **€19.2 million** in 2022 (€12.8 million in 2021).

In 2022, the gross operating profit was impacted by the significant volume increase, positive margin recovery due to sales price surge and increase in operating income from subsidiaries for recharges under the Service Agreement (+€1.2 million), increase in royalties (+€1.9 million), by the improvement in the operating performance of the aluminium and litho production.

In 2022, gross operating profit was impacted by non-recurring expenses of €2.8 million for consultancy costs for M&A activities and operational analyses and benchmarking to define a business improvement plan.

Excluding the above costs, the adjusted gross operating profit for the 2022 would be €22.1 million, compared to €16.3 million in 2021.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased from €10.9 million in 2021 (7.1% of net revenue) to **€10.0 million** in 2022 (4.7%) due to the activity performed in 2021, for which some categories of assets were subjected to a technical analysis in order to assess the consistency of the useful life adopted in light of the level of extraordinary maintenance expenditures.

NET FINANCIAL INCOME/(EXPENSES)

This caption decreased from **net financial income** of €6.1 million to a **net financial expense** of **€1.3 million** in 2022.

This €7.4 million decrease was mainly due to the following negative effects: a) reduction of €7.5 million of dividends paid by related companies; b) €3.1 million being the difference between the net exchange gains of the previous year and the net exchange losses of the year; c) missing positive effect of the net fair value gain on market warrants in 2022 (€5.9 million in 2021). These negative factors were only partially offset by a) the reversal of the non-recurring financial expenses for financing (€7.7 million) that affected 2021 figures and b) the increase of interest recharge to other group companies (€1.6 million)

The following table breaks down financial income and expense by nature for the two years:

(€'000)	2021	2022
Net exchange gains (losses)	1,202	(1,868)
Dividends income	15,500	8,000
Net fair value gains on market warrants	5,961	-
Net interest expense	(19,576)	(19,833)
Non-recurring financial expense for refinancing	(7,720)	-
Net interest income - related parties	10,761	12,390
Net financial income / (expenses)	**6,128**	**(1,310)**

Net interest income - related parties increased by €1.6 million on the previous year, mainly due to finance subsidiaries needs with some increases of intragroup loans granted by Guala Closures S.p.A.

INCOME TAXES

Income taxes increased from €1.7 million (1.1% of net revenue) in 2021 to **€23.9 million** (11.3%) in 2022, mainly due to the deferred tax assets increase, linked to the tax losses of € 137.8 million which is expected to be used in the period 2023 - 2027 due to the higher taxable income following the recovery of the volume after Covid-19 pandemic with effect in the statement of profits and other components of the comprehensive income for € 33.0 million.

PROFIT FOR THE YEAR

The **profit for the year** shows an increase, going from €9.7 million (6.3% of net revenue) in 2021 to **€31.8 million** (15.0%) in 2022, mainly due to significant increase in gross operating profit and higher positive gains coming from taxes income, offsetting the unfavourable impact of financial losses due to lower dividends.

Reclassified statement of financial position

The following table shows the reclassified financial position as at December 31, 2022 of Guala Closures S.p.A. with comparative figures as at December 31, 2021:

(€'000)	December 31, 2021	December 31, 2022
Intangible assets	150,284	148,999
Property, plant and equipment	51,997	57,618
Right-of-use assets	3,036	2,921
Net working capital	30,123	38,347
Investments	658,030	707,407
Derivative assets (liabilities)	68	(976)
Employee benefits	(3,504)	(2,819)
Other liabilities, net	(31,105)	(11,188)
Net invested capital	**858,929**	**940,309**
Financed by:		
Net financial liabilities to third parties	486,110	486,557
Net financial liabilities to related parties	-	19,922
Financial liabilities - IFRS 16 effects	1,822	3,046
Market Warrants	4	-
Financial assets - related parties	(278,522)	(270,990)
Cash and cash equivalents	(26,248)	(20,051)
Net financial indebtedness	**183,166**	**218,484**
Equity	**675,763**	**721,825**
Sources of financing	**858,929**	**940,309**

INTANGIBLE ASSETS

The decrease in intangible assets compared to December 31, 2021, is mainly the net effect of amortisation of the year, totalling approximately €3.2 million, losses impairment €0.3 million and capex of €2.1 million.

PROPERTY, PLAN AND EQUIPMENT

Property, plant and equipment increased by €5.6 million from €52.0 million at December 31, 2021 to €57.6 million at December 31, 2022.
This growth is due to renewed capex plan to follow new businesses and volumes increase plus some initiatives to back up critical productions located in Ukraine due to conflict versus Russia and intensive development plan under Industry 4.0 program.

EQUITY INVESTMENTS

Aside the consolidated equity investment in the Dutch subsidiary Guala Closures International B.V. (€657.9 million), the company signed along 2022 a purchase agreement of the shares of the company called Labrenta S.r.l., based in Breganze (VI) in the North East of Italy. Labrenta is a small-medium sized company mainly operating on production and sales of closures in the Luxury segment.
This figure also includes equity investments in other companies of negligible amounts.

NET WORKING CAPITAL

The table below provides a breakdown of net working capital:

(€'000)	December 31, 2021	December 31, 2022
Inventories	17,881	30,139
Trade receivables	15,818	14,925
Trade receivables - related parties	36,945	45,120
Trade payables	(38,798)	(41,193)
Trade payables - related parties	(1,723)	(10,643)
Net working capital	**30,123**	**38,347**

The table below analyses net working capital days, calculated on the fourth quarter revenue of the year.

Days	December 31, 2021	December 31, 2022
Inventories	38	52
Trade receivables	33	26
Trade receivables - related parties	78	78
Trade payables	(82)	(71)
Trade payables - related parties	(4)	(18)
Net working capital days	**64**	**66**

Net working capital increased from €30.1 million at December 31, 2021 to **€38.3 million** at December 31, 2022, mainly due to the increase in inventories, following the growth of business and inflation on materials and energy costs, and trade receivables - with related parties, coming from the higher sales and overdue. In terms of net working capital days, went from 64 to 66 days, mainly because of the increase in inventories as mentioned above, partially compensated by increase in trade payables-related parties, increased due to growth of trading activities and overdue amounts.

OTHER ASSETS AND LIABILITIES

Net other liabilities totalled **€11.2 million** at December 31, 2022, compared to €31.1 million at December 31, 2021.
This caption mainly consists of deferred taxes and, in particular, the decrease is due to reduction of deferred tax liabilities (-€1.2 million) and the increase in deferred tax assets (+€21.2 million), increase in other current assets third parties (+€2.4 million) and the increase in other current liabilities third parties (+€4.7 million).

NET FINANCIAL INDEBTEDNESS

The table below gives a breakdown of net financial indebtedness:

(€'000)	**December 31, 2021**	**December 31, 2022**
Net financial liabilities	486,110	506,480
Financial liabilities – IFRS 16 effects	1,822	3,046
Market Warrants	4	-
Net financial assets - related parties	(278,522)	(270,990)
Cash and cash equivalents	(26,248)	(20,051)
Net financial indebtedness	**183,166**	**218,484**

Net financial indebtedness increased by €35.3 million from €183.2 million at December 31, 2021 to **€218.5 million** at December 31, 2022, mainly following the M&A activity in relation to the Labrenta acquisition.

The details of the above are provided in the reclassified statement of changes in net financial indebtedness – Guala Closures S.p.A..

Reclassified statement of changes in net financial indebtedness

The table below summarises the trend of the reclassified statement of changes in net financial indebtedness of Guala Closures S.p.A. for 2021 and 2022:

('000)	2021	2022
A) Opening net financial indebtedness	**(195,974)**	**(183,166)**
Gross operating profit	12,809	19,235
Net gains on sale of non-current assets	(289)	(109)
Change in net working capital	(1,867)	(8,224)
Other operating items	1,188	4,429
Taxes	(1,436)	(2,134)
B) Net cash flows from operating activities	**10,405**	**13,197**
Net investments	(5,902)	(13,655)
Change in liabilities for investments	(961)	2,739
Sale of the investment in GCL Pharma S.r.l.	2,000	-
Acquisition of the Labrenta shares	-	(14,564)
C) Cash flows used in investing activities	**(4,863)**	**(25,481)**
Increase (decrease) in lease liabilities	371	(1,202)
Net interest expense	(8,815)	(7,442)
Transaction costs not yet paid/(paid) on Bond issued in 2021	486	(486)
Transaction costs paid for the new debt refinancing	(7,720)	-
Net fair value gains on market warrants	5,961	-
Labrenta acquisition - Indebtedness vs previous shareholders	-	(19,922)
Other financial items	243	269
Dividends from Guala Closures International B.V.	15,500	8,000
Acquisition sponsor warrant	-	(1,000)
Effect of exchange fluctuation	1,240	(1,251)
D) Change in net financial indebtedness due to financing activities	**7,267**	**(23,033)**
E) Total change in net financial indebtedness (B+C+D)	**12,808**	**(35,317)**
F) Closing net financial indebtedness (A+E)	**(183,166)**	**(218,484)**

Net financial indebtedness is calculated by subtracting cash and cash equivalents and financial assets from financial liabilities, as reconciled in Annex F) to the Management Report "Reconciliation between the tables included in the Management Report with the classification used in the separate financial statements ".

This indicator is provided to offer a better understanding of the Company's financial statements and is not to be considered a substitute for IFRS indicators.

Key financial and other indicators

Financial indicators

	2021	2022
Adjusted gross operating profit (Adjusted EBITDA) (€ mln)	16.3	22.1
EBITDA margin (Adjusted gross operating profit/Net revenue)	10.6%	10.4%
ROS (Adjusted operating profit/Net revenue)	3.5%	5.7%
ROCE (Adjusted gross profit/(Current assets - liabilities, net of current financial liabilities))	0.5%	1.1%
ROI (Adjusted operating profit/Net invested capital)	0.6%	1.3%
Gearing ratio (Net financial indebtedness/Equity)	0.27	0.30
NWC days (Net working capital/Turnover of last quarter)	64	66

Source: *separate financial statements figures*

Notes:
In relation to the adjusted gross operating profit, reference should be made to the section "Alternative performance indicators - Guala Closures S.p.A." in this report.
In relation to the net invested capital and net working capital, reference should be made to the section "Reclassified statement of financial position - Guala Closures S.p.A." in this report

Other indicators

The following table gives a breakdown of the company's personnel by gender and number:

Number	**December 31, 2021**			**December 31, 2022**		
	Men	**Women**	**TOTAL**	**Men**	**Women**	**TOTAL**
Managers	16	3	19	20	3	23
White collars	116	41	157	117	48	165
Blue collars	256	26	282	250	24	274
Total	**388**	**70**	**458**	**387**	**75**	**462**

With reference to the legislative requirements related to the protection of personal data (Regulation (EU) 2016/679), the company updated its privacy manual in 2022. This contains the minimum-security measures for the protection and safeguarding of personal data in compliance with the rights of the data subjects.
There were no fatalities or serious accidents at work during the year that caused serious or very serious injuries to personnel on the company's payroll.
No charges for occupational diseases contracted by employees or former employees or mobbing lawsuits were brought against the company.

Alternative performance indicators - Guala Closures S.p.A.

In addition to the financial indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss), adjusted gross operating profit (loss), adjusted operating profit (loss) and net financial indebtedness) which, although not required by IFRS, are based on IFRS values.

Management has presented the gross operating profit, adjusted gross operating profit and adjusted operating profit because they monitor these performance measures, and it believes that these measures are relevant to an understanding of Guala Closures S.p.A.'s financial performance and should not be considered as substitutes of IFRS indicators.

Gross operating profit is calculated by adjusting the profit for the year to exclude the impact of taxation, net financial expenses and amortisation/depreciation.

Adjusted gross operating profit is calculated by deducting, from the profit for the year, income taxes, net financial expense, amortisation and depreciation and other costs, such as change in inventory valuation policy, merger and acquisition ("M&A") expenses, public tender offer expenses, reorganisation costs, and impairment losses.

Adjusted operating profit is calculated by deducting, from the profit for the year, income taxes, net financial expense, and other costs, such as change in inventory valuation policy, merger and acquisition ("M&A") expenses, public tender offer expenses, reorganisation costs, and impairment losses.

Gross operating profit, adjusted gross operating profit and adjusted operating profit are not defined performance measures in the IFRS. The company's definition of adjusted gross operating profit and adjusted operating profit may not be comparable with similarly titled performance measures and disclosures by other entities.

Adjusted gross operating profit

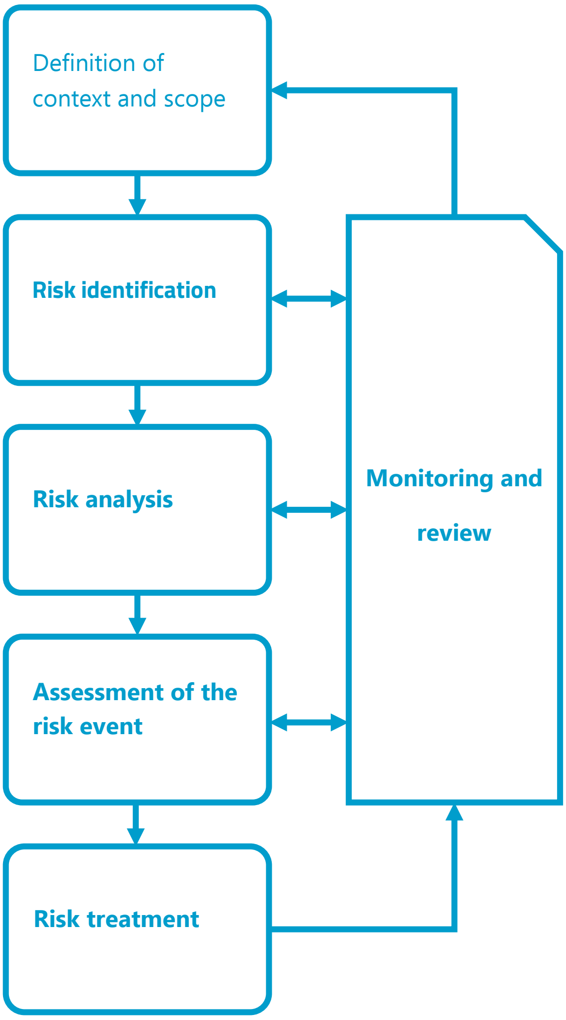
(€'000)	2021	2022
Profit from continuing operations	9,730	31,841
Income taxes	(1,666)	(23,940)
Profit before taxation	**8,064**	**7,901**
Net financial income / (expenses)	(6,128)	1,310
Amortisation and depreciation	10,873	10,024
Gross operating profit	**12,809**	**19,235**
Adjustments:		
Inventories impairment losses	1,561	-
Merger and acquisition ("M&A") expenses	-	1,945
Public tender offer expenses	941	-
Consultancy costs for reorganisation	296	896
Impairment losses	710	-
Adjusted gross operating profit	**16,316**	**22,075**

Adjusted operating profit

(€'000)	2021	2022
Profit from continuing operations	9,730	31,841
Income taxes	(1,666)	(23,940)
Profit before taxation	**8,064**	**7,901**
Net financial income / (expenses)	(6,128)	1,310
Operating profit	**1,936**	**9,211**
Adjustments:		
Inventories impairment losses	1,561	-
Merger and acquisition ("M&A") expenses	-	1,945
Public tender offer expenses	941	-
Consultancy costs for reorganisation	296	896
Impairments	710	-
Adjusted operating profit	**5,442**	**12,051**

Other information

3.1 Analysis and management of risks and opportunities

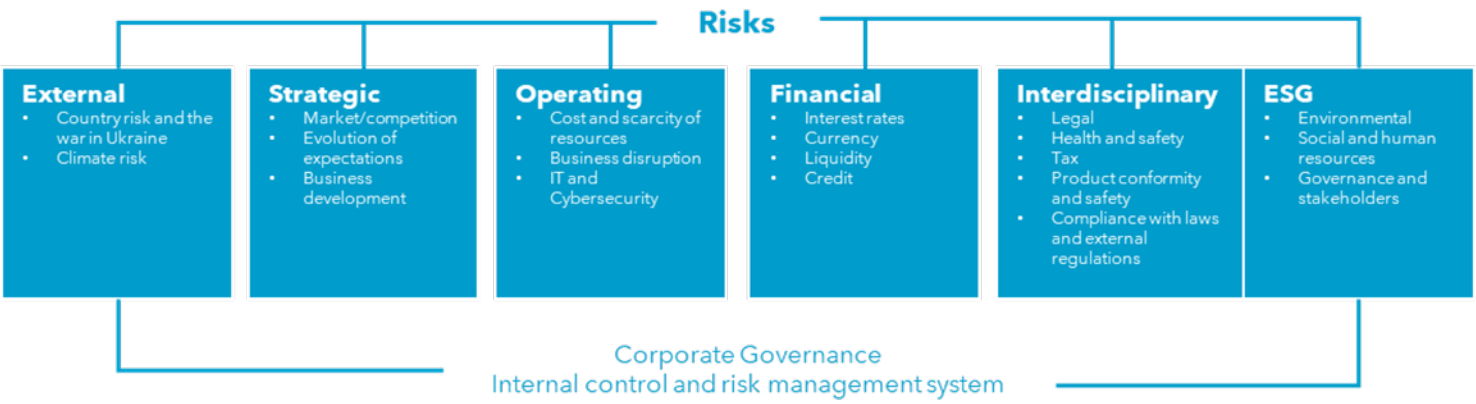


The aim of the Guala Closures Group's internal control and risk management system is to contribute to sound and correct management in line with the short and medium/long-term goals set by the board of directors. This system is designed both to identify, measure, manage and monitor significant risks, also in order to contribute to the sustainable success of the company and the Group, and to ensure the reliability, accuracy, integrity and timeliness of financial and non-financial reporting. Responsibility for the adoption of an adequate internal control and risk management system lies with the board of directors which, assisted by the chief executive officer, the internal audit manager and the risk manager, carries out the tasks assigned to it by the Corporate Governance Code.

The Guala Closures Group's internal control and risk management system includes, inter alia, the definition of an integrated risk management process whose main objective is to adopt a structured and systematic approach to identify and assess the company's priority risks with a potential negative effect and the subsequent definition of appropriate mitigation actions.

To this end, Guala Closures adopts a Group risk model and specific risk evaluation & mapping methodologies, assigning a "risk materiality" valuation to each risk identified, which reflects the overall assessment of the general impact, the likelihood of occurrence and the level of maturity of the risk management system. Specifically, impacts are analysed by type of risk event at financial, operational, process and reputational level and for any ESG matters (environmental, social and ethical governance).

The Guala Closures Group's risk model examines the six following risk areas:



Nature of risk	Risk management
Pandemic risk (Covid-19)	
The international scenario of 2022 was characterised by the evolution of the Covid-19 pandemic which settled into a "return and monitor" stage. The public authorities of nations in Europe and all over the world continued their relevant vaccination policies and, if needed, implemented specific and focused restrictive measures whenever infection rates spiked. Although progressively less significant in terms of risks and limitations, the situation generated by the continuation of the pandemic remains current and arbitrary with regard to predictions for the immediate future and repercussions on macroeconomic trends, continuing the general uncertainty at business and financial level and for the health and safety of people and workers.	The Guala Closures Group acted immediately to implement all actions necessary to minimise the social and occupational health and safety and financial impacts by defining and implementing flexible and timely action plans, which worked successfully in the various countries where the Group operates. The Group's priority will remain ensuring the safety of its employees and business continuity. There are specific business continuity plans in place with some of the Group's main customers and the Group has taken out a Covid-19 insurance policy covering all its employees worldwide. From a financial point of view, the Group continues to monitor its current and prospective liquidity.
Country risk and the war in Ukraine	
Because of its production and marketing operations in international markets, the Group is exposed to a series of risks deriving mainly from changes and structural elements of political, economic, social, regulatory and financial instability in the various countries in which it operates. These elements of risk can alter normal market conditions and, more generally, business operating conditions. Specifically, the ongoing conflict between Russia and Ukraine initially had a tangible impact on the business continuity of the Ukrainian subsidiary with repercussions both at infraGroup level and on business with third parties. Though the issue has been managed excellently to date, it could rear its head once more depending on how the conflict progresses.	Where appropriate, the Group adopts a local-for-local strategy, creating production facilities in rapidly-developing countries in order to meet local demand with competitive industrial and logistic costs. This strategy is aimed at increasing the Group's competitiveness as well as overcoming potential protectionist measures. By diversifying its operations geographically, the Group protects itself from local political and macroeconomic imbalances. With respect to the conflict in Ukraine, the Group has activated business continuity processes. This includes the analysis of alternatives in terms of operating and financial impacts in order to identify and swiftly take the necessary steps to minimise the impacts for the subsidiary and on the Group. The Group has also opened a new production plant in Ternopil.
Climate change	
Production activities and the implementation of the Group's strategies are exposed to the effects of natural events. Environmental changes, some of which may have significant impacts, could locally interfere with the supply chain and harm some customers, affecting the seasonality of production and sales.	The Group monitors climatic risks, has adopted emergency and production reallocation plans and has insurance coverage for direct and indirect damage caused by business interruption. It has also adopted the Sustainable Together 2030 programme to mitigate climate change.
Market and competitive risks	
The social and technological trends that have emerged over the last few decades could have a significant impact in terms of i) a contraction in the alcoholic beverage sector or ii) changes to the type of closures sought on the market (e.g., due to trademarks expiring) leading to a reduction in the demand for the closures produced by Guala Closures.	The Group constantly monitors trends in demand in its key customers' sectors, updating and diversifying its products. In the short to medium term, there are no significant risks related to the markets in which it operates.
Evolving expectations	
Anticipating customer preferences in terms of technological and product development requires major investments. Product and process/facility innovation requires a considerable financial and organisational commitment in research and development and in the monitoring of trends that are increasingly focused on eco-friendly products while also rewarding in product diversification (e.g., luxury).	The innovation of its closures and its products in general has been one of the main growth drivers for the Group. In recent years, significant resources have been channelled to this area to ensure that the Group remains competitive, in terms of both the study of alternative materials and exclusive and technologically more advanced products, and the management of product end-of-life (recycling).

Nature of risk	Risk management
Product conformity and safety	
The Group is exposed to the risks related to alleged defects in materials sold and to food safety regulations, which also include the production of food contact materials.	The entire production process is subject to specific control procedures in order to guarantee the quality, conformity and safety, also in terms of health, of the products manufactured at the Group's facilities, in accordance with the legal requirements in force and voluntary certification standards with ever higher safety and performance objectives.
Business development risks	
In recent years, the Group has adopted a growth strategy that has expanded its market share and product range through both organic growth and acquisitions. This latter non-organic growth in particular generates a greater risk due to possible issues with integrating acquisitions into the Group and strengthening market shares.	Over time the parent has become equipped to supervise M&A processes via analyses and assessments carried out with the support of consultants specialised in the various significant analysis topics and an internal cross-sectional team. The Group also created regional manager roles for both business and financial areas, thus upgrading the level of management and monitoring of local developments.
Cost and scarcity of resources (raw materials and energy)	
The production of Guala Closures Group products requires different types of raw materials, the main ones being aluminium and plastics, whose price fluctuations have a direct impact on production costs. With respect to energy and transport costs, the Group is also exposed to the price trends of a number of energy sources, with a negative impact on profitability. These risks are particularly relevant in consideration of the geopolitical imbalances resulting from the conflict between Russia and Ukraine as well as the consequent inflationary macroeconomic trends.	These risks are mitigated through short- and medium/long-term mitigation strategies applied to both raw materials and energy and transport purchases such as: increases in sales prices, specific agreements with customers, partial forward hedges on raw materials purchases, and/or various energy cost-cutting initiatives.
Business disruption	
The territorial fragmentation of operating activities and their partial interconnection exposes the Group to business disruption risks. Risk scenarios relate to natural or accidental events, malicious behaviour, pandemics, the malfunctioning of auxiliary systems or the disruption of utilities supplies.	Business disruption risks are adequately monitored, thanks to a series of security measures, systems for preventing harmful events and to mitigate impacts on the business, also considering the current security programmes and the insurance policies covering property damage.
Information Technology (IT) & Cybersecurity	
Information and data processing systems require continuous updating and alignment with the requirements of strategic objectives. The infrastructures are exposed to multiple risks deriving from anomalies, equipment failures, work or connectivity disruptions, programming errors and especially external cyberattacks deriving from illegal conduct by third parties aimed at damaging the confidentiality, integrity and availability of data stored or processed by information systems.	The Group mainly works to prevent and mitigate the risks connected to possible system malfunctions through high-reliability solutions and protection of its information assets by strengthening security systems against unauthorised access (perimeter systems with warnings, cloud devices, redundancies, monitoring and audits) and more centralised company data management solutions to ensure the highest level of protection and monitoring and to guarantee timely and efficient actions where needed.
Interest rate risk	
The Group is exposed to interest rate risk to a limited extent since almost all of its outstanding financial liabilities provide for the payment of financial charges based on fixed rates..	Considering the contingent moment of progressive growth of interest rates and the instability of the markets deriving both from the conflict initiated by Russia against Ukraine and from the general macroeconomic instability of Europe, the portion of loans at variable rates (leasing) could involve an increased burden linked to financial charges mediated by the fixed-rate component of the bond loan.

Nature of risk	Risk management
Currency This risk arises from the fluctuation of exchange rates on sales and purchases carried out in currencies other than the functional currency of the various Group companies. In the case of particular macroeconomic instability in countries, such as that caused by the conflict underway between Russia and Ukraine, this risk may be even more significant. The currency risk is therefore connected to the trend of the US dollar, Australian dollar, British pound, Indian rupee, Ukrainian hryvnia and Polish zloty.	The Group mitigates part of this risk by pegging the currency of any financial exposures to the currency of the underlying transactions. In order to hedge against foreign currency exchange fluctuations, it adopts a hedging policy of buying/selling forward foreign currencies when significant imbalances arise between costs and revenue in foreign currencies.
Liquidity risk This risk relates to the Group's ability to meet obligations associated with financial liabilities. This may result in difficulties in settling these liabilities at maturity.	The Group ensures it has sufficient liquidity to cover expected short-term operating costs, including those related to financial liabilities. The objective of this strategy is to maintain a well-balanced ageing list in order to reduce the risk of increases in re-financing sources.
Credit risk Credit risk is the risk that a customer or one of the counterparties to a financial instrument causes a financial loss by failing to meet an obligation. This risk arises mainly from trade receivables and financial investments. The Group's exposure to credit risk mainly depends on the specific characteristics of each customer. Credit risk is affected by the demographic variables typical of the Group's customer portfolio, including the insolvency risk of the industry and the countries in which the customers operate.	The Group mitigates its credit exposure through supplier financing lines made available by its main customers, effectively discounting part of its receivables without recourse. Based on the Group's historical trend, credit losses are very limited. This risk is largely covered by the corresponding loss allowance in the financial statements.
Compliance with laws and regulations The Group is subject to many different rules and regulations at local and corporate level. Therefore, this scenario, especially in terms of regulatory evolution (e.g, plastic packaging tax) and subsequent implementation within the Group, leads to the risk of potential non-compliance that may have an impact not only in terms of financial penalties, but also damage to its reputation.	The Group monitors this risk situation through a structured system of internal policies and procedures, which also includes the Code of conduct that governs the conduct of employees, as well as internal compliance activities carried out both locally and at corporate level. In addition, its regulatory evolution monitoring allows it to swiftly define response strategies and actions.
Health and safety This risk relates to ensuring full compliance with the obligations provided for by Italian, national and international regulations on occupational health and safety and the environment. More generally, the health and safety risks for the Group relate to guaranteeing and preserving the health and safety of workers and safeguarding against environmental risks in line with the Group's standards and objectives.	In carrying out its activities, the Guala Closures Group bears the costs and charges for the measures necessary to ensure full compliance with the obligations provided for by Italian, national and international regulations on the environmental and especially occupational health and safety. In particular, in Italy, occupational health and safety regulations (Legislative decree no. 81/08) and subsequent updates (Legislative decree no. 106/09) introduced specific requirements that affected the management of site operations and the allocation of responsibilities. Failure to comply with these regulations also entails criminal and/or civil penalties and, in some cases constitutes violation of objective corporate liability according to a European model transposed in Italian law (Legislative decree no. 231/01). In order to monitor these risks continuously and effectively, the Guala Closures Group set up a Health, safety & environment structure (both at corporate and subsidiary level) which uses specific procedures to monitor occupational safety, environmental issues and compliance with the regulations in force in the individual countries in which the Group operates.

Nature of risk	Risk management
Tax risk	
Changes in the domestic and international tax environment and complexity could increase the risks of correct application of regulations and the overall business costs due to an increase in the Group’s effective tax rate and lead to uncertain and/or unexpected tax exposures.	The Group regularly reviews its business strategy, its tax policy and its control system in the light of regulatory changes and assesses the need to improve the tax framework and the likelihood of any adverse outcome from audits in order to determine the adequacy of tax provisions.
ESG risks	
These risks refer to environmental, social (specifically human resources) and governance (both internal and regarding main stakeholders) topics. They are in part linked to other business risks already described (e.g., compliance with occupational health and safety), either directly with specific impacts or indirectly as a consequence thereof	These risks are managed by setting medium/long-term objectives and by the continuous monitoring of indicators through the collection and preparation of specific centralised reports, periodic audits by specialised third-party companies and related action plans to meet the objectives

3.2 Related party transactions

All transactions with related parties are defined contractually and take place at market conditions (fair value).

Special Packaging Solutions Investments S.à r.l. (SPSI) is a related party of Guala Closures S.p.A. as it owns 100% of the share capital of Guala Closures S.p.A..
In October 2022, Guala Closures S.p.A. received €15 million as capital contribution from SPSI. This amount was invested in SPSI by the Cortapedra S.r.l., the former owner of Labrenta, as part of the consideration paid by Guala Closures S.p.A. for the acquisition.

Cortapedra S.r.l. is a related party of Guala Closures S.p.A. as the owners are directors of Labrenta S.r.l.. The following transactions are in place at 31 December 2022 as a consequence of Labrenta S.r.l. acquisition:

- €15 million deferred price. Interest-bearing amount subject to eventual price adjustment;
- €4.8 million earn out. To be paid if certain conditions are met;
- €1.7 million warranty given by the former owners in relation to a specific risk provided for by the acquired company.

Related parties also include the pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 31) Employee benefits of the consolidated financial statements for additional information.

The Group has share-based long-term incentive plans for certain members of management and other key employees and talents. Group’s share-based payment plans and arrangements are cash-settled and provide the contingent right to receive cash at the time of the exit of the current actual shareholder of the Group or in case of IPO based on capital gain (range granted to the managers is estimated from 2% to 7% of the capital gain based on the exit price), subject to the fulfilment of a five-year service vesting condition (each year provide a vesting of 1/5 of the plan) and if certain exit price will be reached. Director estimate that this plan and arrangements have an non-significant impact on the Group’s result in 2022 since the 70% of the plan was approved in November 2022 and only two key manager (totalling 40% of the pan) have already vested the first year of service at the end of the year.

Guala Closures S.p.A. also had transactions with other group companies. For further information, reference should be made to notes 4) Net revenue, 5) Other operating income, 7) Costs for raw materials, 8) Costs for services, 11) Financial income, 12) Financial expense, 13) Income from equity investments, 17) Current and non-current financial assets, 18) Trade receivables, 23) Other current assets, 25) Equity investments, 33) Trade payables and 38) Other current liabilities, to the separate financial statements.

There are no significant transactions with other related parties in addition to those indicated in the notes to the separate and consolidated financial statements.

3.3 Other information

There are no stock option plans or any share-based payment arrangements in place at December 31, 2022.

At December 31, 2022, there were no free allocations of shares to employees.

Reference should be made to note 36) Related party transactions to the consolidated financial statements for information on the roles and responsibilities of the parent's directors.

At the reporting date, there are no proxies for share capital increases pursuant to article 2443 of the Italian Civil Code, nor do the directors have the power to issue equity instruments or to authorise the repurchase of treasury shares.

No repurchases of treasury shares have taken place at the date of this report.

In 2022, the group invested (net of divestments) €40.3 million (€31.4 million in 2021) to support future growth. The main capex of 2022 was incurred in the group's main European facilities in Italy, UK, Poland and Ukraine, its Mexican facility as well as its Indian facilities. For additional information reference should be made to note 23) Property, plant and equipment.

During 2022 the costs for research and development activities amounted to approximately €3.9 million, of which approximately €1.3 million capitalised in the year.

Outlook

Although the Group is experiencing a tough period, with high inventory levels and destocking policies within certain clients and distributors, we expect some clients to reduce orders for the entire first half of 2023, re-gaining normal levels in the second half of the year.
Inflation is persisting even if at lower levels *vis-à-vis* last year, the continuous increase / unpredictable variation in raw materials prices, energy and other costs still negatively impact our cost base.
On average, spirits demand is negatively impacted by the current review of personal expenditure due to limited power during this inflation period.
The Group has already put in place the right steps to continue the growth:

- It is focused on volume and selling prices, with innovative products, new projects with its main clients;
- new clients identification and expansion into clients not already served, with specific geo / product targets;
- cost base reduction policies: new internal policies to be put in place in order to increase cost efficiency and limit G&A expenses;
- focus on NWC management and cash generation: well-defined targets in terms of working capital absorption, in order to improve our cash generation.

The Group remains positive on the future consumer demand and boost from recent and ongoing medium-term investments, being confident to safe the current Adjusted EBITDA margin on sales at organic level.

On behalf of the board of directors
Chairman and CEO
Gabriele Del Torchio
(signed on the original)

April 27, 2023

Annexes to the directors’ report

Annex A)

Reconciliation between the tables included in the directors’ report with the consolidate financial statements – financial income and expense

Annex B)

Reconciliation between the tables included in the directors’ report with the consolidate financial statements – statement of financial position

Annex C)

Reconciliation between the tables included in the directors’ report with the consolidate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

Annex D)

Reconciliation between the tables included in the directors’ report with the separate financial statements – financial income and expense

Annex E)

Reconciliation between the tables included in the directors’ report with the separate financial statements – statement of financial position

Annex F)

Reconciliation between the tables included in the directors’ report with the separate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

Annex A)

Reconciliation between the tables included in the directors' report with the consolidated financial statements – financial income and expense

(€'000)

Classification in reclassified financial income and expense	2021	2022	Classification in the notes to the consolidated financial statements (notes 14-15)
Net exchange gains	7,081	16,970	Exchange gains
Net exchange losses	(11,313)	(18,872)	Exchange losses
Net fair value gains (losses) on market warrants	5,961	-	Fair value gains on market warrants
Net fair value losses on financial liabilities to non-controlling investors	(5,387)	(841)	Financial expense on financial liabilities to non-controlling investors
Net interest income	144	432	Interest income
Net other financial income	2,298	3,528	Other financial income
Net interest expense	(19,632)	(19,702)	Interest expense
Other net financial expense	(2,867)	(4,318)	Other financial expense
Non-recurring financial expense for refinancing	(7,720)	-	Non-recurring financial expense for refinancing
Total net financial expense	**(31,436)**	**(22,802)**	

Annex B)

Reconciliation between the tables included in the directors' report with the consolidated financial statements – statement of financial position

(€'000)

Classification in the reclassified statement of financial position	December 31, 2021	December 31, 2022	Classification in the consolidated financial statements
Net working capital	119,532	139,583	Trade receivables
Net working capital	120,265	157,192	Inventories
Net working capital	(100,714)	(115,511)	Trade payables
Total net working capital	**139,083**	**181,264**	
Net derivative assets	127	-	Derivative assets
Net derivative liabilities	(58)	(976)	Derivative liabilities
Net derivative assets/(liabilities)	**68**	**(976)**	
Other net liabilities	5,831	11,031	Current direct tax assets
Other net liabilities	10,151	11,120	Current indirect tax assets
Other net liabilities	7,541	10,174	Other current assets
Other net liabilities	153	61	Contract costs
Other net liabilities	29,029	51,929	Deferred tax assets
Other net liabilities	394	6,799	Other non-current assets
Other net liabilities	(6,563)	(15,825)	Current direct tax liabilities
Other net liabilities	(9,990)	(11,878)	Current indirect tax liabilities
Other net liabilities	(2,594)	(6,070)	Current provisions
Other net liabilities	(985)	(1,620)	Contract liabilities
Other net liabilities	(32,939)	(41,091)	Other current liabilities
Other net liabilities	(95,979)	(88,838)	Deferred tax liabilities
Other net liabilities	(223)	(2,079)	Non-current provisions
Other net liabilities	(32)	(21)	Other non-current liabilities
Total net other liabilities	**(96,206)**	**(76,309)**	
Net financial liabilities	(165)	(551)	Current financial assets
Net financial liabilities	(394)	(2,193)	Non-current financial assets
Net financial liabilities	6,165	4,946	Current financial liabilities
Market warrants	4	-	Current financial liabilities
Financial liabilities - leases	3,639	4,688	Current financial liabilities
Net financial liabilities	488,112	513,812	Non-current financial liabilities
Non-controlling investors' put option	34,419	35,260	Non-current financial liabilities
Financial liabilities - leases	10,276	12,566	Non-current financial liabilities
Cash and cash equivalents	(80,032)	(79,478)	Cash and cash equivalents
Total net financial indebtedness	**462,024**	**489,049**	

Annex C)

Reconciliation between the tables included in the directors' report with the consolidated financial statements – change in net financial indebtedness towards change in cash and cash equivalents

(€'000)

	December 31, 2021	December 31, 2022
Total change in net financial indebtedness	**2,186**	**(27,025)**
Increase in right-of-use assets	4,684	7,371
Proceeds from new borrowings and bonds	500,114	2,260
Repayment of borrowings and bonds	(475,801)	(6,203)
Repayment of finance leases	(5,646)	(3,507)
Translation effect on foreign currency assets and liabilities	705	1
Net fair value gains on non-controlling investors' put options	5,387	841
Change in liabilities for financial expense	962	28,938
Paid transaction costs on bond and RCF	(16,414)	(1,045)
Change in financial assets	(27)	(2,185)
Total change in financial assets and liabilities	**13,964**	**26,471**

Total change in cash and cash equivalents	**16,150**	**(554)**

Annex D)

Reconciliation between the tables included in the directors’ report with the separate financial statements – financial income and expense

(€'000)

Classification in the reclassified Financial income and expenses	2021	2022	Classification in the notes to the separate financial statements (notes 11-13)
Net exchange gains (losses)	2,214	1,527	Exchange gains
Net exchange gains (losses)	(1,013)	(3,395)	Exchange losses
Net income from equity investments	15,500	8,000	Income from equity investments
Net fair value gains (losses) on market warrants	5,961	-	Fair value gains on market warrant
Net interest expense - third parties	1	5	Interest income - third parties
Net interest expense - third parties	(19,246)	(19,028)	Interest expense
Net interest expense - third parties	(331)	(810)	Other financial expense
Non recurring financial expenses for refinancing	(7,720)	-	Non recurring financial expenses for refinancing
Net interest income - related parties	10,761	12,390	Financial income - related parties
Total net financial expense	**6,128**	**(1,310)**	

Annex E)

Reconciliation between the tables included in the directors' report with the separate financial statements – statement of financial position

(€'000)

Classification in the reclassified statement of financial position	December 31, 2021	December 31, 2022	Classification in the statement of financial position
Net working capital	15,818	14,925	Trade receivables - third parties
Net working capital	36,945	45,120	Trade receivables - related parties
Net working capital	17,881	30,139	Inventories
Net working capital	(38,798)	(41,193)	Trade payables - third parties
Net working capital	(1,723)	(10,643)	Trade payables - related parties
Total net working capital	**30,123**	**38,347**	
Financial derivative assets/liabilities	127	0	Financial derivative assets
Financial derivative assets/liabilities	(58)	(976)	Financial derivative liabilities
Total financial derivative assets/liabilities	**68**	**(976)**	
Other assets/liabilities	193	2,859	Current direct tax assets
Other assets/liabilities	1,217	1,078	Current indirect tax assets
Other assets/liabilities	694	621	Other current assets - third parties
Other assets/liabilities	1,616	1,568	Other current assets - related parties
Other assets/liabilities	15,765	36,989	Deferred tax assets
Other assets/liabilities	197	2,575	Other non-current assets
Other assets/liabilities	-	(820)	Current direct tax liabilities
Other assets/liabilities	(767)	(1,170)	Current indirect tax liabilities
Other assets/liabilities	(1,296)	(1,742)	Current provisions
Other assets/liabilities	(9,286)	(14,027)	Other current liabilities
Other assets/liabilities	(62)	(903)	Other current liabilities - related parties
Other assets/liabilities	(39,170)	(38,002)	Deferred tax liabilities
Other assets/liabilities	(207)	(215)	Non-current provisions
Total other assets/liabilities	**(31,105)**	**(11,188)**	
Net financial liabilities - third parties	(100)	(111)	Non-current financial assets - third parties
Net financial assets - third parties	1,446	1,413	Current financial assets - third parties
Net financial assets - third parties	483,563	485,256	Non-current financial assets - third parties
Net financial assets - IFRS 16	3,024	3,046	Non-current financial assets - third parties
Market Warrants	4	-	Non-current financial assets - third parties
Net financial liabilities-related parties	(5,451)	(1,878)	Current financial liabilities-related parties
Net financial liabilities-related parties	(273,071)	(269,112)	Non-current financial liabilities-related parties
Net financial liabilities-related parties	-	1,000	Current financial assets-related parties
Net financial liabilities-related parties	-	18,922	Non-current financial assets-related parties
Cash and cash equivalents	(26,248)	(20,051)	Cash and cash equivalents
Total financial assets	**183,166**	**218,484**	

Annex F)

Reconciliation between the tables included in the directors' report with the separate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

(€'000)

	December 31, 2021	December 31, 2022
Total change in Net financial indebtedness	**12,808**	**(35,317)**
Proceeds from new borrowings and bonds	502,131	1,202
Repayment of borrowings and bonds	(474,838)	-
Repayment of finance leases	(929)	(1,180)
Exchange rate gains/loss on foreign currency financial assets/liabilities	602	1,314
Labrenta Srl acquisition - indebtedness vs previous shareholders	-	19,922
Effects of IFRS 16 FTA	371	(1,181)
Change in accrued financial expense	62	3,882
Payment of transaction costs on Group refinancing	(16,414)	(1,045)
Change in financial assets	(17,082)	6,206
Total change in financial assets / (liabilities)	**(6,097)**	**29,119**

Total change in cash and cash equivalents	**6,711**	**(6,197)**

Consolidated financial statements as at and for the year ended December 31, 2022

Statement of profit or loss

(€'000)	2021	2022	of which: Related parties	Note
Net revenue	**659,799**	**881,047**		7
Change in finished goods and semi-finished products	3,848	18,248		
Other operating income	5,383	5,308		8
Internal work capitalised	5,165	6,050		9
Costs for raw materials	(308,883)	(427,778)		10
Costs for services	(114,053)	(158,672)	-	11
Personnel expense	(137,153)	(150,461)		12
Other operating expense	(8,013)	(11,459)		13
Impairment losses on trade receivables and contract assets	(248)	(2,592)		
Impairment losses	(2,349)	(10,313)		23-24-25
Amortisation and depreciation	(54,409)	(54,004)		23-24-25
Financial income	15,484	20,930	-	14
Financial expense	(46,920)	(43,732)	(108)	15
Share of loss of equity-accounted investees, net of the tax effect	(208)	(4,537)		
Profit before taxation	**17,444**	**68,035**	**(108)**	
Income taxes	(9,450)	365		17
Profit for the period	**7,994**	**68,400**	**(108)**	
Attributable to:				
- the owners of the parent	(782)	55,196		
- non-controlling interests	8,776	13,204		

Statement of profit or loss and other comprehensive income

(€'000)	2021	2022
Profit for the period	**7,994**	**68,400**
Other comprehensive income (expense):		
Actuarial gains on defined benefit plans	414	1,094
Taxes on items that will not be reclassified to profit or loss	(63)	(113)
Items that will not be reclassified to profit or loss:	*351*	*981*
Foreign currency translation differences for foreign operations	15,781	(12,545)
Hedging reserve	126	58
Hedging reserve for cash flow hedges reclassified to profit or loss	(695)	(126)
Tax on items that will or may be reclassified subsequently to profit or loss	168	20
Items that will or may be reclassified subsequently to profit or loss:	**15,380**	**(12,593)**
Other comprehensive income for the period, net of tax	**15,732**	**(11,612)**
Comprehensive income for the period	**23,725**	**56,788**
Attributable to:		
- the owners of the parent	13,077	47,550
- non-controlling interests	10,648	9,238

Statement of financial position – ASSETS

(€'000)	December 31, 2021	December 31, 2022	*of which: Related parties*	Note
ASSETS				
Current assets				
Cash and cash equivalents	80,032	79,478		19
Current financial assets	165	551		
Trade receivables	119,532	139,583		20
Inventories	120,265	157,192		21
Current direct tax assets	5,831	11,031		
Current indirect tax assets	10,151	11,120		
Derivative assets	127	-		
Other current assets	7,541	10,174		
Total current assets	**343,644**	**409,130**	**-**	
Non-current assets				
Non-current financial assets	394	2,193	1,786	
Investments in associates	2,536	-		
Property, plant and equipment	219,292	220,968		23
Right-of-use assets	15,525	20,607		24
Intangible assets	823,518	850,451		25
Contract costs	153	61		
Deferred tax assets	29,029	51,929		
Other non-current assets	394	6,799		
Total non-current assets	**1,090,841**	**1,153,007**	1,786	
TOTAL ASSETS	**1,434,485**	**1,562,137**	**1,786**	

The notes on pages 79 to 163 are an integral part of these consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	December 31, 2021	December 31, 2022	of which: Related parties	Note
LIABILITIES AND EQUITY				
Current liabilities				
Current financial liabilities	9,808	9,634	1,000	27
Trade payables	100,714	115,511		28
Contract liabilities	985	1,620		
Current direct tax liabilities	6,563	15,825		
Current indirect tax liabilities	9,990	11,878		
Current provisions	2,594	6,070		29
Derivative liabilities	58	976		
Other current liabilities	32,939	41,091		30
Total current liabilities	**163,651**	**202,605**	**1,000**	
Non-current liabilities				
Non-current financial liabilities	532,807	561,638	18,922	27
Employee benefits	8,913	8,055		
Deferred tax liabilities	95,979	88,838		
Non-current provisions	223	2,079		29
Other non-current liabilities	32	21	-	
Total non-current liabilities	**637,954**	**660,631**	18,922	
Total liabilities	**801,605**	**863,236**	**19,922**	
Share capital and reserves attributable to non-controlling interests	33,209	33,252		
Profit for the year attributable to non-controlling interests	8,776	13,204		
Equity attributable to non-controlling interests	**41,985**	**46,457**	-	**33**
Share capital	68,907	68,907		
Share premium reserve	423,837	423,837		
Legal reserve	1,824	2,310		
Translation reserve	(11,764)	(20,348)		
Hedging reserve	48	-		
Retained earnings and other reserves	108,826	122,543		
Profit / (loss) for the year	(782)	55,195		
Equity attributable to the owners of the parent	**590,894**	**652,444**	-	**32**
Total equity	**632,880**	**698,901**		
TOTAL LIABILITIES AND EQUITY	**1,434,485**	**1,562,137**	**19,922**	

The notes on pages 79 to 163 are an integral part of these consolidated financial statements.

Statement of cash flows

(€'000)	2021	2022	Note
Opening cash and cash equivalents	**63,882**	**80,032**	
A) Cash flows from operating activities			
Profit before taxation	17,444	68,035	
Adjustments:			
Amortisation and depreciation	54,409	54,004	23-24-25
Financial income	(15,484)	(20,930)	
Financial expense	46,920	43,732	
Impairment losses on fixed assets	2,349	10,313	23-24-25
Share of loss of equity-accounted investees, net of the tax effect	226	2,407	
Net gains on sale of non-current assets	(439)	(290)	
Variation:			
Receivables	(23,851)	(18,286)	20
Payables	30,154	14,355	30
Inventories	(17,433)	(38,877)	21
Impairment losses on receivables	(488)	1,408	20
Other operating items	(6,023)	3,854	
Derivatives		1,131	
VAT and indirect tax assets/liabilities	(1,013)	(4)	
Income taxes paid	(18,085)	(26,948)	
Net cash flows from operating activities	**68,687**	**93,904**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(32,041)	(41,491)	23-24-25
Proceeds from sale of property, plant and equipment and intangible assets	631	1,193	23-24-25
Acquisition of Labrenta (net of cash acquired)	-	(13,324)	
Acquisition of non-controlling interest in SharpEnd (UK)	(1,608)	-	
Sale of GCL Pharma S.r.l. (net of cash transferred)	2,000	-	
Net cash flows used in investing activities	**(31,018)**	**(53,623)**	
C) Cash flows from financing activities			
Interest received	2,441	1,657	
Interest paid	(22,768)	(22,679)	
Transaction costs paid for bonds issued in 2021	(16,414)	(1,045)	
Other financial items	600	1,331	
Dividends paid	(7,378)	(4,649)	
Sponsor warrants buyback	-	(1,000)	
Proceeds from new borrowings and bonds	500,114	2,260	29
Repayment of borrowings and bonds	(475,801)	(6,203)	29
Repayment of leases	(5,646)	(3,507)	
Change in financial assets	(27)	(399)	
Net cash flows used in financing activities	**(24,878)**	**(34,235)**	
Net cash flows of the period	**12,791**	**6,047**	
Effect of exchange fluctuations on cash held	3,360	(6,600)	
Closing cash and cash equivalents	**80,032**	**79,478**	**19**

The notes on pages 79 to 163 are an integral part of these consolidated financial statements.

Statement of changes in equity

(€'000)	**January 1, 2021**	**Allocation of 2020 result**	Profit (loss) for the year	Other comprehensive income	**Comprehensive income for the year**	Dividends	Purchase of sponsor warrant	Capital increase	**Total transactions with owners**	**December 31, 2021**
	A)	**B)**			**C)**				**D)**	**A)+B)+C)+D)**
Attributable to the owners of the parent:										
Share capital	68,907				**-**				**-**	**68,907**
Share premium reserve	423,837				**-**				**-**	**423,837**
Legal reserve	1,266	557			**-**				**-**	**1,823**
Translation reserve	(25,679)			13,915	**13,915**				**-**	**(11,764)**
Hedging reserve	449			(401)	**(401)**				**-**	**48**
Retained earnings and other reserves	123,583	(15,103)		345	**345**		-		**-**	**108,825**
Loss for the year	(14,546)	14,546	(782)		**(782)**				**-**	**(782)**
Equity	**577,817**	-	**(782)**	**13,859**	**13,077**	**-**	**-**	**-**	**-**	**590,894**
Non-controlling interests:										
Share capital and reserves	29,515	8,627	-	1,872	**1,872**	(6,805)	-	-	**(6,805)**	**33,209**
Profit for the year	8,627	(8,627)	8,776		**8,776**				**-**	**8,776**
Equity	**38,143**	**-**	**8,776**	**1,872**	**10,648**	**(6,805)**	**-**	**-**	**(6,805)**	**41,985**
Total equity	**615,959**	**-**	**7,994**	**15,732**	**23,725**	**(6,805)**	**-**	**-**	**(6,805)**	**632,879**

(€'000)	**January 1, 2022**	**Allocation of 2021 result**	Profit for the year	Other comprehensive income	**Comprehensive income for the year**	Dividends	Purchase of sponsor warrant	Capital increase	**Total transactions with owners**	**December 31, 2022**
	A)	**B)**			**C)**				**D)**	**A)+B)+C)+D)**
Attributable to the owners of the parent:										
Share capital	68,907				**-**				**-**	**68,907**
Share premium reserve	423,837				**-**				**-**	**423,837**
Legal reserve	1,824	487			**-**				**-**	**2,310**
Translation reserve	(11,764)			(8,583)	**(8,583)**				**-**	**(20,348)**
Hedging reserve	48			(48)	**(48)**				**-**	**0**
Retained earnings and other reserves	108,826	(1,269)		985	**985**		(1,000)	15,000	**14,000**	**122,543**
Profit (loss) for the year	(782)	782	55,196		**55,196**				**-**	**55,196**
Equity	**590,894**	-	**55,196**	**(7,646)**	**47,550**	**-**	**(1,000)**	**15,000**	**14,000**	**652,445**
Non-controlling interests:										
Share capital and reserves	33,209	8,776		(3,966)	**(3,966)**	(4,767)			**(4,767)**	**33,252**
Profit for the year	8,776	(8,776)	13,204		**13,204**	-			**-**	**13,204**
Equity	**41,985**	**-**	**13,204**	**(3,966)**	**9,238**	**(4,767)**	**-**	**-**	**(4,767)**	**46,457**
Total equity	**632,880**	**-**	**68,400**	**(11,612)**	**56,788**	**(4,767)**	**(1,000)**	**15,000**	**9,233**	**698,901**

The notes on pages 79 to 163 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements at December 31, 2022

General information

(1) General information

Guala Closures S.p.A. is a company limited by shares set up under Italian law and registered with the Alessandria company registrar. Its registered office is in via Rana 12, zona industriale D6, Spinetta Marengo (Alessandria). Guala Closures S.p.A. is directly owned by Special Packaging Solution Investments S.à r.l. ("SPSI"), and its ultimate parent company is Investindustrial S.A..

The Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic beverages such as water, olive oil and vinegar to be sold mainly on international markets. The group is also active in the production of PET plastic preforms and bottles.

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialised in the production of safety closures, luxury closures, roll-on and other closures;

- the PET division, which produces PET bottles and miniatures. This division is no longer considered a core business.

Currently, the group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector. It is also the leading European producer of aluminium closures for spirits bottles.

(2) Accounting policies

These consolidated financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations.

They have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between the consolidated financial statements balances and those in the tables of these notes are due exclusively to the rounding and do not alter their reliability or substance.

Figures are shown in thousands of Euros, unless otherwise stated.

These consolidated financial statements have been prepared on a historical cost basis, except for derivatives and contingent consideration arising in a business combination (i.e., the put option on non-controlling interests) which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the group's ability to continue as a going concern.

These consolidated financial statements have been prepared using the following formats:

- statement of profit or loss, whose captions are classified by nature;
- statement of profit or loss and other comprehensive income;
- statement of financial position, whose asset and liability captions are classified as current or non-current;
- statement of cash flows, prepared using the indirect method;
- the statement of changes in equity, prepared to present changes in equity.

For each asset and liability caption including amounts due within and after one year, the amount which is expected to be received or paid after one year is shown.

Neither the company nor the group are subject to management or coordination activities.

a) Accounting for business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

Investments in non-controlling interests (“NCI”)

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

List of investments in subsidiaries and associates at December 31, 2022

	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Labrenta S.r.l.	Italy	EUR	500,000	100%	Direct	Line-by-line
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
GCL International Sarl	Luxembourg	EUR	15,140,700	100%	Indirect (*)	Line-by-line
SharpEnd Partnership Ltd.	United Kindom	GBP	1,519	30%	Indirect (*)	Equity
Guala Closures UK Ltd.	United Kindom	GBP	134,000	100%	Indirect (*)	Line-by-line
Guala Closures UCP Ltd.	United Kindom	GBP	3,509,000	100%	Indirect (*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	9,879,977	100%	Indirect (*)	Line-by-line
Guala Closures France SAS	France	EUR	2,748,000	100%	Indirect (*)	Line-by-line
Guala Closures Technologia Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect (*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	6,252,120	70%	Indirect (*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect (*)	Line-by-line
Guala Closures BY LLC	Belarus	BYN	1,158,800	70%	Indirect (*)	Line-by-line
Guala Closures Deutschland GmbH	Germany	EUR	500,000	100%	Indirect (*)	Line-by-line
Guala Closures Turkey Ambalaj ve Kapak Sistemleri Sanayi ve Ticaret Anonim Şirketi	Turkey	TRY	11,000,000	100%	Indirect (*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95%	Indirect (*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect (*)	Line-by-line
Guala Closures (Chengdu) Co. Ltd.	China	CNY	-	100%	Indirect (*)	Line-by-line
LATIN AMERICA and NORTH AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect (*)	Line-by-line
Guala Closures Argentina S.A. (**)	Argentina	ARS	498,960,489	100%	Indirect (*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,290	100%	Indirect (*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.2%	Indirect (*)	Line-by-line
Guala Closures Chile SpA	Chile	CLP	6,504,935,369	100%	Indirect (*)	Line-by-line
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect (*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect (*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect (*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect (*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect (*)	Line-by-line
Guala Closures East Africa Pty Ltd.	Kenya	KES	30,300,000	100%	Indirect (*)	Line-by-line

(**) The share capital reported for Guala Closures Argentina S.A. represents the nominal value and does not include the revaluation for inflation

(b) Use of estimates and judgements

Management has to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot readily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is included in the following notes: loss allowance (note (n) estimated expected credit losses) and allowance for inventory write-down (note 21 inventory estimated recoverability), amortisation/depreciation and impairment of non-current assets (notes (h and i)), employee benefits (note 31 estimated actuarial assumptions), taxes (note 26 estimated future taxable income), provisions (note 29), Labrenta acquisition (note 5 acquisition of subsidiaries, business units and non-controlling interests), financial liabilities to non-controlling investors (note 34 fair value put option).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognised in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognised in the year in which the review takes place.

(c) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates ruling at the transaction date.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the same date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the transaction date. Exchange differences are generally recognised in profit or loss and presented within financial expense.

However, exchange differences arising from the translation of the following items are recognised in other comprehensive income:
– an investment in equity securities designated as at FVOCI;
– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
– qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into euro at the exchange rates at the transaction date.

Hyperinflationary economy: since 2018 Argentina has been considered a hyperinflationary economy as defined by IFRS, specifically IAS 29. Consequently, following Argentina's inclusion in the list of hyperinflationary economies, as of July 1, 2018 and effective from January 1, 2018, Guala Closures Group has applied IAS 29: Financial Reporting in Hyperinflationary Economies.
At December 31, 2022, the group's operations in Argentina represented approximately 3% of its revenue, 1% of its operating performance and 1% of its assets.
As from April 2022, Turkey is included in the list of hyperinflationary economies and therefore, according to IAS 29, the local financial statements were translated into Euros using the closing rate of the period both for the statement of financial position and statement of profit and loss and other comprehensive income. At December 31, 2022, the group's operations in Turkey have an immaterial impact on consolidated figures.

Exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reallocated to non-controlling interests. When the group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

	Average exchange rates		Spot exchange rates	
€1 = x foreign currency	2021	2022	December 31, 2021	December 31, 2022
Pound sterling	0.86000	0.85261	0.8403	0.8869
US dollar	1.18353	1.05388	1.1326	1.0666
Indian rupee	87.48608	82.71449	84.2292	88.1710
Mexican peso	23.99031	21.20455	23.1438	20.8560
Colombian peso	4,427.21750	4,473.59750	4,598.6800	5,172.4700
Brazilian real	6.38135	5.44320	6.3101	5.6386
Chinese renmimbi	7.63402	7.08009	7.1947	7.3582
Argentine peso	116.36220	188.50330	116.3622	188.5033
Polish zloty	4.56404	4.68448	4.5969	4.6808
New Zealand dollar	1.67253	1.65854	1.6579	1.6798
Australian dollar	1.57473	1.51736	1.5615	1.5693
Ukrainian hryvnia	32.29588	33.98843	30.9219	39.0370
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	17.4795	17.2097	18.0625	18.0986
Japanese yen	129.8575	138.0051	130.3800	140.6600
Chilean peso	897.6308	917.9167	964.3500	913.8200
Kenyan shilling	129.7269	124.1178	128.1495	131.6060
Turkish lira	10.4670	19.9649	15.2335	19.9649

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(e) Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realisable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(f) Assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(g) Discontinued operation

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

– represents a separate major line of business or geographical area of operations;

– is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

– is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative year.

(h) Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalised.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

Depreciation period (years)	
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and moulds	4 – 20
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognised. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(i) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognised at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described in paragraph (n) impairment losses.

Trademark

Trademarks are generally measured at cost, determined in the same way as described for property, plant and equipment except for Guala Closures Trademark that has an indefinite life, as there is no foreseeable limit to the period up to which the asset is expected to generate cash flows for the Group.
Guala Closures Trademark is adjusted for any accumulated impairment losses, determined using the criteria described in paragraph (n) impairment losses.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognised as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalised when the product or process

is feasible in technical and commercial terms and the group has adequate resources to complete the development stage and the group has concluded that it will have the ability to use it.
Capitalised development expenditure is measured at cost, net of accumulated amortisation and impairment losses.

Other intangible assets
These assets are measured at cost, determined in the same way as described for property, plant and equipment. Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortisation and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortisation periods for intangible assets are as follows:

Amortisation period (years)	
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licences	5
Customer list	30
Other capitalised expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. This expenditure is amortised over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognised in profit or loss at the time of disposal.

(j) Income taxes

Income taxes comprise current and deferred tax. They are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax also includes any tax arising from dividends and any interest and penalties imposed by the tax authorities following their review of the tax position of previous years which found a difference in tax due.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the

extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognised when the dividend is approved.

In determining the amount of current and deferred tax, the group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

(k) Financial instruments

Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see paragraph (l)). On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the group's key managers;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the group's continuing recognition of the assets.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding in a given period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable rate features;

– prepayment and extension features; and

– terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium on its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is immaterial at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See note (l) for derivatives designated as hedging instruments.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See note (l) for financial liabilities designated as hedging instruments.

Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The group may designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of currency risk on a net investment in a foreign operation.

At the inception of designated hedging relationships, the group documents the risk management objective and strategy for undertaking the hedge. The group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventories, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same year or years during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same year or years as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

All derivatives contracts were designated as hedge accounting relationships in 2021 while not all derivatives are designated as hedges in 2022.

(m) Share capital and equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognises a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognised decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognised in profit or loss as financial expense.

(n) Impairment losses

Non-derivative financial instruments

Financial instruments and contract assets

The group recognises loss allowances for ECLs on:

– financial assets measured at amortised cost;

– contract assets.

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as enforcing a security (if any are held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

The gross carrying amount of a financial asset is partially or fully impaired to the extent the group has no reasonable expectations of its recovery. For customers, the group individually makes an assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets, except for inventories and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and Guala Closures Trademark are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Employee benefits

The group's net obligation in respect of defined contribution plans relates to the post-employment benefit plans whereby the group companies pay fixed contributions to an entity that is legally separated on a mandatory, contractual or voluntary basis without there being any actual or constructive obligation to make additional payments if the entity does not hold sufficient assets to pay all accrued pension benefits relating to current or past services. Contributions payable are recognised in profit or loss on an accruals basis and classified as personnel expense.

The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

For the Italian companies, starting from January 1, 2007, the Finance Act (Law no. 296 of December 27, 2006, the "2006 Finance Act") and the relevant implementation decrees introduced important changes in the rules governing post-employment benefits ("TFR"), including the need for employees to decide on the allocation of their future benefits. In particular, this reform established that employees had to transfer the new amounts of their benefits to established pension funds after January 1, 2007 or leave them with the company; in the latter case, the company would pay these amounts to a specific INPS (Italian social security institution) treasury account. Therefore, the post-employment benefits stated in the consolidated financial statements refer to the amount due to employees, not yet paid but vested up to December 31, 2006.

(p) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as financial expense.

(q) Revenue

The group has applied IFRS 15 Revenue from Contracts with Customers since January 1, 2018. Specifically, IFRS 15 introduced a new model for revenue recognition based on the following five steps:

- identify the contract(s) with a customer
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised, net of returns, discounts, rebates and bonuses, as well as taxes directly related to the sale of products and the provision of services. It is measured taking into account the consideration specified in the contract with the customer. The group, which generally operates as principal, recognises revenue when it transfers control of the goods or services (point in time). Control of the safety and standard closures is transferred to the customers when the goods are delivered to their premises, i.e., when the goods are taken over by the carrier selected by the customer if earlier and, accordingly, the group recognises the related revenue at such times. There are generally no further contractual obligations for the group.
There are no significant discounts for final customers and there are no contracts which enable customers to return products in exchange for new ones or cash reimbursements.
Usually, no costs are incurred to obtain or perform contracts with customers.

(r) Government grants

Grants relating to assets and income are recognised when there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognised as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognised under Other operating income.

(s) Financial income and expense

The group's financial income and finance expense include:

– interest income;

– interest expense;

– dividend income;

– the net gain or loss on the disposal of investments in debt securities measured at FVOCI;

– the net gain or loss on financial assets at FVTPL;

– the exchange gain or loss on financial assets and financial liabilities;

– impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

– the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;

– the fair value loss on contingent consideration classified as a financial liability;

– hedge ineffectiveness recognised in profit or loss; and

– the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(t) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When one is available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to measurement.
The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(u) Leases

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. Leases in which the group is a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices. However, for the leases of property, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate (i.e., the incremental borrowing rate of each Guala Closures Group company) or the Guala Closures Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The group considered the renewal options when determining the lease term and, specifically, considered as reasonably certain the exercise of the first renewal option which may be included in the lease. With respect to leases that do not contain annual automatic renewal options, the group considered the lease term based on the time horizon of the business plan prepared by group management (five years), assuming that this time horizon properly reflects a period of time adequate to assess the lease term with a reasonable certainty. Assessment of the reasonable certainty of exercising the renewal option affects the lease term which, in turn, significantly affects the lease liability and the right-of-use asset.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group presents right-of-use assets separately from property, plant and equipment and intangible assets and it recognises lease liabilities under 'financial liabilities'.

B. Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. Leases in which the group is a lessor

At inception or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.
When the group acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
The group recognises ease payments received under operating leases as income on a straight-line basis over the least term as part of 'other revenue'.

(v) Share based payment

The Group's share-based payment plans and arrangements are primarily cash-settled payment arrangements.

For cash-settled plans, the fair value of the amounts payable to employees is recognised as an expense, with a corresponding increase in liabilities (employee benefits), over the vesting period. The liability is remeasured at each reporting date and at the settlement date so that the ultimate liability equals the cash payment on the settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

(3) Changes to standards

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2022 are set out below.

- Reference to Conceptual Framework (Amendments to IFRS 3): The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):
    - update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
    - add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;
    - add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37): specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual improvements to IFRS Standards (Cycle 2018–2020), containing the following amendments to IFRS:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS.
    - IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
    - IFRS 16 Leases - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
    - IAS 41 Agriculture - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The new standards and amendments have not any significant impacts on the consolidated financial statements.

In addition, the following list includes the recent changes to the standards or amendments that are required to be applied for an annual period beginning after January 1, 2022 and that are available for early adoption in annual periods beginning on January 1, 2022:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Amendments to IAS 12 - 'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021)
- IFRS 17 - Insurance contracts and Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8

These new documents, having a deferred date of entry into force, were not adopted for the preparation of these consolidated financial statements, but will be applied starting from the date of entry into force established as mandatory. No significant impact is expected on the consolidated financial statements from the adoption of these new documents.

(4) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division which represents the Group's core business. The Group's top management (who are accountable for operating decisions) reviews internal management reports on a monthly basis.
Other operations consist of the PET division which did not meet any of the quantitative thresholds for determining reportable segments under IFRS 8 in 2022 and it will be dismissed in 2023.

Information regarding the results of the group's reportable segment is included below, together with the mandatory information of IFRS 8. Performance is measured based on segment revenue, profit (loss) before taxation, amortisation and depreciation, trade receivables, inventories, trade payables, property, plant and equipment, right-of-use assets and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

Other asset and liability figures cannot be reported by segment as management believes that the availability of such information by segment is not material.

(€'000)	**Closures**		**Other operations**		**Total**	
	2021	**2022**	**2021**	**2022**	**2021**	**2022**
Net revenue	657,091	878,043	2,708	3,004	659,799	881,047
Amortisation and depreciation	(54,162)	(53,878)	(247)	(126)	(54,409)	(54,004)
Financial income	15,484	20,930	-	0	15,484	20,930
Financial expense	(46,920)	(43,732)	-	0	(46,920)	(43,732)
Share of loss of equity-accounted investees, net of the tax effect	(208)	(2,407)	-	0	(208)	(2,407)
Profit (loss) before taxation	17,540	68,107	(95)	(72)	17,444	68,035
Net capex (*)	31,245	40,299	164	0	31,410	40,299

(*) Acquisitions of property, plant and equipment and intangible assets net of proceeds from sale of property, plant and equipment and intangible assets

(€'000)	Closures		Other operations		Total	
	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022
Trade receivables	119,336	139,356	196	227	119,532	139,583
Inventories	119,543	156,621	721	572	120,265	157,192
Trade payables	(100,680)	(114,629)	(33)	(882)	(100,714)	(115,511)
Property, plant and equipment and Right-of-use assets	233,641	241,575	1,176	0	234,817	241,575

Reporting by geographical segment

The Closures segment operates from a network of production facilities on all five continents and the main countries in terms of third-party sales are the United Kingdom, Italy, India, Poland, Mexico, North America, Spain, Germany, Ukraine, Australia, Argentina, South Africa and France.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the operations/subsidiaries.

(€'000)	2021	2022
United Kingdom	114,487	153,669
Italy	75,438	104,411
Mexico	57,069	102,097
Poland	62,188	85,498
India	69,811	79,701
Spain	34,327	49,767
North America	34,637	47,659
Deutschland	32,596	46,162
Ukraine	31,273	33,248
Argentina	20,247	25,656
Australia	23,045	24,528
Brazil	11,949	18,155
France	13,590	17,731
South Africa	16,261	16,357
Other countries	62,880	76,408
Net revenue	**659,799**	**881,047**

	Non-current assets other than financial instruments and deferred tax assets: property, plant and equipment, rights of use assets and intangible assets		Deferred tax assets	
(€'000)	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**
Italy	577,220	581,441	15,765	37,297
Australia	84,274	82,667	2,140	2,031
India	59,680	53,750	1,201	1,746
Poland	49,842	48,758	-	-
Spain	38,634	38,368	685	439
Mexico	34,928	43,642	50	75
Ukraine	31,828	19,589	-	-
UK	20,039	18,401	1,444	1,311
South Africa	12,940	12,396	517	589
Germany	11,082	9,924	2,364	1,951
Brazil	9,497	10,937	-	-
New Zealand	10,663	9,916	207	241
Kenya	8,417	7,701	330	255
Chile	7,395	8,463	1,729	1,595
France	7,705	7,338	0	0
China	7,234	6,308	234	509
Argentina	4,348	4,809	533	832
Other countries	23,527	76,118	710	1,301
Consolidation adjustments	59,080	51,501	1,120	1,757
Total	**1,058,335**	**1,092,026**	**29,029**	**51,929**

The group is not exposed to significant geographical risks other than normal business risks except for what highlighted in paragraph (6) Russia – Ukraine conflict.

Information about key customers

In the Closures segment, there are two customers that generated over 10% of revenue in 2022: the total turnover of these two customers amounts around €215 million for 2022 (roughly 25% of net revenue).

(5) Acquisitions of subsidiaries, business units and non-controlling interests

On October 4, 2022, following the agreement reached on July 6, 2022, Guala Closures S.p.A. and Cortapedra S.r.l. signed the closing of the acquisition for the purchase of 100% of the quota capital of Labrenta Group, based in Breganze (VI), which operates in the production and sale of closures for the luxury segment.

Labrenta Group included three subsidiaries located in Brazil, Mexico (put on liquidation in November 2022) and US for a production capacity of approximately 180 million annual closures. Labrenta has around 140 employees and over 800 customers in more than 70 countries.

In the period of three months ended 31 December 2022, the Labrenta Group recognised revenue amounting to €5.6 million and a loss for the period of €28 thousand. According to management, had the acquisition taken place on January 1, 2022, the Labrenta Group's revenue and the profit for the period would have amounted to approximately €900 million and about €71 million, respectively. In calculating the above amounts, management assumed that the provisionally-determined fair value adjustments at the acquisition date would have been the same even if the acquisition had taken place on January 1, 2022.

Consideration transferred

Total consideration transferred at the acquisition date amounts to €48.1 million net to €1.2 million of cash and cash equivalent acquired representing the fair value of the acquisition cost.

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

(€'000)		Note
Cash paid at acquisition date	14,564	
Amount reinvested by the former owner	15,000	Amount not paid in cash but through a capital injection made by the former owner of the relative credit in SPSI
Deferred price	15,000	Interest-bearing amount subject to possible price adjustment. To be paid in three instalments (2023,2024 and 2025)
First Earn-out	1,000	Amount to be paid in 2023 following the achievement of the value of the order book agreed on 31 December 2022
Second Earn-out	1,937	Discounted amount to be paid in 2024 in case the company achieves a certain level of EBITDA at December 2023
Third Earn-out	1,876	Discounted amount to be paid in 2025 in case the company achieves a certain level of EBITDA at December 2024
Cash and cash equivalent acquired	(1,240)	
Total Consideration	**48,137**	

Transaction costs

The group incurred transaction costs of approximately €1 million related to legal and notary fees and due diligence costs on the acquisition. These costs have been mainly included under legal and consulting fees in the group's 2022 statement of profit or loss.

Identifiable assets acquired and liabilities assumed

Recognised assets acquired and liabilities assumed at the acquisition date are summarised below:

(€'000)	**Amounts recognised at the acquisition date**
Property, plant and equipment	3,508
Intangible assets	944
Right-of-use assets	2,828
Financial receivables vs former owner	1,786
Inventories	3,125
Trade receivables	5,919
Trade payables	(2,905)
Other current/non current asset/(liabilities)	277
Employee benefits	(511)
Long term provisions	(1,858)
Financial assets	32
Financial liabilities	(10,081)
Deferred tax assets	256
Net identifiable assets and liabilities	**3,319**

Financial receivables vs former owner of €1.7 million represent an indemnification assets under IFRS 3 reflecting the warranty given by the former owner in relation to a specific risk provided for by the acquired company.
The trade receivables comprise gross contractual amounts due of about €1 m, of which €64 thousand was expected to be uncollectable at the date of acquisition.

Provisional Goodwill

Under IFRS 3, if the sum of the transferred consideration exceeds the fair value of the net assets acquired and liabilities assumed on the acquisition date, the excess amount shall be allocated to goodwill (for additional information, reference should be made to the section on "Goodwill").
The effects of the transaction have been recognised as of 1 October 2022, close to the date on which the former shareholders transferred control over the group (4 October 2022).

Provisional goodwill arising from the acquisition was recognised as follows:

(€'000)	Amounts recognised at the acquisition date
Consideration paid at the acquisition date	48,137
less: net identifiable assets and liabilities	(3,319)
Provisional goodwill arising from the acquisition	**44,818**

In consideration of the short period of time which elapsed between the date of the business combination and the date of 31 December 2022 of the consolidated financial statements, the complexity of the process of allocating the fair value to the assets acquired, liabilities assumed and contingent liabilities assumed by Labrenta, the longer term of 12 months from the date of the business combination allowed by the reference legislation precisely because of the aforementioned complexity, in this consolidated financial statements as at December 31, 2022, the proceeds deriving from the acquisition were provisionally recognized under the item "Goodwill" for a value of €44.8 million, corresponding to the difference between the lower value of the consolidated net assets of Labrenta and the consideration transferred for the purchase of Labrenta shares from the buyers.
The latter goodwill mainly related to the technical skills and knowledge of Labrenta' personnel.
The recognised goodwill will not be deductible for income tax purposes.

If new information obtained within one year of the date of the acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of the acquisition, then the accounting for the acquisition will be revised.

(6) Russia - Ukraine conflict

The optimism after the winding-down of the pandemic has been largely disrupted since the outbreak of the Russian invasion of Ukraine, together with the increasing global geopolitical tensions that began at the end of February 2022.
On February 24, 2022, as a result of the start of the war, GC Ukraine was forced to shut down the factory located in Sumy. All the employees were evacuated and are safe. No damage was suffered in relation to the assets of the company.

The group promptly reacted, supporting humanitarian efforts in Ukraine through donations to the Red Cross, the organisation of humanitarian transports of essential supplies and the hosting of some employees' families.

In 2022, GC Ukraine recognised revenue of approximately €74 million and an EBITDA of approximately €16 million (respectively €64 million and €17 million in 2021), which included accruals linked to potential losses due to the conflict for an amount of €2.3 million and impairment losses of €4.7 million on the customer relationships attributable to the Russian market following the lack of visibility on the ongoing business in the Russian market, with net assets of about €50 million.

About half of the 2021 annual turnover of GC Ukraine was realised with third parties, 50% of which with customers located in Ukraine and Russia. At group level, in 2021, roughly 2.7% of consolidated net revenue was realised with Russian local customers and 1.6% with Ukrainian local customers. The remaining intragroup sales were mainly realised with GC S.p.A., GC North America and GC Belarus, with sales of aluminium shells and components.

Contingency plans have been implemented to mitigate the potential impacts on customers and the group. In particular, as soon as the war started, we immediately began relocating production for international customers to other group plants, also considering the non-recurring capex expenditures to adapt production lines for closure models previously made in Ukraine.
The backup plan adopted and the inventory quantities available at the end of February 2022 limited the loss of orders (at the moment not significant) from international customers, which we have recovered. No sales were made to local Russian customers after March 2022 by group companies.

Production in Ukraine resumed at the end of March, but with fewer employees involved. Sumy has returned under the control of Sumy Regional State Administration and many business activities have resumed.

At December 31, 2022, GC Ukraine had no trade receivables from Russian customers, €1.3 million due from Ukrainian customers and €1.1 million due from GC Belarus, of which about €1.5 million is provided for in the loss allowance. €1 million from Ukrainian customers had been collected as of the date of this report.

The group is continuously monitoring the current conflict. Due to the above situation, to improve logistics, among other things, GC Ukraine moved a small part of its production lines to a satellite plant located in the city of Ternopil, near the Polish Border, where the company plans to employ around 100 people. The overall production capacity and product portfolio of GC Ukraine will not be affected by such transfer.

GC Ukraine still has to comply with certain administrative restrictions on currency conversion transactions and payments abroad adopted by the National Bank of Ukraine and transactions with Russian and Belarussian-based companies are forbidden. These restrictions do not apply to aluminum importation. The current sanctions adopted by the EU and the USA against Russia are currently not significantly impacting our business.

Until March 2022, GC Belarus revenue was mostly generated with Russia, selling closures produced from aluminium shells and components purchased from Ukraine. In 2022, the company realised revenue of approximately €3 million and an EBITDA close to zero (respectively €12 million and €0.8 million in 2021), with net assets of €0.2 million.

At December 31, 2022, GC Belarus had no trade receivables due from Russian customers and, due to the lack of supply and freeze on sales to Russian local customers, the company has been inoperative since March.

The continuing isolation of Belarus triggered the risk of not being able to recover the amount of the company's non-current assets, resulting in the recognition of an impairment loss of about €1 million covering the full carrying amount at 31 December 2022 of property, plant and equipment and right of use assets.

As a conclusion, no business interruption occurred and impacted the customers thanks to the Group business model which guarantees product delivery thanks to the availability of alternative production sites within the Group. Despite the lack of sales to Russian customers, the performance of GC Ukraine improved (€74 million total sales 2022 vs €64 million total sales 2021).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(7) Net revenue

The table below shows a breakdown of net revenue by geographical segment:

(€'000)	2021	2022
Europe	381,565	508,142
Asia	76,552	86,422
Americas	144,221	222,091
Oceania	35,565	40,063
Africa	21,896	24,329
Total	**659,799**	**881,047**

The table below illustrates net revenue by product:

(€'000)	2021	2022
Safety closures	252,691	329,072
Luxury closures	41,121	85,637
Roll-on closures	343,084	442,064
Other revenue	22,903	24,274
Total	**659,799**	**881,047**

The table below illustrates net revenue by destination market:

(€'000)	2021	2022
Spirits closures	422,825	583,366
Wine closures	124,047	149,326
Olive oil & condiments closures	14,352	19,006
Water closures	52,119	77,569
Other non-alcoholic beverages closures	14,625	19,209
Closures for other markets	31,832	32,570
Total	**659,799**	**881,047**

(8) Other operating income

This caption includes:

(€'000)	2021	2022
Sundry recoveries/repayments	2,516	2,598
Government grants	1,296	1,430
Gains on sale of non-current assets	439	364
Other	1,132	915
Total	**5,383**	**5,308**

Government grant of €1.4 million in 2022 are mostly referred to the ones received by GC Deutschland for Covid expenses compensation.

(9) Internal work capitalised

(€'000)	2021	2022
Internal work capitalised	5,165	6,050
Total	**5,165**	**6,050**

(10) Costs for raw materials

This caption includes:

(€'000)	2021	2022
Raw materials and supplies	294,757	411,807
Packaging	13,968	17,648
Consumables and maintenance	9,195	11,362
Fuels	423	658
Other purchases	4,501	6,058
Change in inventories	(13,961)	(19,755)
Total	**308,883**	**427,778**

Costs for raw materials increased by €119 million from €308.9 million in 2021 (46.8% of net revenue) to €427.8 million in 2022 (48.6%), due to the increase in the cost of plastic and aluminium, mitigated by the increase in selling price. The cost of aluminium in 2022 also includes a negative impact of €4.1 million due to the aluminium derivatives.

(11) Costs for services

This caption includes:

(€'000)	2021	2022
Electricity / heating	33,519	48,339
Transport	30,575	42,631
External processing	7,274	12,728
Maintenance	8,336	9,557
Sundry industrial services	6,554	9,338
Legal and consulting fees	6,446	8,677
Insurance	3,118	4,024
Travel	2,152	3,986
Administrative services	3,363	3,249
Technical assistance	1,858	2,441
Directors' fees	2,287	2,641
External labour / porterage	1,431	2,199
Cleaning service	1,671	1,811
Commissions	1,231	1,388
Advertising services	460	843
Telephone costs	617	692
Security	497	679
Entertainment expenses	365	534
Commercial services	305	333
Expos and trade fairs	88	-
Other	1,905	2,582
Total	**114,053**	**158,672**

(12) Personnel expense

This caption includes:

(€'000)	2021	2022
Wages and salaries	108,207	120,703
Social security contributions	15,744	17,725
Expense from defined benefit plans	1,804	1,847
Other costs	11,397	10,185
Total	**137,153**	**150,461**

Details of fees paid to the key management personnel are provided in note 36) Related party transactions.

At December 31, 2021 and 2022, the group had the following number of employees:

	December 31, 2021	December 31, 2022
Blue collars	3,523	3,679
White collars	1,040	984
Managers	296	377
Total	**4,859**	**5,040**

(13) Other operating expense

This caption includes:

(€'000)	2021	2022
Accruals to provisions	2,173	5,034
Taxes and duties	2,042	2,923
Use of third-party assets	1,763	2,064
Other charges	2,034	1,438
Total	**8,013**	**11,459**

The accruals to provisions mainly include the provisions for restructuring in Luxembourg, China and France. Short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value, which have been excluded from the scope of IFRS 16 as per the practical expedient, are recognised in the caption "Use of third-party assets" on a straight-line basis over the lease term.

(14) Financial income

This caption includes:

(€'000)	2021	2022
Exchange gains	7,081	16,970
Interest income	144	432
Fair value gains on market warrants	5,961	-
Other financial income	2,298	3,528
Total	**15,484**	**20,930**

The consistent foreign exchange gains was mainly generated by companies that realize part of their revenues in Euro or USD against local currencies. Among these, they made substantial profits benefiting from the revaluation of the USD and EUR against local currencies: Guala Closures Technologica Ukraine LLC, Guala Closures Spa, Guala Closure Mexico SA de CV, Guala Closures Argentina S.A and Guala Closures Chile Spa. Part of foreign exchange gains was also generated by the depreciation of financial debts opened in foreign currency; in particular loans denominated in GBP benefited from the significant depreciation of the Pound during 2022.

(15) Financial expense

This caption includes:

(€'000)	**2021**	**2022**
Interest expense	19,632	19,702
Exchange losses	11,313	18,872
Financial expense on financial liabilities to non-controlling investors	5,387	841
Non-recurring financial expense for refinancing	7,720	-
Other financial expense	2,867	4,318
Total	**46,920**	**43,732**

Interest expense of €19.7 million mainly refers to the Guala Closures S.p.A. bond.

Other financial expense in 2022 includes €1.1 million related to the application of IFRS 16 (€1.1 million in 2021).

(16) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognised in profit or loss and which directly in equity:

(€'000)	2021	2022
Recognised in profit or loss		
Interest income	144	432
Fair value gains on market warrants	5,961	-
Exchange gains	7,081	16,970
Other financial income	2,298	3,528
Total financial income	**15,484**	**20,930**
Interest expense on financial liabilities measured at amortised cost	(19,632)	(19,702)
Exchange losses	(11,313)	(18,872)
Non-recurring financial expense for refinancing	(7,720)	-
Other financial expense	(8,254)	(5,159)
Total financial expense	**(46,920)**	**(43,732)**
Net financial expense recognised in profit or loss	**(31,436)**	**(22,802)**
Recognised directly in equity in the Hedging reserve		
Effective portion of fair value gains/losses in cash flow hedges	126	58
Net change in fair value of cash flow hedges reclassified to profit or loss	(695)	(126)
Total recognised directly in equity	**(569)**	**(68)**

(17) Income taxes

This caption includes:

(€'000)	2021	2022
Current taxes	(17,553)	(29,746)
Deferred taxes	8,102	30,111
Total	**(9,450)**	**365**

The changes in deferred tax assets recognised in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognised directly in OCI.

The decrease in tax rate (54.2% in 2021) is mainly attributable to the increase in deferred tax assets of about €21 million recognised on the losses carried forward following the higher taxable income forecasted.

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, tax-exempt revenue, non-deductible costs and the use of prior year tax losses.

Thousands of Euros	**2021**	**2022**
Profit before taxation	**17,444**	**68,035**
Income tax using Italian tax rate (2021 and 2022: 24%)	**(4,139)**	**(16,329)**
Effect of tax rates in foreign jurisdictions	816	328
Change in tax rate (reduction/increase)	(101)	(14)
Non-deductible expenses	(9,165)	(9,261)
Tax-exempt income	3,312	5,687
Tax incentives	2,681	4,562
Current-year losses for which no deferred tax asset is recognized	389	58
Recognition of previously unrecognized tax losses (Deferred tax asset on losses carried forward not previously recognised)	1,218	20,791
Changes in estimates related to prior years (Including late Adjustment on income tax declaration)	-	(105)
Total increase	(850)	22,046
Effective tax	(4,989)	5,717
IRAP	-	(820)
Other taxes, other than income taxes	(4,462)	(4,533)
Total income taxes for the year	**(9,450)**	**365**

Other taxes include the impairment on taxes paid abroad for which there is no certainty about their recovery based on the forecast taxable income.

(18) Notes to the statement of cash flows

The following is a reconciliation of liabilities arising from financing activities for the year ended December 31, 2022:

(€'000)		Note
Total liabilities at January 1, 2022	**542,615**	
Derivative and similar net assets at January 1, 2022	(68)	
Total liabilities from financing activities at January 1, 2022	**542,547**	
Cash effect		
Proceeds from new borrowings and bonds	2,260	
Repayment of borrowings and bonds	(6,203)	
Repayment of finance leases	(3,507)	
Interest paid	(22,679)	
Payment of transaction costs from new borrowings and Revolving Credit Facility	(1,045)	
Non-cash effect		
Financial liabilities IFRS 16 accounting	7,371	27
Borrowing coming from Labrenta acquisition	6,307	
Variation on market warrants	(4)	
Interest and other financial expense	21,743	16
Translation effect	1	
Net fair value losses on derivatives	1,044	
Net fair value losses on financial liabilities to non-controlling investors	841	27
Amortisation of transaction costs	2,277	27
Liability versus Cortapedra for Labrenta acquisition	19,922	
Other changes	398	
Total liabilities from financing activities at December 31, 2022	**571,271**	
Derivative and similar net assets at December 31, 2022	976	
Total liabilities at December 31, 2022	**572,247**	

Statement of financial position

(19) Cash and cash equivalents

Cash and cash equivalents totalled €79,478 thousand at December 31, 2022 (€80,032 thousand at December 31, 2021). Cash and cash equivalents acquired from Labrenta were equal to €1,240 thousand.

(20) Trade receivables

This caption may be analysed as follows:

(€'000)	**December 31, 2021**	**December 31, 2022**
Trade receivables	121,731	143,183
Loss allowance	(2,199)	(3,600)
Total	**119,532**	**139,583**

The balance of trade receivables reflects the use of without-recourse factoring by the group companies. Such impact at December 31, 2022 was €42.5 million, compared to €37.2 million at December 31, 2021. The increase of factoring compared to December 2021 is due to the fact that we sold more to customers that use factoring.

The loss allowance changed as follows:

(€'000)	**December 31, 2022**
Opening balance	2,199
Net exchange gains	(70)
Accruals	2,592
Utilisations/releases of the period	(1,121)
Closing balance	**3,600**

At December 31, 2022, the allowance relates to a few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties. Accruals of the period include charges related to Ukrainian customers and an increase in the expected credit loss on trade receivables for the Group to reflect uncertainties in the macro-economic environment.

(21) Inventories

This caption may be analysed as follows:

(€'000)	**December 31, 2021**	**December 31, 2022**
Raw materials, consumables and supplies	67,977	85,465
Allowance for inventory write-down	(4,279)	(4,125)
Work in progress and semi-finished products	28,401	37,995
Allowance for inventory write-down	(1,058)	(2,303)
Finished products and goods	30,257	40,375
Allowance for inventory write-down	(1,336)	(1,609)
Payments on account	303	1,394
Total	**120,265**	**157,192**

Changes in 2022 are as follows:

(€'000)	
January 1, 2022	120,265
Exchange losses	(5,291)
Business combination	3,125
Change in raw materials, consumables and supplies	19,755
Change in finished goods and semi-finished products	18,248
Change in payments on account	1,091
December 31, 2022	**157,192**

The allowance for inventory write-down changed as follows:

(€'000)	**December 31, 2022**
Opening balance	6,673
Net exchange gains	(276)
Accruals	1,639
Closing balance	**8,037**

The increase in the allowance for inventory write-down is mainly due to the increase on both quantities and unit value of inventory items that required a more conservative approach for those items that have not moved for a period close to one year.

(22) Investments in associates

This caption amounts to zero at December 31, 2022, as the investment in SharpEnd Partnership Ltd (technology services agency based in London (UK)) has been written off considering it is no longer considered strategic for Guala Closures Group.

(23) Property, plant and equipment

The following table shows the changes in this caption in 2022:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2021	63,326	239,555	24,881	3,747	9,021	**340,530**
Accumulated depreciation and impairment losses at December 31, 2021	(7,320)	(101,539)	(10,317)	(2,062)	-	**(121,238)**
Carrying amount at December 31, 2021	**56,006**	**138,017**	**14,563**	**1,685**	**9,021**	**219,292**
Business combination	0	2,839	608	62	0	**3,508**
Net exchange gains	(1,319)	512	244	2	(57)	**(617)**
Increases	15	5,500	37	414	34,659	**40,624**
Disposals	-	(193)	(345)	(72)	(11)	**(621)**
Impairment losses	-	(4,582)	(19)	(307)	(357)	**(5,265)**
Reclassifications	893	15,278	4,126	298	(21,941)	**(1,346)**
Depreciation	(2,168)	(29,537)	(2,383)	(520)	-	**(34,607)**
Historical cost at December 31, 2022	62,825	254,995	28,299	4,265	21,315	**371,699**
Accumulated depreciation and impairment losses at December 31, 2022	(9,398)	(127,162)	(11,468)	(2,703)	-	**(150,731)**
Carrying amount at December 31, 2022	**53,427**	**127,833**	**16,831**	**1,562**	**21,315**	**220,968**

In 2022, net capex of € 40.0 million mainly refers to investments made to increase production capacity, develop new products, perform plant maintenance and EHS (Environment, Health and Safety) investments.

Capital expenditures are still mainly classified as assets under construction and refer to equipment across all five continents where the group operates, with a specific focus on Italy, Poland, Mexico and Bulgaria.

Property, plant and equipment include the cost of internal work capitalised.

Impairment losses of € 5.3 million mainly includes the full write-off of property plant and equipment of GC Belarus, GC UCP and GC Poland as a consequence of the risk not to being able to recover the amount of the fixed assets of the companies due to the significant uncertainties of the local situation.
In GC UCP the impairment also included non-current assets related to PET business no longer strategic for the Group.

None of the group's property, plant and equipment has been pledged as collateral at the reporting date, except for the items indicated in note 35) Commitments and guarantees.

(24) Right-of-use assets

The following table shows the changes in this caption in 2022:

(€'000)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**Total**
Historical cost at December 31, 2021	21,970	2,914	3,279	3,966	**32,128**
Accumulated depreciation and impairment losses at December 31, 2021	(10,278)	(1,768)	(2,170)	(2,386)	**(16,603)**
Carrying amount at December 31, 2021	**11,691**	**1,146**	**1,108**	**1,579**	**15,525**
Carrying amount at January 1, 2022	**11,691**	**1,146**	**1,108**	**1,579**	**15,525**
Business combination	-	2,799	-	29	**2,828**
Net exchange gains/(losses)	(141)	467	(38)	198	**487**
Increases	4,379	1,055	1,083	1,315	**7,832**
Decreases	-	-	(3)	(458)	**(461)**
Impairment losses	(268)	-	-	-	**(268)**
Reclassifications	-	1,346	-	-	**1,346**
Depreciation of right-of-use assets	(3,941)	(1,217)	(673)	(851)	**(6,682)**
Historical cost at December 31, 2022	25,940	8,581	4,321	5,049	**43,892**
Accumulated depreciation and impairment losses at December 31, 2022	(14,219)	(2,985)	(2,843)	(3,238)	**(23,285)**
Carrying amount at December 31, 2022	**11,721**	**5,597**	**1,478**	**1,811**	**20,607**

The main increases in right-of-use assets relate to land and buildings, specifically for renewal of 3-year leases on the 2 Kirkintilloch premises in the UK.

Impairment losses refers to the full write-off of GC Belarus right of use assets.

Reclassification of €1.3 million refers to assets previously classified as PPE by GC East Africa.

(25) Intangible assets

The following table shows the changes in this caption in 2022:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2021	5,195	133,397	505,224	242,264	2,440	**888,521**
Accumulated amortisation and impairment losses at December 31, 2021	(2,760)	(31,532)	-	(30,711)	-	**(65,002)**
Carrying amount at December 31, 2021	**2,435**	**101,865**	**505,224**	**211,554**	**2,440**	**823,518**
Carrying amount at January 1, 2022	**2,435**	**101,865**	**505,224**	**211,554**	**2,440**	**823,518**
Business combination	87	746	44,867	59	0	**45,759**
Net exchange gains (losses)	3	19	0	(3,813)	122	**(3,670)**
Increases	254	77	-	86	2,180	**2,597**
Disposals	-	-	-	-	(261)	**(261)**
Impairment losses	-	-	-	(4,777)	-	**(4,777)**
Reclassifications	572	416	-	-	(988)	**0**
Amortisation	(892)	(4,379)	-	(7,443)	-	**(12,714)**
Historical cost at December 31, 2022	6,061	134,645	550,091	233,716	3,493	**928,006**
Accumulated amortisation and impairment losses at December 31, 2022	(3,602)	(35,901)	-	(38,051)	-	**(77,554)**
Carrying amount at December 31, 2022	**2,459**	**98,744**	**550,091**	**195,665**	**3,493**	**850,451**

The macro-economic trend in 2022 triggers the need to perform an in-depth assessment of the net realisable value of customer relationship namely for the market directly impacted by the Russia-Ukraine conflict: this caption decreased from December 31, 2021 due to the impairment losses recognised on the business relationships with customer of € 4.8 million to reflect the potential loss of the business with Russia (refer to note 6) Russia – Ukraine conflict for further information) and the amortisation/negative translation effect for the period of €3.7 million, partially offset by the net increases of the period of €2.6 million.

Licences and patents mainly refer to the Guala Closures trademark which is not amortised as from 2021 as it has an indefinite useful life and is tested annually for impairment.

Goodwill, which increased with the acquisition of Labrenta Group is not amortised but is tested for impairment. Since its recognition on July 31, 2018, goodwill has never been impaired.

The group checks the recoverability of goodwill at least once a year, or more frequently if specific events or circumstances indicate impairment, by testing each CGU (cash-generating unit).

Goodwill recoverability is tested at consolidated level, considering Guala Closures Group as a single CGU.

Indeed:

- Guala has a single, integrated investment strategy at group level, pursued on the basis of centralised cost/benefit analyses that maximise the return on investment for the entire Guala Closures Group, while taking into account the performance objectives of the individual legal entities;
- by virtue of the centralised strategy described above, the investments of the individual legal entities are subject to the group approval in accordance with its strategy;
- strategic guidance and coordination activities are carried out centrally by a single management team;
- consistency with the representation of the group's financial results provided to the market is ensured. In particular, the results and the KPIs are disclosed at consolidated level, while for the individual legal entities only the figures relating to revenue are shown.

The CGU identified by the group to monitor goodwill coincides with the level of aggregation of operations set out in IFRS 8 - Operating segments which, for the group, is the Closures division.

Goodwill allocated to the Closures CGU was successfully tested for impairment at the reporting date. Consequently, no impairment loss was recognised on goodwill as at December 31, 2022.

The recoverability of the recognised amounts is tested by comparing the net invested capital (carrying amount) of the CGU with the related recoverable amount. The recoverable amount of goodwill is equal to value in use, i.e., the present value of the operating cash flows which arise from the Group's approved budget figures for 2023 and projecting the financials for the following four years (2024-2027) ("**Projections**") using the historic trend, adjusted for any new elements used to express a summary estimate of future figures over the explicit given timeframe. These cash flows are subsequently discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the group asset or CGU.

The discounted cash flow model is based on the Projections approved by the board of directors on April 27, 2023 which envisages a CAGR of net revenue and EBITDA of 4% and 7%, respectively. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make. Such growth rate is consistent with the inflation expected in the countries in which the group operates weighted by revenue for the geographical segment.

In the 2022 valuation, the following assumptions were used:
- the WACC for the Closures division was weighted by the net revenue percentage by destination market of each country in respect of the consolidated net revenue, with a weighted average of 10.4%;
- long-term growth rate "g": a value of 2.5% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2022) by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation.

The discount rate was a post-tax measure estimated based on the past history and the industry weighted-average cost of capital, with a possible percentage of indebtedness of 34.6% at a market interest rate of 5%.

The division's estimated recoverable amount exceeds the carrying amount by €203 million (2021: €257 million). The lower headroom compared to the previous year mainly derives from the increase in financial parameter impacting the WACC utilised for the value in use

The estimates and projected figures to which the above parameters are applied are calculated by management based on past experience and the expected developments of the markets in which the group operates at the reporting date. To this end, the current international macro-economic situation, the possible economic-financial impacts and the current downturn due to the health emergency, may result in uncertain scenarios in terms of achieving the objectives and levels of activity set out in the projections.

The group has also carried out a sensitivity analysis of changes in the WACC and ‘g’ rates. Specifically, the WACC and the ‘g’ rates which, individually, would make the CGU’s recoverable amount equal to its carrying amount at December 31, 2022 are 11.72% and 0.77%, respectively.
In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €87 million, while a reduction in the growth rate of 0.5% would lead to a reduction in headroom of €67 million.

This sensitivity analyzes highlighted the Group's low vulnerability to the effects of the crisis in the medium term and resilience in the ability to generate income in the long term.

However, the estimate of goodwill’s recoverable amount requires management’s discretion and use of estimates, and, therefore, goodwill may be impaired in the future due to presently-unforeseeable changes in the scenario.

Group management constantly monitors the circumstances and events which may result in an additional impairment test.

Starting from 2021, Guala Closures Trademark is not amortised as it has an indefinite useful life. Since December 31, 2021, Guala Closures Trademark has never been impaired.

The intangibles assets was tested for impairment at reporting date adopting the Relief from Royalty (“RFR”) method and no impairment loss was recognised on Guala Closures Trademark as at December 31, 2022 with a fair value exceeding the carrying amount for an amount of approximately €57 million (2021: €70 million).

The royalty used for the calculation represents the rental charge amount, which would be paid to the licensor if this hypothetical arrangement were in place based suitable comparable transactions and prices involving third parties.

In 2022 valuation, the following assumptions were used:

- Trademark revenues are based on Projections approved by the board of directors on April 27, 2023 which envisages a CAGR of net revenue and EBITDA of 4% and 7%, respectively;
- Royalty rate 2% equal to the one paid by the Group’s component to Guala Closures S.p.A. and align with market comparable;
- The discount rate was calculated by adding a spread of 2% to the Group’s WACC utilised for the impairment test of Goodwill, due to the higher inherent riskiness as intangible asset;
- Long-term growth rate “g” 2.5% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2022) by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation.

The group has also carried out a sensitivity analysis of changes in the WACC and ‘g’ rates. Specifically, the WACC and the ‘g’ rates which, individually, would make the Guala trademark’s recoverable amount equal to its carrying amount at December 31, 2022 are 20.93% and -17.69%, respectively.
In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €6 million, while a reduction in the growth rate of 0.5% would lead to a reduction in headroom of €4 million.

(26) Deferred tax assets and liabilities

The following table gives a breakdown of these captions at December 31, 2021 and 2022:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022
Allowance for inventory write-down	1,236	1,555	(76)	(53)	1,160	1,502
Taxed allowance for receivables impairment	3,800	5,468	-	-	3,800	5,468
Provisions	397	528	-	-	397	528
Other	1,856	4,781	(1,031)	(547)	825	4,234
Losses carried forward	17,923	35,589	(132)	(132)	17,791	35,457
Derecognition of intragroup profit on inventories	643	1,124	-	-	643	1,124
Intragroup gains	627	816	-	-	627	816
Leases	388	490	(525)	(486)	(137)	5
Property, plant and equipment and intangible assets	1,094	580	(93,951)	(87,367)	(92,857)	(86,787)
Employee benefits	1,066	1,016	(227)	(253)	838	763
Derivatives	(1)	(18)	(37)	(0)	(38)	(18)
TOTAL	**29,029**	**51,929**	**(95,979)**	**(88,838)**	**(66,951)**	**(36,909)**

Changes in net deferred tax assets/liabilities may be analysed as follows:

Thousands of Euros	December 31, 2021	Changes in profit and loss	Changes in equity	Exchange rate gains/losses	December 31, 2022
Allowance for inventory write-down	1,160	375	-	(34)	1,502
Taxed allowance for receivables impairment	3,800	1,873	-	(206)	5,468
Provisions	397	131	-	-	528
Other	825	2,398	-	755	4,234
Losses carried forward	17,791	18,369	-	(703)	35,457
Derecognition of intragroup profit on inventories	643	481	-	-	1,124
Intragroup gains	627	189	-	-	816
Leases	(137)	136	-	5	5
Property, plant and equipment and intangible assets	(92,857)	6,203	-	(133)	(86,787)
Employee benefits	838	(45)	(113)	83	763
Derivatives	(38)	-	20	-	(18)
TOTAL	**(66,951)**	**30,111**	**(93)**	**(232)**	**(36,909)**

Tax losses that may be carried forward at December 31, 2022 amount to €169,754 thousand and may be used according to the legislation in the various countries where the reporting companies are based.
The tax losses that can be carried forward indefinitely amount to €142,756 thousand and refer to Guala Closures S.p.A., Guala Closures Chile SpA, Guala Closures France SAS, Guala Closures North America Inc. and Guala Closures UCP Ltd..
Based on the most recent estimates of future taxable income, the group recognised deferred tax assets on tax loss carry forwards of €35,457 thousand, corresponding to estimated future taxable income of €126,963 thousand, which is considered probable based on the group's tax planning.
Therefore, tax loss carry forwards not included in the calculation of deferred tax assets recognised in the group's statement of financial position at December 31, 2022 total €42,791 thousand, corresponding to potential deferred tax assets of €9,997 thousand (including €4,090 in tax losses that can be carried forward indefinitely) if they were recognised.

(27) Current and non-current financial liabilities

This section provides information on the contractual terms governing the group's bank overdrafts, loans and bonds.

Reference should be made to note 34) Fair value of financial instruments and sensitivity analysis for further information on the group's exposure to interest and currency risks.

Financial liabilities at December 31, 2021 and 2022 are shown below:

(€'000)	December 31, 2021	December 31, 2022
Current financial liabilities		
Bonds	722	677
Other bank loans and borrowings	5,443	3,259
Other financial liabilities	3,643	5,697
	9,808	*9,634*
Non-current financial liabilities		
Bonds	500,000	500,000
Transaction costs	(15,844)	(14,126)
Other bank loans and borrowings	1,735	5,044
Other financial liabilities	46,916	70,720
	532,807	*561,638*
Total	**542,615**	**571,271**

"Bonds" refer to 3¼% Senior Secured Notes maturing in 2028 (the "**2028 Notes**") of €500 million in aggregate principal amount issued under an indenture dated July 7, 2021 among, *inter alia*, Guala Closures, U.S. Bank Trustees Limited, as trustee and security agent, *mandatario con rappresentanza* and security representative (*rappresentante*) of the Holders of the Notes pursuant to article 2414-bis.3 of the Italian Civil Code (the "**2028 Notes Indenture**").

The 2028 Notes bear fixed interest at a rate of 3¼% per annum, payable semi-annually in arrears on June 15 and December 15 of each year and will mature on June 15, 2028. The 2028 Notes Indenture contain key covenants based on incurrence tests that, among other things, limit the ability of Guala Closures and its restricted subsidiaries to incur or guarantee additional indebtedness and issue certain preferred stock, pay dividends, redeem capital stock and make certain investments, make certain other restricted payments, create or permit to exist certain liens, impose restrictions on the ability of its subsidiaries to pay dividends or make other payments, dispose of its assets, merge or consolidate with other entities, and impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to a number of important limitations and exceptions.

Guala Closures has an available amount of €80 million (equivalent) multi-currency revolving credit facility (the "**2028 RCF**") governed by English law (with information undertakings, restrictive covenants, events of default and related definitions interpreted in accordance with New York law), entered into on June 28, 2021, by and between Guala Closures, as borrower, U.S. Bank Global Corporate Trust Limited, as the agent, and Deutsche Bank Aktiengesellschaft, Credit Suisse AG, Milan Branch, Goldman Sachs Bank Europe SE, Unicredit S.p.A. and Bank of America Designated Activity Company, as mandated lead arrangers. The 2028 RCF bears an interest rate applicable to drawn amounts equal to EURIBOR (for loans in euro), SONIA (for loans in pounds sterling) and LIBOR (for loans in any other currency) (subject, in each case, to a floor of zero) + 2.0%. This margin decreased from the original rate of 2.5% to 2.0% based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF will expire January 7, 2028. Furthermore on August 8, 2022, Guala Closures subscribed an "Additional Facility Lender" to the "2028 RCF" with Cassa Depositi e Prestiti S.p.A. ("CDP") for an amount €16 million. The expiry date of the additional facility is in line with the 2028 RCF bearing an interest rate applicable to drawn amounts equal to EURIBOR, LIBOR or a different parameter identified as the Compounded Reference Rate (2028 RCF + 2.5% p.a.), but based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF margin decreased from the original rate of 2.5% to 2.0% based on the decreasing leverage-based margin. Guala Closures paid an upfront fee of €0.4 million.

The interest rates and maturity dates of the financial liabilities at December 31, 2021 and 2022 are shown below:

				Nominal Amount				
					Current	Non-current		
(€'000)	**Currency**	**Nominal interest rate**	**Year of maturity**	**Total December 31, 2021**	**Within one year**	**Between one and five years**	**More than five years**	**Total non-current**
Bonds								
Bonds - Senior Secured Notes issued by Guala Closures S.p.A.	€	3.25%	2028	500,000	-	-	500,000	500,000
Interest on bonds	€	n.a.	2022	722	722	-	-	-
Transaction costs	€	n.a.	2028	(14,877)	-	-	(14,877)	(14,877)
TOTAL SSN 2028 bonds - Guala Closures S.p.A.				**485,845**	**722**	**-**	**485,123**	**485,123**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€	Euribor 3M+2.5%	2028	-	-	-	-	-
Transaction costs	€	n.a.	2028	(966)	-	-	(966)	(966)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(966)**	**-**	**-**	**(966)**	**(966)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2022	130	130	-	-	-
Yes Bank loan and facilities (India)	INR	6.80%	2021	(0)	(0)	-	-	-
Millennium S.A. facilities (Poland)	PLN	Wibor 1M (*)	n.a.	3,921	3,921	-	-	-
Banco Chile loan (Chile)	CLP	3.48%	2023	166	153	13	-	13
Santander loan (Brazil)	BRL	n.a.	2022	2	2	(0)	-	(0)
Advances on receivables (Argentina)	ARS	n.a.	n.a.	(0)	-	(0)	-	(0)
Bancomer loans (Mexico)	USD	n.a.	2023	2,958	1,236	1,722	-	1,722
TOTAL other bank loans and borrowings				**7,177**	**5,443**	**1,735**	**-**	**1,735**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	4	4	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	16,136	3,639	10,276	2,221	12,497
	€	n.a.	n.a.	-	-	-	-	-
Non-controlling investors' put options	€	n.a.	n.a.	34,419	-	-	34,419	34,419
Other liabilities	€	n.a.	n.a.	0	0	-	-	-
TOTAL other financial liabilities				**50,559**	**3,643**	**10,276**	**36,640**	**46,916**
TOTAL				**542,615**	**9,808**	**12,011**	**520,796**	**532,807**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(€'000)	Currency	Nominal interest rate	Year of maturity	Nominal amount: Total December 31, 2022	Current: Within one year	Non- current: Between one and five years	Non- current: More than five years	Non- current: Total non-current
Bonds								
Bonds - Senior Secured Notes issued by Guala Closures S.p.A.	€	3.25%	2028	500,000	-	-	500,000	500,000
Interest on bonds	€	n.a.	2022	677	677	-	-	-
Transaction costs	€	n.a.	2028	(12,803)	-	-	(12,803)	(12,803)
TOTAL SSN 2028 bonds - Guala Closures S.p.A.				**487,874**	**677**	**-**	**487,197**	**487,197**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€	Euribor 3M+1.75%	2028	-	-	-	-	-
Transaction costs	€	n.a.	2028	(1,323)	-	-	(1,323)	(1,323)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(1,323)**	**-**	**-**	**(1,323)**	**(1,323)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2022	118	118	-	-	-
Facilities Labrenta S.r.l. (Italy)	€	n.a.	n.a.	6,307	2,190	4,117	-	4,117
Banco Chile loan (Chile)	CLP	3.48%	2023	14	14	0	-	0
Loans Itaú Bank (Brazil)	BRL	n.a.	2024	37	16	21	-	21
Facilities (Argentina)	ARS	n.a.	n.a.	(0)	(0)	(0)	-	(0)
Bancomer loans (Mexico)	USD	n.a.	2023	1,828	922	906	-	906
TOTAL other bank loans and borrowings				**8,303**	**3,259**	**5,044**	**-**	**5,044**
Other financial liabilities:								
Leases (IFRS 16)	€	n.a.	n.a.	21,226	4,688	12,566	3,972	16,538
Non-controlling investors' put options	€	n.a.	n.a.	35,260	-	-	35,260	35,260
Other liabilities (Liabilities vs Cortapedra: Acquisition Labrenta Srl)	€	3.00%	2026	19,922	1,000	18,922	-	18,922
Other liabilities	€	n.a.	n.a.	9	9	-	-	-
TOTAL other financial liabilities				**76,417**	**5,697**	**31,488**	**39,232**	**70,720**
TOTAL				**571,271**	**9,634**	**36,531**	**525,106**	**561,638**

The caption "Non-controlling investors' put options" refers to the right of some non-controlling investors to exercise a put option if certain conditions are met.
This liability was calculated as the discounting of the determined value of the put option at its estimated time of exercise (refer to note 34 to the consolidated financial statements for the assumptions underlying the calculation).
This caption has been recognised using the present access method, whereby the financial liability was recognised as a reduction in equity in the first year. The fluctuation in each year, if any, is recognised under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.
Reference should be made to note 34) Fair value of financial instruments and sensitivity analysis for further details.

The Senior Revolving Credit Facility's availability at December 31, 2022 is shown in the table below:

Facility	Available amount (€'000)	Amount used at December 31, 2022	Residual available amount at December 31, 2022	Repayment date
Revolving Credit Facility due 2028	96,000	-	96,0000	final repayment 07/01/2028
Total	**96,000**	**-**	**96,000**	

(28) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Suppliers	99,937	114,795
Payments on account	776	716
Total	**100,714**	**115,511**

At December 31, 2022, trade payables may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Other	Total
Trade payables	64,385	11,086	11,987	28,053	**115,511**

Other currencies include trade payables in the following local currencies:

(€'000)	December 31, 2022
Indian rupee	5,906
Australian dollar	4,502
Polish zloty	4,220
Mexican peso	4,097
Ukrainian hryvnia	2,366
Argentinian peso	1,180
Chinese renminbi	1,047
Brazilian real	805
Bulgarian lev	628
New Zealand dollar	497
Kenyan shilling	240
Other	2,564
Total	**28,053**

(29) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2021	December 31, 2022
Provision for company reorganisations	1,027	3,136
Provision for returns	1,151	2,217
Other provisions	416	717
Total current provisions	**2,594**	**6,070**

The provision for company reorganisations includes:

- €1,533 thousand for the reorganisation of the company in Luxembourg;
- €1,326 thousand for the reorganisation of the company in China;
- €169 thousand for the downsizing of Guala Closures UK Ltd's production activities, commenced in 2018, which entails the transfer of plant and machinery from the secondary Broomhill facility to the main facility in Kirkintilloch. The provision has been calculated considering the cost of terminating the existing agreements and the benefits due to employees under the related contracts;
- € 55 thousand for the closing of the plant of Saint Remy in France;
- About € 53 thousand for the early retirement of staff in Germany and Spain.

Changes in the provisions are as follows:

(€'000)	December 31, 2022
Opening balance	2,594
Exchange losses	(100)
Accruals	5,018
Utilisations	(1,442)
Closing current provisions	**6,070**

The movement of the year relates to the items described above.

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2021	December 31, 2022
Provision for legal disputes	77	1,913
Provision for agents' termination indemnity	146	166
Total non-current provisions	**223**	**2,079**

Changes in the provisions are as follows:

(€'000)	December 31, 2022
Opening balance	223
Business combination	1,858
Exchange losses	(3)
Accruals	16
Utilisations	(14)
Closing non-current provisions	**2,079**

The increase is due to the provision posted by Labrenta Group for a specific tax and employment law risk. For this risk a full warranty was given by the former owner of Labrenta (see not 5) for further information).

(30) Other current liabilities

This caption may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Amounts due to employees	12,930	16,651
Liabilities for investments	3,196	4,934
Social security charges payable	3,459	4,161
Liabilities for transaction costs on 2028 Bonds	486	0
Other liabilities	12,867	15,345
Total	**32,939**	**41,091**

Other liabilities included about €1.4 million related to the anticipation of an insurance refund.

(31) Employee benefits

These may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Post-employment benefits – Guala Closures S.p.A.	3,504	2,819
Other	5,409	5,236
Total	**8,913**	**8,055**

Changes in Employee benefits are as follows:

(€/000)	December 31, 2021	December 31, 2022
Balance at January 1	9,631	8,913
Exchange rate gains	55	(29)
Change recognized in profit or loss - personnel expense	1,859	2,708
Change recognized in profit or loss - other (income)/expense	(606)	(25)
Change recognized in OCI	(351)	(1,745)
Benefits paid	(1,675)	(1,766)
Balance at December 31	**8,913**	**8,055**

The liability for post-employment benefits ("TFR" – Trattamento di fine rapporto) relates to Guala Closures S.p.A. for employee departures, determined using actuarial techniques and regulated by article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by Italy's social security institution (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution plan. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

Changes recognised in post-employment benefits and the main assumptions used in their measurement are detailed below:

(€'000)	**December 31, 2022**
Balance at January 1,	3,504
Change recognised in profit or loss - other (income)/expense	45
Change recognised in OCI	(383)
Benefits paid	(347)
Balance at December 31, 2022	**2,819**

Actuarial parameter baseline:

	December 31, 2022
Average inflation rate	2.3% p.a.
Discount rate	3.57% p.a.
Annual rate of increase in post-employment benefits	3.225% p.a.

For valuations at December 31, 2022, an annual fixed discount rate of 3.57% was used based on the value of Iboxx indexes AA corporate bonds 7 -10 year duration at the valuation date, as per the requirements of IAS 19. The group expects to pay around €0.3 million of benefits to its defined benefit plan in 2023.

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2022 by the amounts shown below:

	Defined benefit obligation	
(€'000)	**Increase**	**Decrease**
Turnover rate (1% variation)	9	(9)
Average inflation rate (0.25% variation)	27	(27)
Discount rate (0.25% variation)	(43)	44

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The defined benefit plan of Guala Closures Deutschland depends on some works agreement of the company to its board members, executives and employees affecting all regular staff employees over the age of 25, if employment began before the age of 55 and employment by the company was established before November 30, 2006 and if the employment is active with the company as of January 1, 2020.

Changes in defined benefit plan and the main assumptions used in their measurement are detailed below:

(€'000)	**December 31, 2021**	**December 31, 2022**
January 1	3,353	2,640
Interest	136	134
Past service cost/Settlements	(506)	(44)
Change recognised in OCI	(326)	(1,201)
Benefits paid	(16)	(44)
December 31	**2,640**	**1,504**

Actuarial parameter baseline:

	December 31, 2021	**December 31, 2022**
Discount rate at period-end	1.00%	1.00%
Future salary increases	2.25%	2.25%
Future pension increases ('Average' rate)	1.50%	1.80%

Sensitivity analysis:

Reasonably possible changes at the reporting date, assuming the other variables do not change, would have affected Guala Closures Deutschland's defined benefit plan at December 31, 2022 by the amounts shown below:

	Defined benefit obligation	
(€'000)	**Increase**	**Decrease**
Pension indexation (0.5% variation)	224	(202)
Salary rate (0.5% variation)	130	(122)
Discount rate (0.5% variation)	(323)	380

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd have the right to a pension. This plan has a surplus at December 31, 2022 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognised must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognised the fund surplus. In addition, the group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.
During 2022, the Trustees entered into a 'buy-in' transaction, with a significant proportion of the Scheme's assets transferred to a third-party insurance company, as investing decision to transfer risk relating to members' benefits to the insurer.
This may be converted to a 'buy-out' in the future whereby the liabilities would be extinguished from the company's perspective, and obligation to pay members' benefits would be passed to the insurer. This would become possible following completion of various administrative and legal procedures. Upon completion, the obligation would be fully transferred and the company relieved of any future liability. Since there is enough

evidence to indicate that there is significant uncertainty as to whether the company will get access to any of the surplus especially with the buy-in arrangement signed in the current year, no impact of such transaction is accounted for in the financial statements following the guidance of IFRIC 14.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

Thousands of Euros	**December 31,2021**	**December 31, 2022**
Present value of the obligations	(70,204)	(44,536)
Fair value of plan assets	91,906	51,772
Total	**21,702**	**7,236**

Changes in the components of Guala Closures UK Ltd.'s pension fund may be analysed as follows.:

Changes in the net amount of the fund:

(€'000)	**December 31, 2021**	**December 31, 2022**
January 1	15,898	21,702
Net exchange gains/(losses)	1,219	(645)
Service cost	(38)	(36)
Interest on defined benefit obligation	(947)	(1,289)
Interest on plan assets	1,155	1,695
Administration expenses	(326)	(991)
Net actuarial gains	4,741	13,200
December 31	**21,702**	**7,236**

Changes in the present value of the obligations:

(€'000)	**December 31, 2021**	**December 31, 2022**
January 1	(74,018)	(70,204)
Net exchange losses	(5,046)	(2,914)
Interest on plan assets	(38)	(36)
Administration expenses	(947)	(1,289)
Contribution by plan participants	(5)	(5)
Benefits paid	3,374	2,638
Net actuarial gains	6,476	21,446
December 31	**(70,204)**	**(44,536)**

Changes in the fair value of plan assets:

(€'000)	December 31, 2021	December 31, 2022
January 1	89,916	91,906
Net exchange gains/(losses)	6,266	(3,559)
Interest on plan assets	1,155	1,695
Administration expenses	(326)	(991)
Contribution by plan participants	5	5
Benefits paid	(3,374)	(2,638)
Net actuarial losses	(1,735)	(34,646)
December 31	**91,906**	**51,772**

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	December 31, 2021	December 31, 2022
Equities	10%	0%
Bonds	35%	0%
Gilts	54%	0%
Annuities	0%	87%
Cash	1%	13%

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	December 31, 2021	December 31, 2022
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.05% p.a.	3.00% p.a.
Average inflation rate	3.45% p.a.	3.15% p.a.
Discount rate	1.90% p.a.	4.95% p.a.

The group does not expect to pay any further contributions in 2023 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2022 by the amounts shown below:

(€'000)	Impact on present value of the obligations	Impact on fair value of plan assets
Life expectancy (+1 year)	(1,360)	-
Average inflation rate (-0.1% p.a.)	(141)	-
Discount rate (+0.1% p.a.)	463	-

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Changes in the components of Labrenta Group’s pension fund may be analysed as follows.:

(€’000)	December 31, 2021	December 31, 2022
January 1		510
Net exchange gains/(losses)		7
Service cost		34
Interest on defined benefit obligation		5
Administration expenses		(25)
Net actuarial gains		7
December 31		**538**

Actuarial parameter baseline:

	December 31, 2021	December 31, 2022
Discount rate at period-end		3.77%
Future salary increases		0.50%
Future pension increases ('Average' rate)		2.30%

Reasonably possible changes at the reporting date, assuming the other variables do not change, would have affected Labrenta Group defined benefit plan at December 31, 2022 by the amounts shown below:

	Defined benefit obligation	
(€'000)	Increase	Decrease
Pension indexation (1.% variation)	3	(4)
Salary rate (0.25% variation)	11	(12)
Discount rate (0.25% variation)	(15)	15

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(32) Equity attributable to the owners of the parent

The paid-up and subscribed share capital of Guala Closures S.p.A. at December 31, 2022 remained unchanged compared to December 31, 2021 and amounts to €68,907 thousand consisting of 70,028,654 ordinary shares.

In addition to the shares, there are 19,367,393 market warrants.

In July 2022, Guala Closures S.p.A. purchased the 2,500,000 "Sponsor Warrant Guala Closures S.p.A." for an amount of €1 million from Space Holding S.r.l..

In October 2022, Guala Closures S.p.A. received €15 million as capital contribution from SPSI. This amount was invested in SPSI by the former owner of Labrenta as part of the consideration paid by Guala Closures S.p.A. for the acquisition. The group's objectives in capital management are to create value for shareholders, safeguard the group's future and to support its development.
The group seeks to maintain a sufficient level of capitalisation, while giving shareholders satisfactory returns and ensuring the group has access to external sources of financing at acceptable terms, including the maintaining of an adequate rating.
The group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.
The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

More information is available in the director's report section 2.1) Significant events of the year and note.

(33) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

(€'000)	Non-controlling interests (%) at December 31, 2021	Non-controlling interests (%) at December 31, 2022	Balance at December 31, 2021	Balance at December 31, 2022
Guala Closures Technologia Ukraine LLC	30.0%	30.0%	14,798	15,010
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,385	3,215
Guala Closures de Colombia LTDA	6.8%	6.8%	536	555
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,549	3,107
Guala Closures DGS Poland S.A.	30.0%	30.0%	20,433	24,519
Guala Closures BY LLC	30.0%	30.0%	284	50
Total			**41,985**	**46,457**

Reference should be made to the statement of changes in equity for changes in equity attributable to the non-controlling interests.

The following tables summarise the information relating to each of the group's subsidiaries that have material non-controlling interests, before any intragroup eliminations.

(€'000)	Guala Closures DGS Poland S.A.	Guala Closures Technologia Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures (India) Pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	48,758	19,618	8,733	55,763		
Current assets	59,006	41,519	6,750	32,724		
Non-current liabilities	(4,441)	(1,226)	(1,952)	(8,372)		
Current liabilities	(21,592)	(9,875)	(3,173)	(15,810)		
Equity	**81,731**	**50,034**	**10,358**	**64,306**		
Equity attributable to non-controlling interests	**24,519**	**15,010**	**3,107**	**3,215**	605	**46,457**
Total revenue (third parties + related parties)	**156,298**	**73,677**	**17,880**	**81,762**		
Profit for the year	26,371	12,431	3,019	11,466		
Other comprehensive income/(expense)	(900)	(11,862)	-	(3,642)		
Comprehensive income/(expense)	**25,472**	**569**	**3,019**	**7,824**		
Profit (loss) allocated to non-controlling interests	7,911	3,729	906	573	85	**13,204**
OCI allocated to non-controlling interests	(270)	(3,559)	-	(182)	44	**(3,966)**
Comprehensive income (expense) allocated to non-controlling interests	**7,642**	**171**	**906**	**391**	**129**	**9,238**
Cash flows from operating activities	21,853	4,909	1,769	17,720		
Cash flows used in investing activities	(4,522)	(2,947)	(2,138)	(3,749)		
Cash flows used in financing activities (including dividends to NCI)	(12,006)	(112)	(2,066)	(11,976)		
Net increase (decrease) in cash and cash equivalents	**5,324**	**1,850**	**(2,436)**	**1,995**		
Dividends to non-controlling interests	3,162	-	352	935	200	**4,649**

OTHER INFORMATION

(34) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2021 and December 31, 2022. There were no movements from one level to another in the reporting period. The "Accounting policies" section provides information about the fair value hierarchy.

December 31, 2021		Carrying amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading		-	127			127		127		127
		-	**127**	**-**	**-**	**127**	**-**	**127**	**-**	**127**
Financial assets not measured at fair value (*)										
Trade receivables	18			119,532		119,532				-
Financial assets				559		559				-
Investments in associates				2,536		2,536		-		-
Cash and cash equivalents	17			80,032		80,032				-
		-	**-**	**202,659**	**-**	**202,659**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Market warrants	23	(4)				(4)			(4)	(4)
Aluminium derivatives used for trading			(58)			(58)		(58)		(58)
Non-controlling investors' put options	23	(34,419)				(34,419)		-	(34,419)	(34,419)
		(34,423)	**(58)**	**-**	**-**	**(34,481)**		**(58)**	**(34,423)**	**(34,481)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	23				(3,921)	(3,921)		(3,921)		(3,921)
Secured bank loans	23				(2,122)	(2,122)		(3,088)		(3,088)
Unsecured bank loans	23				(168)	(168)		(168)		(168)
Secured bond issues	23				(485,845)	(485,845)		(499,745)		(499,745)
Lease liabilities (IFRS 16)	23				(16,136)	(16,136)				-
Trade payables	24				(100,714)	(100,714)				-
		-	**-**	**-**	**(608,906)**	**(608,906)**	**-**	**(506,923)**	**-**	**(506,923)**

December 31, 2022		Carrying amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading		-	-			-		-		-
		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets not measured at fair value (*)										
Trade receivables	18			139,583		139,583				-
Financial assets				2,744		2,744				-
Investments in associates				(0)		(0)		-		-
Cash and cash equivalents	17			79,478		79,478				-
		-	**-**	**221,805**	**-**	**221,805**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Aluminium derivatives used for trading		(976)	-			(976)		(976)		(976)
Non-controlling investors' put options	23	(35,260)				(35,260)		-	(35,260)	(35,260)
		(36,236)	**-**	**-**	**-**	**(36,236)**		**(976)**	**(35,260)**	**(36,236)**
Financial liabilities not measured at fair value (*)										
Secured bank loans	23				(623)	(623)		(623)		(623)
Unsecured bank loans	23				(6,357)	(6,357)		(6,357)		(6,357)
Secured bond issues	23				(487,874)	(487,874)		(430,274)		(430,274)
Lease liabilities (IFRS 16)	23				(21,226)	(21,226)				-
Trade payables	24				(115,511)	(115,511)				-
Liabilities vs Cortapedra: Acquisition Labrenta Srl)	24				(19,922)	(19,922)				-
Other financial liabilities	23				(9)	(9)				-
		-	**-**	**-**	**(651,522)**	**(651,522)**	**-**	**(437,254)**	**-**	**(437,254)**

(*) The group has not disclosed the fair values of some financial instruments, such as cash and cash equivalents, trade receivables, financial assets, trade payables, lease liabilities and other financial liabilities, because their carrying amounts are a reasonable approximation of fair values.

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Level 1

There are no financial instruments classified in level 1 at the reporting period.

Level 2

The following table shows the valuation techniques used in measuring level 2 fair values.

Financial instruments measured and not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bond issues Finance lease liabilities Financial assets	Discounted cash flows	Not applicable.
Aluminium derivatives held for trading	Market comparison technique: the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions of similar instruments	Non applicable.

Even though secured bond issues are quoted on the OTC market like the Euro-MTF in Luxembourg, no relevant transactions were recorded during the year and therefore, these financial instruments were classified as level 2.
Furthermore, the fair value information for financial assets and financial liabilities not measured at fair value is not included as their carrying amount is a reasonable approximation of fair value.

Sometimes the group decided not to designate aluminium currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the Group are forward and option exchange contracts covering aluminium exposure on raw material purchases. All derivatives contracts were designated as hedge accounting relationships in 2021 while not all derivatives are designated as hedges in 2022.

Level 3

The market warrants are measured until 2Q21 at fair value through profit or loss and classified under other financial liabilities. Fair value was calculated based on the market price at year end, considering the price of the STAR segment of the stock exchange, ISIN: IT0005311813.

Following completion of the sell-out, Guala's market warrants were delisted from the Italian Stock Exchange (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A. and market warrants will no longer be exercisable by their respective holders, except in the case of re-listing of the Issuer's ordinary shares on the Italian Stock Exchange (Mercato Telematico Azionario). The last market price available at the date of the delisting (July 7, 2021) was €0.0002 per market warrant. Due to the immateriality of the FV, no further analysis was carried out on these instruments.

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Non-controlling interests' put options	Discounted cash flows: The fair value is determined considering the expected payment, capitalised at the reporting date, net of the expected dividend yields, discounted to present value using a credit risk-adjusted discount rate. The expected payment is calculated considering the fair value of the subsidiary or its equity based on the relevant contractual agreements with non-controlling investors.	• Expected cash flows in the Projections (€58 million); • inflation data about Ukraine, Bulgaria, Poland and the USA, used to calculate risk-free rates (1.8%-2.6%); • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk (7%-14%); • expected date of put option exercise based on demographic assumptions (age of retirement 67-74) and any change of control clauses.	The estimated fair value would increase if: • the gross operating profit was higher; • the net financial position was better; • the risk-free rate of the country decreased; • the expected dividend yield decreased; • the inflation rate differential between Ukraine and the USA increased the discount rate adjusted by the group's credit risk; • the expected inflation rate of the country in which the subsidiary is domiciled increased in the last year of the Projections; • the expected exercise date for the put option was earlier due to the bringing forward of the pensionable or mortality date and/or exercise of the change-of-control clauses of Guala Closures Group and local administrators.

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

Level 3 fair values at December 31, 2021 and 2022 are shown below:

(€'000)	
December 31, 2021	34,423
Included in "financial expense" Net fair value loss (unrealised)	841
Market warrants reclassification	(4)
Balance at December 31, 2022	**35,260**

Sensitivity analysis

Reasonably possible changes at December 31, 2022 to one of the significant inputs that is not directly observable, while assuming other inputs remain constant, would have had the following effects on the fair value of the non-controlling investors' put options:

(€'000)	**Increase/(decrease) in input data not directly observable**	**Favourable/(unfavourable) effect on the profit (loss) for the period**
Risk-adjusted discount rate	1%	1,890
	(1%)	(2,224)
Growth rate	1%	(1,193)
	(1%)	1,107
Expected date of put option exercise	+ 1 year	2,614
	- 1 year	(2,899)

(b) Financial risk management

The group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk.

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.
The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.
The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the sector insolvency risk and the country risk, have an impact on the credit risk.
The group accrues a loss allowance equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.
Most of the group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers.
The group reduces its credit risk using supplier financing lines made available by the group's main customers, factoring without recourse part of its trade receivables.
The group's historical figures indicate a modest amount of credit losses. The risk is fully covered by the corresponding loss allowance recognised in the consolidated financial statements.
There are no cases of particularly concentrated credit risk in geographical terms.
At December 31, 2021 and 2022, trade receivables may be analysed by geographical segment as follows:

(€'000)	December 31, 2021	December 31, 2022
Europe	56,467	65,774
Asia	17,563	18,323
Latin America	26,287	43,176
Oceania	3,409	4,931
Rest of the world	15,806	7,379
	119,532	**139,583**

At December 31, 2022, trade receivables may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2022	Impairment losses December 31, 2022	Net amount December 31, 2022
Not past due	121,611	(40)	121,571
0-30 days past due	14,116	(800)	13,316
31-120 days past due	4,851	(155)	4,696
More than 120 days past due	2,605	(2,605)	-
Total	**143,183**	**(3,600)**	**139,583**

The group believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historical payment behaviour and extensive analyses of the underlying customers' credit ratings.

Based on historical default rates, the group believes that, apart from the above, no loss allowance is necessary in respect of trade receivables not yet due or past due by up to 90 days.

At December 31, 2022, trade receivables may be analysed by original currency as follows:

(€'000)	EUR	USD	INR	GBP	Other	Total
Trade receivables	49,972	26,321	15,601	8,099	39,590	**139,583**

Other currencies include trade receivables in the following local currencies:

(€'000)	December 31, 2022
Polish zloty	8,836
Mexican peso	7,707
Ukrainian hryvnia	3,895
Australian dollar	3,569
Argentinian peso	2,976
Brazilian real	2,673
Chilean peso	2,491
Kenyan shilling	2,456
South Africa rand	2,057
New Zealand dollar	1,404
Colombian peso	1,102
Chinese renminbi	246
Other	178
Total	**39,590**

An analysis of the credit quality of trade receivables is as follows:

(€'000)	December 31, 2022
- Four or more years' trading history with the group	96,059
- From one to four years' trading history with the group	13,051
- Less than one year' trading history with the group	9,398
- Residual (not classified)	21,074
Total	**139,583**

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.
The group's approach to liquidity management is to ensure adequate funds are always available to meet its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.
The group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the group has always met its obligations on time and has been able to re-finance indebtedness before its expiry.
Reference should be made to the tables in note 27) Current and non-current financial liabilities to these consolidated financial statements for information on the group's loans, credit lines and facilities at the reporting date.

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

		Contractual cash flows			
(€'000)	**Carrying amount**	**Within one year**	**From one to five years**	**After five years**	**Total contractual cash flows**
Non-derivative financial liabilities					
Put option on non-controlling interests	35,260	-	(24,519)	(32,999)	(57,518)
Secured bank loans	623	(1,466)	(3,082)	(249)	(4,798)
Unsecured bank loans	6,357	(620)	(4,137)	-	(4,757)
Secured bond issues	487,874	(16,250)	(65,000)	(507,448)	(588,698)
Finance lease liabilities	21,226	(4,688)	(12,566)	(3,972)	(21,226)
Trade payables	115,511	(115,511)	-	-	(115,511)
Liabilities vs Cortapedra S.r.l.: Acquisition Labrenta S.r.l.)	19,922	(1,000)	(20,163)	-	(21,163)
Other	9	(9)	-	-	(9)
Total	**686,782**	**(139,544)**	**(129,467)**	**(544,669)**	**(813,680)**
Derivative financial assets					
Trading aluminium derivatives	976	-	-	-	-
Total	**976**	**-**	**-**	**-**	**-**

The interest payments on variable interest rate loans and bond issues in the table above and included in contractual cash flows reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on the put options on non-controlling interests and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change.
Except as previously reported, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

Interest rate risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.
The group is exposed to interest rate risk as almost the full amount of its financial liabilities is subject to the payment of interest at floating rates subject to short-term repricing.
The group does not currently deem it necessary to hedge the portion of the liability subject to interest rate risk given the current Euribor parameters.

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

		Repricing date					
(€'000)	Effective interest rate Dec 2022	Total 12/31/22	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bonds							
Bonds - Senior Secured Notes issued by Guala Closures S.p.A.	3.25%	500,000	500,000	-	-	-	-
Interest on bonds	n.a.	677	677	-	-	-	-
Transaction costs	n.a.	(12,803)	(12,803)	-	-	-	-
TOTAL SSN 2028 bonds - Guala Closures S.p.A.		**487,874**	**487,874**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Senior Revolving Credit Facility - Guala Closures S.p.A.	1.75%	-	-	-	-	-	-
Transaction costs	n.a.	(1,323)	(1,323)	-	-	-	-
- Guala Closures S.p.A.		**(1,323)**	**(1,323)**	**-**	**-**	**-**	**-**
Other accrued expenses - Guala Closures S.p.A.	n.a.	118	118	-	-	-	-
Loans labrenta Srl	n.a.	6,307	6,307	-	-	-	-
Banco Chile loan (Chile)	3.48%	14	14	-	-	-	-
Loans Itaú Bank (Brazil)	n.a.	37	37	-	-	-	-
Bancomer loans (Mexico)	n.a.	1,828	1,828	-	-	-	-
TOTAL other bank loans and borrowings		**6,980**	**6,980**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Leases (IFRS 16)	n.a.	21,226	21,226	-	-	-	-
Non-controlling investors' put options	n.a.	35,260	35,260	-	-	-	-
Liabilities vs Cortapedra: Acquisition Labrenta Srl)	3.00%	19,922	19,922				
Other liabilities	n.a.	9	9	-	-	-	-
TOTAL other financial liabilities		**76,417**	**76,417**	**-**	**-**	**-**	**-**
TOTAL		**571,271**	**571,271**	**-**	**-**	**-**	**-**

Sensitivity analysis

The fair value of financial liabilities was calculated by an external actuary using the following methodology:
- the cash flows generated by the outstanding liabilities are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the related repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. These rates are deducted from the swap rates using the bootstrap method for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The

spreads applied to the financing agreements are deemed to objectively represent the group's credit standing and subsequent significant changes should not arise given its current financial position.

The interest applied to the Senior Secured Notes is fixed and the Senior Revolving Credit Facility was not used at December 31st, 2022 so the sensitivity analysis for the cash flows from these financial liabilities is not necessary.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group companies.
The group is exposed to currency risk, particularly in relation to fluctuations of the US dollar, British pound, Australian dollar, Indian rupee, Ukrainian hryvnia and Polish zloty.
Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions.
The risk of exchange fluctuations was managed in the past using currency hedges when significant differences are noted between cost and revenue in foreign currency and such differences were hedged through currency swaps. These provided for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Sensitivity analysis
The appreciation of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
2022	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	2,060	2,060	(1,685)	(1,685)
GBP (10% change)	644	644	(527)	(527)
AUD (10% change)	(195)	(195)	159	159
INR (10% change)	1,906	1,906	(1,559)	(1,559)
UAH (10% change)	468	468	(383)	(383)
PLN (10% change)	946	946	(774)	(774)

Other price risk

As a result of the nature of its activities, the group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminium.
The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets.
The risk of fluctuations in the purchase price of aluminium is partly hedged based on market needs and outlook through derivatives which set the forward purchase price.

The following table shows the summary of the expirations of the aluminum derivatives contracts:

Expiry date	Hedged amount (tons)	Strike price (US$/ton)	December 31, 2022 Positive/(negative) fair value (€'000)
January 2023	150	2,975	(82)
February 2023	200	2,350	1
February 2023	25	2,275	2
March 2023	200	2,550	(34)
March 2023	200	2,340	5
March 2023	200	2,350	3
March 2023	25	2,275	2
April 2023	200	2,550	(32)
April 2023	200	2,340	8
April 2023	200	2,350	6
April 2023	25	2,275	2
May 2023	200	2,550	(30)
May 2023	200	2,340	9
May 2023	200	2,350	8
May 2023	25	2,275	3
June 2023	200	2,340	11
June 2023	200	2,350	9
June 2023	25	2,275	3
July 2023	200	2,340	13
Total Forward	**2,875**		**(92)**

Expiry date	Option	Hedged amount (tons)	Strike Costs (US$/ton)	December 31, 2022 Positive/(negative) fair value (€'000)
January 2023	CALL	250	65,000	0
January 2023	CALL	500	120,000	48
January 2023	CALL	200	48,000	38
January 2023	CALL	100	24,000	37
January 2023	CALL	200	48,000	94
February 2023	CALL	250	65,000	3
March 2023	CALL	250	65,000	9
April 2023	CALL	250	65,000	15
January 2023	PUT	500	(65,000)	(48)
January 2023	PUT	200	(35,000)	(38)
January 2023	PUT	100	(50,000)	(37)
January 2023	PUT	200	(120,000)	(94)
February 2023	PUT	500	(65,000)	(60)
February 2023	PUT	200	(120,000)	(92)
March 2023	PUT	500	(65,000)	(70)
March 2023	PUT	200	(110,000)	(82)
April 2023	PUT	500	(65,000)	(78)
April 2023	PUT	200	(110,000)	(82)
April 2023	PUT	125	(30,000)	(30)
May 2023	PUT	125	(30,000)	(31)
May 2023	PUT	200	(97,000)	(71)
June 2023	PUT	125	(30,000)	(32)
June 2023	PUT	200	(97,000)	(72)
June 2023	PUT	100	(50,000)	(38)
July 2023	PUT	125	(30,000)	(33)
August 2023	PUT	125	(30,000)	(34)
September 2023	PUT	125	(30,000)	(35)
October 2023	PUT	125	(30,000)	(35)
November 2023	PUT	125	(30,000)	(35)
Total CALL/PUT				**(884)**

(35) Commitments and guarantees

Following the acquisition by SPSI of 100% of the voting shares in the capital of Guala Closures, on August 3, 2021, SPSI granted an Italian law governed share pledge in respect of the shares it owns in Guala Closures (the "Italian Pledge") to secure Guala Closures' €500 million 3¼% Senior Secured Notes due in 2028 issued on July 7, 2021 (the "2028 Notes") and its €80.0 million (equivalent) multi-currency revolving credit facility (the "2028 RCF"). On August 3, 2021, Guala Closures granted a Dutch law governed share pledge over the shares that it holds in Guala Closures International B.V. to secure the 2028 Notes and the 2028 RCF (the "Dutch Pledge" and together with the Italian Pledge, the "Initial Collateral").

In accordance with the provisions of the documents governing the 2028 Notes and the 2028 RCF, on December 17, 2021, Guala Closures Australia Holdings, Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures, Ibérica, S.A.U., Guala Closures International B.V. and Guala Closures U.K. Limited provided a guarantee of the 2028 Notes and the 2028 RCF (the "Initial Guarantors").

In addition, on December 17, 2021, Guala Closures' obligations and the guarantee obligations of each other Initial Guarantor under the 2028 Notes and the 2028 RCF were secured by the following pledges:

(i) Australian law governed specific security deed granted by Guala Closures International B.V. in respect of (i) shares held in Guala Closures Australia Holdings, Pty Ltd and (ii) intra-group receivables owed to it by Guala Closures Australia Holdings, Pty Ltd;

(ii) Australian law governed specific security deed granted by Guala Closures Australia Holdings, Pty Ltd in respect of (i) shares held in Guala Closures Australia Pty Ltd and (ii) intra-group receivables owed to it by Guala Closures Australia Pty Ltd;

(iii) Dutch law governed receivables pledge granted by Guala Closures in respect of intra-group receivables owed to it by Guala Closures International B.V.;

(iv) Polish law governed share pledge granted by Guala Closures International B.V. in respect of shares held in Guala Closures DGS Poland S.A.;

(v) Scots law governed share pledge granted by Guala Closures International B.V. in respect of shares held in Guala Closures U.K. Limited; and

(vi) Spanish law governed share pledge granted by Guala Closures International B.V. in respect of shares held in Guala Closures Ibérica S.A. (together, the "Post-Closing Collateral").

In accordance with the provisions of the documents governing the 2028 Notes and the 2028 RCF, on March 18, 2022, Guala Closures México, S.A. de C.V. ("Mexican Guarantor" and together with the Initial Guarantors, the "Guarantors") provided a guarantee of the 2028 Notes and the 2028 RCF. In addition, on March 18, 2022, Guala Closures' obligations and the guarantee obligations of each other Guarantor under the 2028 Notes and the 2028 RCF were secured by (i) a Mexican law governed share pledge granted by Guala Closures International B.V. in respect of shares held in the Mexican Guarantor and (ii) a Mexican law governed non-possessory receivables pledge granted by the Mexican Guarantor in respect of intra-group receivables owed to it by any of its material subsidiaries (the "Mexican Collateral" and together with the Initial Collateral and the Post-Closing Collateral, the "Collateral").

In addition, on August 8, 2022, Guala Closures established a €16.0 million (equivalent) multi-currency revolving credit facility (the "Additional RCF"). The Additional RCF will be guaranteed by the Guarantors and secured by the Collateral on the same basis as the 2028 RCF and confirmatory collateral (or equivalent) will be granted in respect of the existing Collateral to cover the Additional RCF in each applicable jurisdiction.

The other commitments of the group companies at December 31, 2022 are as follows:

(€'000)	December 31, 2022
Guala Closures S.p.A.	
Third party assets held by the group	2,530

(36) Related party transactions

Transactions with key management personnel are set our below:

	Costs recognized in the period									
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	**Total**	Accrual for post-employment benefits at December 31, 2022	Other payables at December 31, 2022	Cash flows in the year
Total directors/key managers	940	1,375	854	50	32	550	**3,802**	1,375	147	3,423

Special Packaging Solutions Investments S.à r.l. is a related party of Guala Closures S.p.A. as it owns 100% of the share capital of Guala Closures S.p.A..

In October 2022, Guala Closures S.p.A. received €15 million as capital contribution from SPSI. This amount was invested in SPSI by the Cortapedra S.r.l., the former owner of Labrenta, as part of the consideration paid by Guala Closures S.p.A. for the acquisition.

Cortapedra S.r.l. is a related party of Guala Closures S.p.A. as the owners are directors of Labrenta S.r.l.. The following transactions are in place at 31 December 2022 as a consequence of Labrenta S.r.l. acquisition:

- €15 million deferred price. Interest-bearing amount subject to eventual price adjustment.
- €4.8 million earn out. To be paid if certain conditions are met
- €1.7 million warranty given by the former owners in relation to a specific risk provided for by the acquired company.

Related parties also include the pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. (Reference should be made to note 31).

The Group has share-based long-term incentive plan for certain members of management and other key employees and talents. Group's share-based payment plans and arrangements are cash-settled and provide the contingent right to receive cash at the time of the exit of the current actual shareholder of the Group or in case of IPO based on capital gain (range granted to the managers is estimated from 2% to 7% of the capital gain based on the exit price), subject to the fulfilment of a five-year service vesting condition (each year provide a vesting of 1/5 of the plan) and if certain exit price will be reached. Director estimate that this plan and arrangements have a non-significant impact on the Group's result in 2022 since the 70% of the plan was approved in November 2022 and only two key managers (totalling 40% of the pan) have already vested the first year of service at the end of the year.

There are no significant transactions with other related parties in addition to those indicated in this report or in the notes to the consolidated financial statements.

(37) Contingent liabilities

Guala Closures India

In 2021 a tax audit was opened in India by the local Transfer Pricing Officer, after which, the entire management fees paid by Guala Closures India were disallowed as the arm's length price was calculated as 'nil'. The Transfer Pricing Officer applied the same adjustment to Indian FYs 2011-12, 2012-13, FY 2015-16 to FY 2017-18, for a total taxable amount of about INR400 million (about €5 million). Based on the documents collected about the costs under dispute and based on various Indian judicial precedents available on this topic, the company believes it has necessary evidence to defend its position before the appellate authority.

Guala Closures do Brazil

In February 2020 Guala Closures do Brasil Ltda obtained authorisation from the Federal Supreme Court (STF) to exclude ICMS (a state tax on goods) from the calculation base of PIS and COFINS taxes (federal tax on revenue) for the period from July 2012 to June 2017 in accordance with the decision taken by the STF in March 2017 recording a tax credit of R$ 2.2 million (EUR 0.4 million) that was already recognised in the 2020 consolidated financial statements. On May 13, 2021, the Federal Supreme Court of Brazil (STF) concluded on the mechanism to be used by the tax payers to recover the credits, holding that only those that made a claim prior to March 15, 2017 have the right to recover the amounts improperly paid over the last five years.

On May 9, 2022, after the legal deadline (February 2022), the local Tax Authority filed a rescission action against Guala Closures do Brasil with reference to the final decision of the Federal Court authorising the company to exclude ICMS from the calculation base of PIS and COFINS taxes, for an amount of BRL1.9 million.

Local management submitted its defence, requesting the annulment of the action due to the expired deadline. The request for a reply from the local Tax Authority is pending.

(38) Statutory auditors' and independent auditors' fees

The statutory auditors' fees are as follows:

(€/000)	**Costs recognised in the year**		**Liabilities at December 31, 2021**	**Cash flows for the year**
	Fees for position held	**Total**		
Total statutory auditors	124	124	107	79

(€'000)	*Provider*	*Beneficiary*	*2022 fees*
Audit fees	KPMG S.p.A.	Parent	345
	KPMG (*)	Foreign subsidiaries	1,264
	Other independent auditors	Foreign subsidiaries	85
			1,694
Other services provided			
Limited assurance engagement on the Sustainability report	KPMG S.p.A.	Parent	54
			54
Total			**1,748**

(39) Events after the reporting period

Guala Closures Bulgaria Amendment to Shareholders' Agreement

On February 2, 2023, Guala Closures International B.V. and TD Partners entered into an amendment to the Shareholders' Agreement signed in 2010, which provides, among others, new trigger events for the put and call option rights as well as the definition of "Fair Market Value" to be applied in case such right are exercised.

Guala Closures Chengdu

In the first three months of 2023, the Company has almost terminated the preparation of the new production site in Qionglai, in line with the timetable originally scheduled.

On behalf of the board of directors
Chairman and CEO
Gabriele Del Torchio
(signed on the original)

April 27, 2023

3. SEPARATE FINANCIAL STATEMENTS

Guala Closures S.p.A. December 31, 2022



Statement of profit or loss

(Euros)	2021	of which: Related parties	2022	of which: Related parties	
Net revenue	**153,595,830**	**78,157,838**	**211,827,402**	**107,416,832**	4
Change in inventories of finished goods and semi-finished products	(457,369)		6,029,576		
Other operating income	28,282,911	26,015,417	36,024,102	34,094,497	5
Work performed by the entity and capitalised	2,554,729		3,281,776		6
Costs for raw materials	(104,399,847)	(12,091,282)	(154,909,245)	(25,981,122)	7
Costs for services	(33,188,978)	(9,075,329)	(44,916,495)	(6,125,933)	8
Personnel expense	(30,591,219)		(34,367,914)		9
Other operating expenses	(1,958,664)		(1,989,186)		10
Impairment losses on trade receivables and contract assets	(120,000)		(1,520,000)	(1,325,000)	
Impairment losses	(908,422)		(225,502)		
Amortization and depreciation	(10,873,399)		(10,023,956)		26-27-28
Financial income	18,937,977	10,761,161	13,922,825	12,390,360	11
Financial expense	(28,309,578)	-	(23,232,663)	(108,493)	12
Dividends	15,500,000	15,500,000	8,000,000	8,000,000	13
Profit before taxation	**8,063,971**	**109,267,805**	**7,900,720**	**128,361,141**	
Income taxes	1,665,950		23,940,177		15
Profit for the year	**9,729,921**	**109,267,805**	**31,840,897**	**128,361,141**	

The notes on pages 172 to 245 are an integral part of the separate financial statements.

Statement of profit or loss and other comprehensive income

(Euros)	2021	2022
Profit for the year	**9,729,921**	**31,840,897**
Other comprehensive income/(expense)		
Actuarial gains/(losses) on defined benefit liability (asset)	(139,858)	382,811
Taxes on items that will not be reclassified to profit or loss	41,356	(113,197)
Items that will not be reclassified to profit or loss:	**(98,502)**	**269,614**
Hedging reserve	126,250	58,231
Net change in fair value of cash flow hedges reclassified to profit or loss	(694,901)	(126,481)
Tax on items that are or may be reclassified subsequently to profit or loss	168,150	20,182
Items that will or may be reclassified subsequently to profit or loss:	**(400,501)**	**(48,068)**
Other comprehensive income/(expense) for the year, net of tax	**(499,003)**	**221,546**
Total comprehensive income for the year	**9,230,918**	**32,062,443**

The notes on pages 172 to 245 are an integral part of the separate financial statements.

Statement of financial position
ASSETS

(Euros)	**December 31, 2021**	of which: Related parties	**December 31, 2022**	of which: Related parties	**Note**
Current assets					
Cash and cash equivalents	26,248,492		20,051,434		16
Current financial assets	5,450,628	5,450,628	1,878,226	1,878,226	17
Trade receivables	52,763,218	36,945,228	60,044,909	45,119,724	18
Inventories	17,881,283		30,138,576		19
Current direct tax assets	192,893		2,859,028		20
Current indirect tax assets	1,217,387		1,077,660		21
Derivative assets	126,648		-		22
Other current assets	2,310,091	1,615,961	2,189,420	1,568,482	23
Total current assets	**106,190,640**	**44,011,817**	**118,239,253**	**48,566,432**	
Non-current assets					
Non-current financial assets	273,171,261	273,070,926	269,222,994	269,112,040	17
Investments	658,029,752	657,885,146	707,407,133	707,262,527	25
Property, plant and equipment	51,997,069		57,618,393		26
Right-of-use assets	3,035,532		2,920,673		27
Intangible assets	150,283,792		148,998,539		28
Deferred tax assets	15,765,342		36,989,327		30
Other non-current assets	196,853		2,575,235		31
Total non-current assets	**1,152,479,601**	**930,956,072**	**1,225,732,294**	**976,374,567**	
TOTAL ASSETS	**1,258,670,241**	**974,967,889**	**1,343,971,547**	**1,024,940,999**	

The notes on pages 172 to 245 are an integral part of the separate financial statements.

Statement of financial position LIABILITIES

(Euros)	**December 31, 2021**	of which: Related parties	**December 31, 2022**	of which: Related parties	**Note**
LIABILITIES AND EQUITY					
Current liabilities					
Current Loans and borrowings	1,445,649		2,412,754	1,000,000	32
Trade payables	40,521,263	1,723,491	51,836,726	10,643,465	33
Current direct tax liabilities	-		820,000		34
Current indirect tax liabilities	767,030		1,169,704		35
Current provisions	1,295,549		1,741,676		36
Derivative liabilities	58,398		976,091		37
Other current liabilities	9,347,925	61,506	14,929,903	903,330	38
Total current liabilities	**53,435,814**	**1,784,997**	**73,886,854**	**12,546,795**	
Non-current liabilities					
Non-current loans and borrowing	486,590,953		507,223,510	18,921,613	32
Employee benefits	3,503,604		2,818,676		40
Deferred tax liabilities	39,170,270		38,001,935		30
Non-current provisions	206,781		215,310		36
Total non-current liabilities	**529,471,608**		**548,259,431**	**18,921,613**	
Total liabilities	**582,907,422**	**1,784,997**	**622,146,285**	**31,468,408**	
Equity					
Share capital	68,906,646		68,906,646		
Share premium reserve	423,836,890		423,836,890		
Legal reserve	1,823,631		2,310,127		
Other reserve	180,238,605		203,482,030		
Hedging reserve	48,068		-		
Losses carried forward	(8,820,942)		(8,551,328)		
Profit for the year	9,729,921		31,840,897		
Total equity	**675,762,819**		**721,825,262**		41
TOTAL LIABILITIES AND EQUITY	**1,258,670,241**	**1,784,997**	**1,343,971,547**	**31,468,408**	

The notes on pages 172 to 245 are an integral part of the separate financial statements.

Statement of cash flows

(Euros)	2021	2022	Note
Opening cash and cash equivalents	**19,537,850**	**26,248,492**	
A) Cash flows from operating activities			
Profit before taxation	8,063,971	7,900,720	
Adjustments for:			
Amortisation, depreciation and impairment losses	10,873,399	10,023,956	26-27-28
Income from equity investments	(15,500,000)	(8,000,000)	13
Financial income	(18,937,977)	(13,922,825)	11-12
Financial expense	28,309,578	23,232,663	
Net gains on sale of non-current assets	(288,880)	(109,050)	26-27-28
Changes in:			
Receivables, payables and inventories	(1,866,872)	(8,223,548)	18-19-33
Other	1,187,664	3,923,162	
VAT and indirect tax assets/liabilities	228,730	542,400	21-35
Income taxes paid	(1,665,180)	(2,676,670)	21-35
Net cash flows from operating activities	**10,404,433**	**12,690,808**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(8,551,085)	(13,655,290)	26-27-28
Proceeds from sale of property, plant and equipment and intangible assets	1,687,662	2,738,899	26-27-28
Sale of the investment in GCL Pharma S.r.l.	2,000,000	-	
Acquisition of Labrenta		(14,564,260)	25
Net cash flows used in investing activities	**(4,863,423)**	**(25,480,652)**	
C) Cash flow from financing activities			
Interest received	10,577,907	14,109,984	11-12
Interest paid	(19,844,586)	(17,623,860)	11-12
Transaction costs paid for the Bridge Facility Agreement, new bonds and the Senior Revolving facility	(16,414,175)	(558,822)	
Other financial items	226,182	270,962	
Dividends from GC International	15,500,000	8,000,000	13
Acquisition sponsor warrant		(1.000.000)	
Proceeds from new borrowings and bonds	502,130,800	1,201,510	32
Repayment of borrowings and bonds	(474,837,725)	-	32
Repayment of finance leases	(929,125)	(1,179,898)	32
Change in financial assets	(17,082,418)	4,623,769	17
Net cash flows from (used) in financing activities	**(673,140)**	**7,843,645**	
D) Net cash flows for the year	**4,867,869**	**(4,946,198)**	
Effect of exchange fluctuations on cash held	1,842,774	(1,250,860)	
E) Closing cash and cash equivalents	**26,248,492**	**20,051,434**	

The notes on pages 172 to 245 are an integral part of the separate financial statements.

Statement of changes in equity

(Euros)	**January 1, 2021**	**Allocations of 2021 profit**	**Profit for 2021**	**Other Comprehensive income**	**Comprehensive income for the year**	**Purchase of sponsor warrant**	**Capital increase**	**December 31, 2021**
Share capital	68,906,646				-			68,906,646
Share premium reserve	423,836,890				-			423,836,890
Legal reserve	1,266,355	557,276			557,276			1,823,631
Other reserve	169,650,361	10,588,244		-	10,588,244			180,238,605
Hedging reserve	448,569			(400,501)	(400,501)			48,068
Losses carried forward	(8,722,440)			(98,502)	(98,502)			(8,820,942)
Profit for the year	*11,145,520*	*(11,145,520)*	*9,729,921*		*(1,415,599)*			*9,729,921*
Total equity	**666,531,901**	**-**	**9,729,921**	**(499,003)**	**9,230,918**			**675,762,819**

(Euros)	**January 1, 2022**	**Allocations of 2022 profit**	**Profit for 2022**	**Other Comprehensive income**	**Comprehensive income for the year**	**Purchase of sponsor warrant**	**Capital increase**	**December 31, 2022**
Share capital	68,906,646				-			68,906,646
Share premium reserve	423,836,890				-			423,836,890
Legal reserve	1,823,631	486,496			486,496			2,310,127
Other reserve	180,238,605	9,243,425			9,243,425	(1,000,000)	15,000,000	203,482,030
Hedging reserve	48,068.00			(48,068)	(48,068)			-
Losses carried forward	(8,820,942)			269,614	269,614			(8,551,328)
Profit for the year	*9,729,921*	*(9,729,921)*	*31,840,897*		*22,110,976*			*31,840,897*
Total equity	**675,762,819**	**-**	**31,840,897**	**221,546**	**32,062,443**	**(1,000,000)**	**15,000,000**	**721,825,262**

The notes on pages 172 to 245 are an integral part of the separate financial statements.

Notes to the separate financial statements of Guala Closures S.p.A. at December 31, 2022



General information

1. The company's activities and key changes in its ownership structure during the year

Guala Closures S.p.A. is a company limited by shares set up under Italian law and registered with the Alessandria company register. Its registered office is in via Rana 12, zona industriale D6, Spinetta Marengo (Alessandria). Guala Closures S.p.A. is directly owned by Special Packaging Solution Investments S.à.r.l. ("SPSI"), and its ultimate parent company is Investindustrial S.A. which prepared the consolidated financial statements at the higher level.

The financial statements were authorised for issue by the directors on April 27, 2023. The directors have the power to amend and reissue the financial statements.

Guala Closures S.p.A.'s main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic beverages such as water, olive oil and vinegar to be sold on domestic and international markets.

Guala Closures S.p.A. mainly operates in the design and production of anti-adulteration closures (Safety), customised closures (Luxury), Roll-on closures and others.

2. Changes to standards

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2022 are set out below.

- Reference to Conceptual Framework (Amendments to IFRS 3): The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):
  - update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
  - add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;
  - add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16): amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37): specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Annual improvements to IFRS Standards (Cycle 2018–2020), containing the following amendments to IFRS:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS.
  - IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
  - IFRS 16 Leases - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
  - IAS 41 Agriculture - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The new standards and amendments are not expected to have any significant impacts on the consolidated financial statements.

In addition, the following list includes the recent changes to the standards or amendments that are required to be applied for an annual period beginning after January 1, 2022 and that are available for early adoption in annual periods beginning on January 1, 2022:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Amendments to IAS 12 - 'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021)
- IFRS 17 - Insurance contracts and Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8

These new documents, having a deferred date of entry into force, were not adopted for the preparation of these separate financial statements, but will be applied starting from the date of entry into force established as mandatory.

3. Accounting policies

Guala Closures S.p.A.'s separate financial statements at December 31, 2022 have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations.

They have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between the separate financial statements balances and those in the tables of these notes are due exclusively to the rounding and do not alter their reliability or substance.

Figures are shown in thousands of Euros, unless otherwise stated.

These separate financial statements have been prepared on a historical cost basis, except for derivatives, market warrants and contingent consideration arising in a business combination which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the company's ability to continue as a going concern.

These separate financial statements have been prepared using the following formats:

- statement of profit or loss, whose captions are classified by nature;
- statement of profit or loss and other comprehensive income;
- statement of financial position, whose asset and liability captions are classified as current or non-current;
- statement of cash flows, prepared using the indirect method;
- the statement of changes in equity, prepared to present changes in equity.

For each asset and liability caption including amounts due within and after one year, the amount which is expected to be received or paid after one year is shown.

Neither the company nor the group are subject to management or coordination activities.

(a) Use of estimates and judgements

Management has to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is included in the following notes: loss allowance (note (n) estimated expected credit loss) and allowance for inventory write-down (note 19 inventory estimated recoverability), amortisation/depreciation and impairment of non-current assets (notes (h) (i) estimated useful life), employee benefits (note (o) actuarial assumptions), taxes (note 20 estimated future taxable income), provisions (note 36), measurement of financial derivatives (note 22 estimated interest rates), effects of business combinations (note 44 estimated fair value of acquired assets and liabilities).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognised in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognised in the year in which the review takes place.

b) Accounting for business combinations

The company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the company. In determining whether a particular set of activities and assets is a business, the company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The company has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is passed if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

(c) Foreign currency

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the transaction date. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate.

Exchange gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(e) Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.
The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.
Purchase or production cost is calculated on a weighted average cost basis.
Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realisable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(f) Assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(g) Investments

Investments in subsidiaries, associates and jointly-controlled companies are measured at cost, net of any impairment losses. Cost is the purchase price or the amount recognised following the merger and reflects the contribution amount in the financial statements at the acquisition-date considered in said financial statements.

Any positive difference arising at the time of purchase, between the acquisition cost and the company's share of equity at the fair value of the investee, is included in the carrying amount of the investment and is tested annually for impairment, comparing the full carrying amount of the investment with its recoverable amount (the higher of fair value less costs to sell and value in use).

If there is evidence of impairment, an impairment loss is recognised. If the company's share of losses of an investee exceeds the carrying amount of the investment and the company has the obligation to cover it, the carrying amount of the investment is reduced to zero and the additional losses are recognised as a provision. If the impairment loss subsequently decreases or ceases to exist, it is reversed in profit or loss up to the original carrying amount.

Investments in other companies, consisting of non-current financial assets not held for trading, for which the fair value is difficult to determine, since they are unlisted companies, are measured at acquisition or subscription cost, reduced, if necessary, by impairment losses. If the company's share of losses exceeds the carrying amount of the recognised investment, the carrying amount of the investment is reduced to zero and the share of further losses is not recognised as a liability, unless the company has a legal or constructive obligation to cover them.

(h) Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalised.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the company. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	35
Light constructions	11
Specific plant, machinery, presses and moulds	15 – 25
Generic plant	11
Laboratory equipment	5
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	5 – 9
Vehicles, canteen facilities	6
Internal means of transport, electronic equipment and mobile phones	6

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the company. This expenditure is amortised over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognised. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(i) Intangible assets

Trademark

Trademarks are generally measured at cost, determined in the same way as described for property, plant and equipment, except for Guala Closures Trademark which has an indefinite life, as there is no foreseeable limit to the period up to which the asset is expected to generate cash flows for the company.
Guala Closures Trademark is adjusted for any accumulated impairment losses, determined using the criteria described in paragraph (o) impairment losses.

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognised at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described in paragraph (o) "impairment losses".

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortisation and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognised in profit or loss at the time of disposal.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognised as an expense when incurred.

Development expenditure
Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalised when the product or process is feasible in technical and commercial terms and the company has adequate resources to complete the development stage.

Capitalised development expenditure is measured at cost, net of accumulated amortisation and impairment losses.

It is classified under "Internal work capitalised".

The amortisation periods for intangible assets are as follows:

	Amortisation period (years)
Development expenditure	5
Patents and trademarks (excluding Guala Closures)	5 – 10
Software	5
Licences	5
Customer list	30
Other capitalised expenditure	5 or in the line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the company. This expenditure is amortised over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognised in profit or loss at the time of disposal.

(j) Leases
At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Leases in which the company is a lessee</u>
The company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.
The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.
The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The company presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets
The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases in which the company is a lessor
At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.
When the company acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, then the company applies IFRS 15 to allocate the consideration in the contract
The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.
The company recognises lease payments received under operating leases as income on a straight-line basis over the least term as part of 'other revenue'.

(k) Income taxes

Income taxes comprise current and deferred tax. They are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.
Current tax also includes any tax arising from dividends and any interest and penalties imposed by the tax authorities following their review of the tax position of previous years which found a difference in tax due.
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
The income tax consequences of dividends are recognised when the dividend is approved.
In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may

involve a series of judgments about future events. New information may become available that causes the company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(l) Financial instruments

Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

<u>Financial assets</u>

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see paragraph (m)). On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the company's key managers;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding in a given period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:
– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable rate features;
– prepayment and extension features; and
– terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium on its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is immaterial at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See note (m) for derivatives designated as hedging instruments.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.
See note (m) for financial liabilities designated as hedging instruments.

Derecognition

Financial assets
The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(m) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting
The company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.
Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.
The company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of currency risk on a net investment in a foreign operation.
At the inception of designated hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge. The company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
The company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (‘forward points’) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.
When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventories, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised,
For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same year or years during which the hedged expected future cash flows affect profit or loss.
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same year or years as the hedged expected future cash flows affect profit or loss.
If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss

(n) Share capital and equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the company has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognises a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognised decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognised in profit or loss as financial expense.

Warrant

Warrants are recognised in accordance with the conditions set out in the relevant regulations governing their operation.

(o) Impairment losses

Non-derivative financial instruments
Financial instruments and contract assets
The company recognises loss allowances for ECLs on:
– financial assets measured at amortised cost;
– contract assets.
The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs at the reporting date:
– debt securities that are determined to have low credit risk at the reporting date; and;
– other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECL.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.
The company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as enforcing a security (if any are held);
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

Credit-impaired financial assets
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.
The gross carrying amount of a financial asset is partially or fully impaired to the extent the company has no reasonable expectations of its recovery. For customers, the company individually makes an assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Non-financial assets
At each reporting date, the company reviews the carrying amounts of its non-financial assets, except for inventories and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Employee benefits

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods,

discounting that amount and deducting the fair value of any plan assets. Such liabilities are related mainly to TFR, as provided by Italian law.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
Starting from January 1, 2007, the Finance Act (Law no. 296 of December 27, 2006, the "2007 Finance Act") and the relevant implementation decrees introduced important changes in the rules governing post- employment benefits ("TFR"), including the need for employees to decide on the allocation of their future benefits. In particular, this reform established that employees had to transfer the new amounts of their benefits to established pension funds or leave them with the company; in the latter case, the company would pay these amounts to a specific INPS (Italian social security institution) treasury account. Therefore, the post-employment benefits stated in the separate financial statements at the end of the year refers to the amount due to employees, not yet paid but vested up to December 31, 2006.

(q) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognised when a company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the company of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

(r) Share based payment

The Group's share-based payment plans and arrangements are primarily cash-settled payment arrangements. For cash-settled plans, the fair value of the amounts payable to employees is recognised as an expense, with a corresponding increase in liabilities (employee benefits), over the vesting period. The liability is remeasured at each reporting date and at the settlement date so that the ultimate liability equals the cash payment on the settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

(s) Revenue

The company has applied IFRS 15 Revenue from Contracts with Customers since January 1, 2018. Specifically, IFRS 15 introduced a new model for revenue recognition based on the following five steps:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;

- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised, net of returns, discounts, rebates and bonuses, as well as taxes directly related to the sale of products and the provision of services. It is measured taking into account the consideration specified in the contract with the customer. The company, which generally operates as principal, recognises revenue when it transfers control of the goods or services (point in time). Control of the safety and standard closures is transferred to the customers when the goods are delivered to their premises, i.e., when the goods are taken over by the carrier selected by the customer if earlier and, accordingly, the company recognises the related revenue at such times. There are generally no further contractual obligations for the company.
There are no significant discounts for final customers and there are no contracts which enable customers to return products in exchange for new ones or cash reimbursements.
Usually, no costs are incurred to obtain or perform contracts with customers.

(t) Government grants

Grants relating to assets and income are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognised as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognised under Other operating income.

(u) Financial income and expense

The company's financial income and finance expense include:

– interest income;

– interest expense;

– dividend income;

– dividends on preference shares classified as financial liabilities;

– the net gain or loss on the disposal of investments in debt securities measured at FVOCI;

– the net gain or loss on financial assets at FVTPL;

– the exchange gain or loss on financial assets and financial liabilities;

– impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

– the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;

– the fair value loss on contingent consideration classified as a financial liability;

– hedge ineffectiveness recognised in profit or loss; and
– the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the company's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.
In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount

of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(v) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.
When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to measurement.
The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Statement of profit or loss

(4) Net revenue

Net revenue from third parties amounts to **€104,411 thousand** in 2022.

Net revenue may be analysed by geographical segment as follows:

(€'000)	2021	2022
Europe	63,376	84,570
Asia	2,674	6,788
Latin America	1,151	1,242
Rest of the world	8,236	11,811
Total	**75,438**	**104,411**

A breakdown by type of product is as follows:

(€'000)	2021	2022
Safety	33,133	47,823
Luxury	747	3,748
Roll on	37,277	48,107
Other revenues	4,281	4,733
Total	**75,438**	**104,411**

A breakdown by destination market is as follows:

(€'000)	2021	2022
Spirits closures	44,683	66,057
Wine closures	6,391	6,699
Water	6,402	8,559
Other non-alcoholic beverage	69	5
Olive oil & condiment closures	11,546	15,589
Closures for other markets	6,348	7,502
Total	**75,438**	**104,411**

Compared to 2021, revenue for 2022 reflects the actions of strong price increases that have been put in place to cover the significant price rises for raw materials and energy throughout the year and, additionally, a significant volumes increase

Net revenue from subsidiaries amounts to **€107,417 thousand** in 2022.
It accounts for **50.7%** of total net revenue.

(€'000)	**2021**	**2022**
Guala Closures UCP Ltd	15,836	19,884
Guala Closures Deutschland GmbH	14,113	19,745
Guala Closures Iberica, S.A.	10,857	17,610
Guala Closures Mexico, S.A. de C.V.	9,348	16,309
Guala Closures Uk Ltd	10,239	15,158
Guala Closures Chile SpA	2,663	3,246
Guala Closures Australia Pty Ltd	3,172	2,614
Guala Closures New Zealand Ltd	2,907	2,535
Guala Closures Technologia Ukraine LLC	1,483	2,126
Guala Closures France SAS	1,122	1,790
Guala Closures South Africa Pty Ltd	2,179	1,652
Beijing Guala Closures Ltd.	532	1,445
Guala Closures Argentina S.A.	2,177	1,333
Guala Closures North America, Inc.	472	858
Guala Closures DGS Poland S.A.	525	445
Guala Closures Bulgaria A.D.	166	373
Guala Closures India Pvt Ltd.	95	171
Guala Closures Turkey A.S.	46	70
Guala Closures do Brasil Ltda.	100	48
Guala Closures Colombia Ltda	44	3
Guala Closures East Africa Ltd	79	2
GCL International Sarl	2	-
Total	**78,158**	**107,417**

Net revenue from related parties may be analysed by geographical segment as follows:

(€'000)	**2021**	**2022**
Europe	54,389	77,201
Latin America	14,333	20,939
Oceania	6,078	5,149
Asia	627	1,616
Rest of the World	2,730	2,512
Total	**78,158**	**107,417**

(5) Other operating income

Other operating income - third parties include:

(€'000)	2021	2022
Other revenue	1,278	1,439
Customer contributions	792	198
Ordinary prior year items	86	156
Cost recoveries	49	131
Gains	59	6
Rewards from suppliers	3	-
Total	**2,267**	**1,930**

In 2022, **"Other revenue"** amounts to **€1,439 thousand** and mainly refers to insurance reimbursement for the damage of Magenta's lithography line, no longer working due to damages caused by fire.

Other operating income from subsidiaries amounts to **€34,094 thousand** in 2022 and accounts for **94.64%** of total other operating income. It is mainly due to the following:

a) the **service agreement** for the recharge to subsidiaries of costs incurred by Guala Closures S.p.A. on behalf of other group companies for accounting, financial, treasury, purchasing, personnel management and data management services and for the cost of insurance paid in Italy.

(€'000)	2021	2022
Guala Closures Mexico SA de CV	1,340	1,852
Guala Closures UK Ltd	1,726	1,699
Guala Closures DGS Poland S.A.	1,294	1,497
Guala Closures (India) Pty Ltd	1,186	1,518
Guala Closures UCP Ltd	777	1,150
Guala Closures Iberica S.A.	674	915
Guala Closures North America Inc.	1,191	876
Guala Closures Deutschland GmbH	792	869
Guala Closures Technologia Ukraine LLC	714	563
Guala Closures Australia Holdings Pty Ltd	505	509
Guala Closures do Brasil Ltda	217	346
Guala Closures South Africa Pty Ltd	296	333
Guala Closures France SAS	342	328
Guala Closures Argentina S.A.	482	318
Guala Closures New Zealand Ltd	357	292
Guala Closures Chile SpA	309	279
Guala Closures de Colombia Ltda	139	266
Guala Closures East Africa Ltd	205	153
Beijing Guala Closures Ltd	110	141
Guala Closures Bulgaria AD	101	135
GCL International S.à r.l.	133	-
Total	**12,889**	**14,038**

b) recharging of **personnel expense**

(€'000)	**2021**	**2022**
Beijing Guala Closures Ltd	159	159
Guala Closures (India) Pvt Ltd	49	102
Guala Closures Mexico SA de CV	22	77
Guala Closures Turkey A.S.	65	-
Guala Closures East Africa Ltd	9	-
Guala Closures South Africa Pty Ltd	2	-
Guala Closures North America Inc.	253	-
Total	**561**	**338**

c) recharging of **transport costs**

(€'000)	**2021**	**2022**
Guala Closures Mexico SA de CV	614	1,703
Guala Closures Deutschland GmbH	268	243
Guala Closures New Zealand Ltd	81	171
Guala Closures Australia Holdings Pty Ltd	96	165
Guala Closures Chile SpA	55	111
Guala Closures Argentina S.A.	129	90
Guala Closures South Africa Pty Ltd	60	51
Guala Closures North America Inc.	17	46
Guala Closures France SAS	8	13
Guala Closures (India) Pty Ltd	-	1
Beijing Guala Closures Ltd	-	1
Guala Closures Iberica S.A.	-	1
Guala Closures UCP Ltd	78	-
Guala Closures de Colombia Ltda	4	-
Beijing Guala Closures Ltd	2	-
Guala Closures do Brasil Ltda	2	-
Total	**1,413**	**2,595**

d) **gains on the sale of assets**

(€'000)	**2021**	**2022**
Guala Closures Bulgaria AD	-	82
Guala Closures Iberica S.A.	-	40
Guala Closures Technologia Ukraine LLC	43	3
Guala Closures Mexico SA de CV	17	1
Guala Closures Iberica S.A.	18	-
Guala Closures East Africa Ltd	130	-
Guala Closures DGS Poland S.A.	16	-
Guala Closures India Ltd	4	-
Beijing Guala Closures Ltd	1	-
Total	**230**	**125**

e) royalties

(€'000)	2021	2022
Guala Closures Mexico SA de CV	1,266	2,092
Guala Closures UK Ltd	629	1,733
Guala Closures DGS Poland S.A.	1,138	1,597
Guala Closures (India) Pty Ltd	1,281	1,426
Guala Closures UCP Ltd	836	1,051
Guala Closures Iberica S.A.	623	962
Guala Closures Deutschland GmbH	652	929
Guala Closures North America Inc.	66	894
Guala Closures Technologia Ukraine LLC	552	582
Guala Closures Australia Holdings Pty Ltd	469	527
Guala Closures Argentina S.A.	344	368
Guala Closures New Zealand Ltd	281	359
Guala Closures France SAS	29	318
Guala Closures de Colombia Ltda	99	293
Guala Closures South Africa Pty Ltd	247	282
Guala Closures Chile SpA	144	266
Guala Closures East Africa Ltd	139	199
Guala Closures do Brasil Ltda	107	164
Guala Closures Bulgaria AD	93	155
Beijing Guala Closures Ltd	91	95
Total	**9,086**	**14,291**

f) Commissions and other income

(€'000)	2021	2022
Guala Closures Iberica S.A.	384	516
Guala Closures Mexico SA de CV	153	400
GCL International S.à r.l.	264	220
Labrenta S.r.l.	-	212
Guala Closures UK Ltd	97	138
Guala Closures UCP Ltd	61	87
Guala Closures Technologia Ukraine LLC		71
Guala Closures France SAS	38	56
Guala Closures Deutschland GmbH	31	51
Guala Closures Bulgaria AD	9	27
Guala Closures South Africa Pty Ltd	3	21
Guala Closures DGS Poland S.A.		18
Guala Closures Chile SpA	7	8
Guala Closures North America Inc.	23	5
Beijing Guala Closures Ltd	2	5
Guala Closures (India) Pty Ltd	-	4
Guala Closures New Zealand Ltd	1	1
Guala Closures de Colombia Ltda	-	2
Guala Closures Argentina S.A.	1	-
Guala Closures East Africa Ltd	1	-
Guala Closures Australia Holdings	6	-
Guala Closures Turkey A.S.	23	-
Total	**1,107**	**1,842**

g) recharging of **insurance costs**

(€'000)	2021	2022
Guala Closures Iberica S.A.	126	146
Guala Closures UK Ltd	99	122
Guala Closures North America Inc.	66	111
Guala Closures Mexico SA de CV	63	103
Guala Closures Deutschland GmbH	62	103
Guala Closures (India) Pty Ltd	60	82
Guala Closures DGS Poland S.A.	62	65
Guala Closures Australia Holdings Pty Ltd	26	24
Guala Closures South Africa Pty Ltd	13	13
Beijing Guala Closures Ltd	11	12
Guala Closures France SAS	13	11
Guala Closures Argentina S.A.	19	11
Guala Closures Chile SpA	7	10
Guala Closures de Colombia Ltda	12	9
Guala Closures do Brasil Ltda	10	9
Guala Closures New Zealand Ltd	10	9
Guala Closures UCP Ltd	2	4
Guala Closures Turkey A.S.	1	4
Guala Closures Bulgaria AD	6	2
Guala Closures East Africa Ltd	2	2
GCL International S.à r.l.	9	1
Guala Closures Japan KK	6	-
Total	**686**	**853**

h) **technical assistance**

(€'000)	2021	2022
Guala Closures Iberica S.A.	27	12
GCL International S.à r.l.	15	-
Guala Closures UCP Ltd	1	-
Guala Closures France SAS	1	-
Total	**44**	**12**

(6) Internal work capitalised

This caption amounts to **€3,282 thousand** in 2022. Of this amount, **€1,112 thousand** mainly relates to development expenditure capitalised for new closures, **€1,307 thousand** to work on plant and machinery for extraordinary maintenance and the upgrading of the production capacity of Guala Closures S.p.A. and **€863 thousand** to work on plant and machinery for extraordinary maintenance and the upgrading of the production capacity of foreign subsidiaries subsequently reinvoiced to foreign companies.

(7) Costs for raw materials

Costs for raw materials - third parties include:

(€'000)	2021	2022
Raw materials and supplies	87,581	128,715
Packaging	2,534	3,257
Consumables and maintenance	2,125	2,953
Fuels	231	265
Change in inventories	(162)	(6,261)
	92,309	**128,928**

The **cost of raw materials purchased from third parties** rose from €92,309 thousand in 2021 to **€128,928 thousand** in 2022 as did its percentage impact on production revenue. The cost of aluminium in 2022 also includes a negative impact of €3 million due to the realized aluminium derivatives during the year and €1 million due to their change in fair value at year end.
The **costs for raw materials purchased from subsidiaries** in 2022 amounts to **€25,981 thousand.** These make up **16.8%** of total costs for raw materials and mainly relate to purchases from Guala Closures Technologia Ukraine LLC (€17,473 thousand), Guala Closures DGS Poland S.A. (€3,231 thousand), Guala Closures Iberica S.A. (€2,496 thousand), Guala Closures Bulgaria A.D. (€1,032 thousand), Guala Closures France SAS (€656 thousand), Beijing Guala Closures Ltd (€497 thousand), Guala Closures Deutschland GmbH (€352 thousand), Guala Closures UK Ltd. (€147 thousand) and Guala Closures do Brasil (€51 thousand). The transactions are part of ordinary operations and are agreed on an arm's length basis.

(8) Costs for services

Costs for services - third parties include:

(€'000)	2021	2022
Electricity / Heating	4,688	10,064
Transport	5,082	7,335
Legal and consulting fees	3,194	5,231
Maintenance	3,156	3,505
Insurance	1,384	2,017
External processing	1,138	1,839
Sundry industrial services	509	1,677
Technical assistance	980	1,580
Travel	767	1,364
Advertising	317	697
External labor / porterage	530	592
Administrative services	370	566
Commissions	548	454
Cleaning service	383	344
Patents	265	295
Other	102	277
Telephone costs	196	225
Membership fees	198	208
Entertainment expenses	101	195
Training costs	135	165
Expos and trade fairs	33	112
Security	36	47
Total	**24,114**	**38,791**

In 2022, cost for services increased significantly mainly driven by increase in utilities and transportation costs linked to the huge increase in fuel and gas prices, following the invasion of Ukraine and the worldwide inflationary trend.
Energy and utilities cost is net of the tax credit provided by government starting from April until year-end (between 25% and 40% of the cost) to offset the price increase for an amount of €3.1 million.
Legal and consulting fees also rose in relation to the Labrenta acquisition and special projects for manufacturing improvement.
Travel expenses and expos rose for the second year in a row, with the return to meetings in-persone, after they had decreased during the Covid pandemic with the adoption of occupational health and safety procedures which limited business trips and, where possible, replaced face-to-face meetings with conference calls and favoured remote work.
Advertising costs increase due to additional initiatives in communication and sustainability programs (advertising for luxury business and recycled ocean plastic).
Insurance costs also increased due to adjustment following damage that occurred at Magenta premises and due to a review of product liability based on the increase sales.

Costs for services provided by subsidiaries in 2022 amount to **€6,126 thousand**.
They mainly relate to consultancy fees paid to G.C.L. International S.à.r.l. (€1,983 thousand), transport costs paid to Guala Closures UK Ltd. (€668 thousand) commission paid to Guala Closures North America Inc. (€584 thousand), and Guala Closures Turkey A.S. (€269 thousand), external production services paid to Guala Closures Iberica S.A. (€ 266 thousand) and transport costs paid to Guala Closures Bulgaria AD (€61 thousand). The transactions are part of ordinary operations and are agreed on an arm's length basis

(9) Personnel expense

This caption includes:

(€'000)	**2021**	**2022**
Wages and salaries	20,171	23,271
Social security contributions	6,522	7,071
Expense from defined benefit plans	1,409	1,644
Other costs	2,490	2,382
Total	**30,591**	**34,368**

Following the recovery in volumes, the salary increases defined by the collective labour agreement and the increased headcount for the new development plans, personnel expense increased by 12.3% on 2022.

Reference should be made to note 40) Employee benefits for details on the expense for defined benefit plans.

At December 31, 2022, the company had the following number of employees:

Number	**December 31, 2021**	**December 31, 2022**
Blue collars	282	274
White collars	157	165
Managers	19	23
Total	**458**	**462**

The average number of employees in 2022 was 460 (444 in 2021), including 22 managers, 157 white collars and 281 blue collars.

(10) Other operating expense

This caption includes:

(€'000)	**2021**	**2022**
Accruals to provisions	736	742
Other costs for the use of third party assets	511	559
Taxes and duties	378	444
Rent and leases	134	215
Other charges	200	29
Total	**1,959**	**1,989**

Short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value, which have been excluded from the scope of IFRS 16 as per the practical expedient, are recognised as "Other costs for the use of third-party assets" on a straight-line basis over the lease term.
In 2022, **Use of third-party assets** includes approximately €357 thousand related to short-term contracts (less than one year) or low-value contracts (less than €5 thousand).

The caption **'Rent and leases'** of 2022 of € 215 thousand mainly refers to the higher expenses incurred for the temporary storage of goods relating to the Spinetta plant.

(11) Financial income

Financial income - third parties includes:

(€'000)	**2021**	**2022**
Exchange gains	2,214	1,527
Interest income	1	5
Fair value gains on market warrants	5,961	-
Total	**8,177**	**1,532**

Financial income in 2022 was lower than previous year due to the missing positive effect of net fair value gains on markets warrants **(€ 6 million),** as these instruments were delisted from the Italian Stock Exchange on July 2021.

Financial income - subsidiaries amounts to **€12,390 thousand** in 2022.
Of this amount, **89.0%** relates to interest accrued on the loans granted to group companies and the default interest charged on some of them. Specifically, interest income was charged to Guala Closures International B.V. (€11,101 thousand), Guala Closures UCP Ltd. (€351 thousand), Guala Closures Chile S.p.A. (€303 thousand), Guala Closures Argentina S.A. (€87 thousand) and Guala Closures East Africa Pty Ltd. (€275 thousand).
Default interest was charged to Guala Closures UCP Ltd. (€102 thousand), Guala Closures South Africa PTY Ltd. (€32 thousand), Guala Closures Chile SpA (€76 thousand), Guala Closures Argentina S.A. (€49 thousand), Guala Closures Mexico, S.A. de C.V. (€11 thousand) and Guala Closures New Zealand Ltda (€3 thousand).

(12) Financial expense

Financial expense includes:

(€'000)	2021	2022
Interest expense	19,246	19,028
Exchange losses	1,013	3,395
Financial expense for debt refinancing	7,720	-
Other financial expense	331	810
Total	**28,310**	**23,233**

In the interest expense value are include € 108 thousand related to the purchase of Labrenta shares.

(13) Income from equity investments

This caption includes the **dividends** received from Guala Closures International B.V. **(€8,000 thousand)**.

(14) Income and expense on financial assets/liabilities

The following table shows income – third parties – and expense on financial assets/liabilities, specifying those recognised in profit or loss and those directly included in other comprehensive income:

(€'000)	2021	2022
Recognised in profit or loss		
Bank interest income	1	5
Fair value gains on market warrant	5,961	-
Exchange gains	2,214	1,527
Total financial income	**8,177**	**1,532**
Interest expense on financial liabilities measured at amortised cost	(19,246)	(19,028)
Exchange losses	(1,013)	(3,395)
Financial expense for debt refinancing	(7,720)	-
Other financial expense	(331)	(810)
Total financial expense	**(28,310)**	**(23,233)**
Net financial expense	**(20,133)**	**(21,700)**
Recognised directly in equity		
Effective portion of fair value losses on cash flow hedges	126	58
Net change in fair value of cash flow hedges reclassified to profit or loss	(695)	(126)
Tax on items that will or may be reclassified subsequently to P&L	-	20
Total recognised directly in equity	**(569)**	**(48)**

(15) Income taxes

This caption includes:

(€'000)	2021	2022
Current taxes	(1,438)	1,455
Deferred tax assets	3,104	22,485
Total	**1,666**	**23,940**

Regarding the 2022 income taxes, the increase is due to the recognition of deferred tax assets related to the absorption of tax losses of the past years. This recognition is based on the specific tax business plan for FY 2023 – 2027. The increase in current tax income is the result of the transformation of the Guala Closures's ACE (*i.e.* Allowance for corporate equity) in IRAP tax credits.

The same business plan was utilised for impairment test of assets, goodwill and trademarks at December 31,2022.

Change in deferred tax liabilities recognised directly in OCI

(€'000)	December 31, 2022
Change in deferred tax liabilities on post-employment benefits	(113)
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	20
Total	**(93)**

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to non-taxable revenue and non-deductible costs.

(€'000)	2021	2022
Profit before taxation	**8,064**	**7,901**
Income tax using the Company's domestic tax rate *(2021: 24%; 2022 24%)*	**(1,935)**	**(1,896)**
Reduction in tax rate	-	-
Non-deductible expenses	(4,907)	(4,405)
Tax exempt income	6,198	7,600
Tax incentives	-	3,864
Recognition of previously unrecognised tax losses	3,749	21,241
Total increase	**5,038**	**28,299**
Effective tax	**3,104**	**26,403**
IRAP	-	(820)
Other taxes, other than income taxes	(1,438)	(1,643)
Total taxes for the year	**1,666**	**23,940**

Income taxes varied from an income of €1.7 million in 2021 to income of €23.9 million in 2022, mainly due to the adjustment of the provision made in deferred tax assets, linked to the tax losses of € 137.8 million which is expected to be used in the period 2023 - 2027 due to the higher taxable income following the recovery of the volumes after the Covid-19 pandemic with an effect on the statement of profits and other comprehensive income for €33.1 million.

The realignment for tax purposes of the differences between the tax and statutory amount resulting from the transition to the IFRS, as required by article 15, paragraphs 7 and 8, of the Legislative Decree 185 of November 29, 2008, converted into Law 2 January 28, 2009, should be noted as the previous tax losses that can be carried forward and those realised in the previous year did not make it convenient to release these differences by paying the substitute tax.

Other taxes refer to potential refunds of taxes paid abroad whose recovery is not certain on the basis of the company's expected taxable income.

Statement of financial position

(16) Cash and cash equivalents

This caption represents the balance of the bank and postal deposits considering the nominal amount of the current accounts held with banks.

(€'000)	December 31, 2021	December 31, 2022
Bank and postal accounts	26,240	20,039
Cash on hand	8	12
	26,248	**20,051**

(17) Current and non-current financial assets

These captions relate to transactions between Guala Closures S.p.A. and its subsidiaries at December 31, 2022 **(€271,101 thousand)** and financial assets - third parties **(€111 thousand).**

This note provides information on the contractual terms regulating the loan agreements between Guala Closures S.p.A. and its subsidiaries.

At December 31, 2022:

1. **Current financial assets amounted to €1,878 thousand**
2. **Non-current financial assets amounted to €269,223 thousand of which**
   a) € 265,177 thousand to loans between Guala Closures S.p.a and subsidiaries (see the table below)
   b) € 3,935 thousand to loan asset between Guala Closures S.p.a and Guala Closures East Africa Ltd
   c) € 111 thousand for participation in other companies

Beneficiary	Contract date	Contract execution date	Contract expiry date	Original amount	Outstanding amount at December 31, 2022	Outstanding amount at December 31, 2022 Short term	Outstanding amount at December 31, 2022 Long term	Interest rate
Guala Closures International B.V.	26/06/2020	30/06/2020	31/12/2024	€ 250,000	€ 230,650	€ 0	€ 230,650	Euribor 3M + 4,0%
Guala Closures International B.V.	05/12/2018	06/12/2018	31/12/2024	£ 19,000	£ 15,500	€ 0	€ 17,476	Libor GBP 3M + 4,0%
Guala Closures Argentina SA	26/06/2020	30/06/2020	31/12/2024	€ 2,000	€ 2,000	€ 0	€ 2,000	Euribor 3M + 4,0%
Guala Closures Chile SPA	15/12/2021	15/12/2021	31/12/2024	€ 8,000	€ 6,950	€ 0	€ 6,950	4,0%
Guala Closures East Africa Ltd	15/12/2021	15/12/2021	31/12/2024	€ 2,000	€ 1,900	€ 0	€ 1,900	Euribor 3M + 4,0%
Guala Closures UCP Ltd	26/06/2020	30/06/2020	31/12/2024	£ 8,000	£ 5,500	€ 0	€ 6,201	Libor GBP 3M + 4.0%
Totale						**€ 0**	**€ 265,177**	

The table shows the notional amount of the loans granted to subsidiaries. Furthermore, current financial assets include the **interest accrued** on said loans **(€1,309 thousand)** at December 31, 2022.

The loan assets from Guala Closures East Africa Ltd include lease assets recognised in accordance with IFRS 16 under current financial assets **(€569 thousand).**

Current and non-current financial assets - subsidiaries at December 31, 2022 may be analysed as follows:

		Nominal amount	
(€'000)	**Total 31/12/2022**	**Current financial assets**	**Non-current financial assets**
Loan assets from:			
Guala Closures East Africa Ltd	6,460	614	5,835
Guala Closures International B.V.	248,491	365	248,126
Guala Closures Chile SPA	7,427	477	6,950
Guala Closures Argentina S.A.	2,314	314	2,000
Guala Closures UCP Ltd	6,310	109	6,201
Total	**270,990**	**1,878**	**269,112**

Non-current financial assets - third parties, of **€111 thousand,** mainly comprise guarantee deposits. The carrying amount of non-current financial assets - third parties matches their fair value at the reporting date.

(18) Trade receivables

This caption may be analysed as follows: **€14,925 thousand from third parties** and **€45,120 thousand from related parties**.

(€'000)	**December 31, 2021**	**December 31, 2022**
Trade receivables	16,688	15,766
Loss allowance	(870)	(841)
	15,818	**14,925**

The loss allowance changed as follows:

(€'000)	**December 31, 2022**
Opening balance	870
Accrual of the year	195
Utilisation / Release of the year	(224)
Closing balance	**841**

At December 31, 2022, the loss allowance mainly related to amounts past due by more than 90 days and concerned only a few foreign customers.

The residual amount relates to customers who expressed their uncertainty about their ability to repay the outstanding balances, mainly as a result of financial difficulties.

The **Utilisation/Release of the year** of **€224 thousand** relates to an amount which can no longer be recovered.

At December 31, 2022, trade receivables - related parties were entirely comprised of transactions with subsidiaries.
These may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Trade receivables - subsidiaries	**36,945**	46,445
Loss allowance	**-**	(1,325)
Total	**36,945**	**45,120**

The loss allowance changed as follows:

(€'000)	December 31, 2022
Opening balance	-
Accrual of the year	1.325
Release of the year	-
Closing balance	**1.325**

As at 31 December 2022, the loss allowance refers to amounts past due by more one year and exclusively concerns Guala Closures Argentina. Local regulations provided some restrictions for payments of service agreement and royalties charged to the local branch that requires to accrue a dedicated provision.

They may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Guala Closures UCP Ltd.	8,981	15,191
Guala Closures Mexico S.A. de C.V.	3,681	5,733
Guala Closures UK Ltd	2,417	4,008
Guala Closures Iberica S.A.	2,502	3,663
Guala Closures Chile SpA	3,148	3,619
Guala Closures Deutschland GmbH	4,449	2,341
Guala Closures Ukraine LLC	1,949	2,749
Guala Closures South Africa PTY Ltd	3,991	1,345
Guala Closures North America Inc.	415	1,329
Guala Closures Argentina S.A.	2,490	1,097
Guala Closures (India) Pvt Ltd	328	840
Guala Closures DGS Poland SA	580	727
Guala Closures New Zealand Ltd	833	470
Beijing Guala Closures Ltd	84	467
Guala Closures France SAS	336	304
Guala Closures Australia Pty Ltd	419	247
Guala Closures do Brasil Ltda	74	231
Guala Closures Bulgaria A.D.	37	228
Labrenta S.r.l.	-	213
Guala Closures East Africa Ltd	110	180
Guala Closures de Colombia Ltda	80	135
GCL International SARL	41	2
Total	**36,945**	**45,120**

Intragroup trade receivables are part of ordinary transactions agreed at market conditions.

(19) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Raw materials, consumables and supplies	10,658	16,808
(Allowance for inventory write-down)	(2,808)	(2,697)
Work in progress and semi-finished products	6,385	11,575
(Allowance for inventory write-down)	(641)	(1,494)
Finished products and goods	4,985	6,668
(Allowance for inventory write-down)	(739)	(730)
Payments on account	42	9
Total	**17,881**	**30,139**

Changes in this caption are as follows:

(€'000)	
January 1, 2022	17,881
Change in raw materials, consumables and supplies	6,228
Change in finished goods and semi-finished products	6,030
December 31, 2022	**30,139**

The allowance for inventory write-down changed as follows:

(€'000)	**December 31, 2022**
Opening balance	4,189
Accrual of the year	1,595
Utilisations	(864)
Total	**4,920**

The increase in the allowance for inventory write-down is mainly due to the adoption of a more conservative approach for those items that have not moved for more than one year.

(20) Current direct tax assets

Current direct tax assets of **€2,859 thousand** at December 31, 2022 may be analysed as follows:

(€'000)	**December 31, 2021**	**December 31, 2022**
IRES to be offset during the year/other	193	2,859
Total	**193**	**2,859**

At December 31, 2022, the IRES (corporate income tax) asset amounts to €1,551 thousand resulting from the ACE transformation into tax credit, €1,267 thousand for the energy and gas tax credit and €39 thousand resulting from measures to encourage investments.

(21) Current indirect tax assets

Current indirect tax assets of **€1,078 thousand** at December 31, 2022 relate to VAT.

(22) Derivative assets

At December 31, 2022, there were no financial assets related to aluminium derivatives held for trading.

(23) Other current assets

Third parties may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Amounts due from employees	12	11
INAIL (Italy's institute for insurance against accidents at work)	17	17
Other	665	592
Totale	**694**	**621**

Other includes the residual €592 thousand related to the aluminium supplier bail.

Related parties may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Guala East Africa Ltd Capex	641	924
Guala Closures UK Ltd Capex	1	160
Guala Closures Mexico,S.A. de C.V. Capex	17	150
Guala Closures Bulgaria A.D. Capex	60	118
Guala Closures Iberica, S.A. Capex.	5	63
Guala Closures North America Capex	-	46
Guala Closures (India) Pvt Ltd Capex	12	42
Guala Closures UCP Ltd Capex	94	26
Guala Closures do Brasil Ltda Capex	-	15
Guala Closures South Africa Pty Ltd Capex	26	10
Guala Closures Argentina S.A. Capex	9	5
Guala Closures Chile SpA Capex	22	5
Guala Closures New Zealand Capex		3
GCL International Sarl Capex	48	1
Guala Closures de Colombia Ltda Capex	1	1
Guala Closures Ucraine Capex	523	-
Guala Closures Poland Capex	98	-
Guala Closures Australia Holdings Pty Ltd Capex	46	-
Beijing Guala Closures Ltd Capex	14	-
Total	**1,616**	**1,568**

(24) Assets classified as held for sale

Assets classified as held for sale refer specifically to assets to be sold. At December 31, 2022 the value was **€0**

(25) Equity investments

Equity investments amount to **€707,407 thousand**.

a) Investments in subsidiaries

Investments in direct subsidiaries may be analysed as follows:

	December 31, 2021		December 31, 2022	
(€'000)	Carrying amount	Equity	Carrying amout	Equity
Guala Closures International B.V.	657,885	293,408	657,885	314,672
Labrenta S.r.l.			49,377	49,220
Total investment	**657,885**	**293,408**	**707.263**	**363,892**

Equity of Guala Closures International B.V. refers to the consolidated equity of Guala Closures International at December 31, 2022.

On October 4, 2022, following the agreement reached on July 6, 2022, Guala Closures S.p.A. and Cortapedra S.r.l. signed the closing of the acquisition for the purchase of 100% of the quota capital of Labrenta Group, based in Breganze (VI), which operates in the production and sale of closures for the luxury segment.

Cortapedra S.r.l. is a related party of Guala Closures S.p.A. as the owners are directors of Labrenta S.r.l.. The following transactions are in place at 31 December 2022 as a consequence of Labrenta S.r.l. acquisition:

- €15 million deferred price. Interest-bearing amount subject to eventual price adjustment
- €15 million ad capital contribution paid by SPSI
- €14,6 million as cash out for the said transaction
- €4.8 million earn out. To be paid if certain conditions are met

Labrenta Group included three subsidiaries located in Brazil, Mexico (put on liquidation in November 2022) and US for a production capacity of approximately 180 million annual closures. Labrenta has around 140 employees and over 800 customers in more than 70 countries.

b) Investments in other companies

The company holds an investment of €11 thousand in Consorzio per la promozione della cultura plastica (PROPLAST), with registered office in Tortona.

It also holds an investment of €121 thousand in Wallfarm S.r.l. with registered office in Rome, and an investment of €2 thousand, or 20%, in IACOMEC S.r.l., with registered office in Latina.

The total carrying amount of the three investments is €134 thousand. Other investments amount to €10 thousand and may be analysed as follows:

(€'000)	Conai Consortium	Replastic Consortium	Idroenergia Scrl	Other	Total
January 1, 2022	5	2	1	2	**10**
December 31, 2022	5	2	1	2	**10**

(26) Property, plant and equipment

The following table shows the changes in this caption:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other operations	Assets under construction and payments on account	Total
Historical cost at December 31, 2021	20,105	41,427	15,515	505	1,615	**79,167**
Accumulated depreciation at December 31, 2021	(2,457)	(17,517)	(6,998)	(198)	-	**(27,169)**
Carrying amount at December 31, 2021	**17,649**	**23,910**	**8,517**	**307**	**1,615**	**51,997**
Carrying amount at January 1, 2022	**17,649**	**23,910**	**8,517**	**307**	**1,615**	**51,997**
Increases	-	-	-	-	13,733	**13,733**
Decreases	-	(2,179)	(1,218)	(1)	(933)	**(4,331)**
Decreases in allowances	-	1,251	757	1	-	**2,009**
Impairment	-	(224)	-	-	-	**(224)**
Reclassifications	17	6,005	2,731	81	(8,833)	**-**
Depreciation	(726)	(3,403)	(1,332)	(104)	-	**(5,565)**
Historical cost at December 31, 2022	20,122	45,253	17,028	585	5,581	**88,569**
Accumulated depreciation at December 31, 2022	(3,183)	(19,893)	(7,573)	(301)	-	**(30,950)**
Carrying amount at December 31, 2022	**16,939**	**25,360**	**9,455**	**284**	**5,581**	**57,619**

In 2022, the main investments of the year were:

- in Alessandria for a 30x60 production line from GC Deutschland for €1,000 thousand and for a 643 production line from GC Poland for €200 thousand (wine/spirit market), extraordinary maintenance and completion of production machines of various departments, as well as the investment for new Luxury closure (Hennessey XO);

- in Termoli investments were mainly to increase the capacity of the existing oil closures, with new moulds, but also for spirit closures, such as 1228 for Jack Daniel's, to improve productivity and volumes in response to market demand. Another investment to consider concerns the purchase of a line for a new closure (Flavorlock) for the water market.

Property, plant and equipment include the amounts arising from internal work capitalised.

(27) Right-of-use assets

The following table gives a breakdown of this caption at December 31, 2022:

(€'000)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**Total**
Historical cost at December 31, 2021	2,556	-	1,147	903	**4,606**
Accumulated depreciation at December 31, 2021	(523)	-	(653)	(394)	**(1,570)**
Carrying amount at December 31, 2021	**2,033**	**-**	**494**	**509**	**3,036**
Carrying amount at January 1, 2022	**2,033**	**-**	**494**	**509**	**3,036**
Increases	570	-	444	188	**1,202**
Decreases	-	-	(3)	(17)	**(20)**
Depreciation	(703)	-	(347)	(247)	**(1,296)**
Historical cost at December 31, 2022	2,978	-	1,146	904	**5,028**
Accumulated depreciation at December 31, 2022	(1,078)	-	(557)	(472)	**(2,108)**
Carrying amount at December 31, 2022	**1,900**	**-**	**588**	**432**	**2,921**

(28) Intangible assets

The following table shows the changes in this caption:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2021	3,467	87,530	48,968	30,560	815	**171,340**
Accumulated depreciation at December 31, 2021	(2,029)	(15,154)	-	(3,874)	-	**(21,056)**
Carrying amount at December 31, 2021	**1,438**	**72,376**	**48,968**	**26,686**	**815**	**150,284**
Increases	-	-	-	-	2,139	**2,139**
Decreases	-	-	-	-	(261)	**(261)**
Impairment losses	-	-	-	-	(1)	(1)
Reclassification	572	423	-	-	(995)	-
Amortisation	(601)	(1,641)	-	(920)	-	**(3,162)**
Historical cost at December 31, 2022	4,039	87,953	48,968	30,560	1,697	**173,217**
Accumulated amortisation at December 31, 2022	(2,630)	(16,795)	-	(4,794)	-	**(24,218)**
Carrying amount at December 31, 2022	**1,409**	**71,158**	**48,968**	**25,766**	**1,697**	**148,999**

In 2022, intangible assets increased of €2,139 thousand, in relation to development costs (€ 1,112 thousand), particularly for orders related to the Hennessey XO closure and the magnetoforming project - Darwin Diageo.

(29) Impairment losses

As described in note 3) Accounting policies, goodwill is not amortised, but is tested for impairment. The company checks the recoverability of goodwill at least once a year, or more frequently if specific events or circumstances indicate impairment, by testing each CGU (cash-generating unit).

The impairment test on the separate financial statements of Guala Closures S.p.A. was carried out on:

1. the net invested capital of Guala Closures S.p.A. (the "Italy CGU"), by comparing:
   - Carrying amount: net invested capital including goodwill, though net of the carrying amount of investments in subsidiaries recognised in the separate financial statements of Guala Closures S.p.A. at the date the test was carried out, allocated to the only CGU identified;
   - Recoverable amount: the recoverable amount of the CGU, arising from the application of the discounted cash flow model to Guala Closures S.p.A.'s expected cash flows (Enterprise Value), excluding expected dividends.
2. investments in subsidiaries, including the investment in Guala Closures International B.V., by comparing:
   - Carrying amount: the carrying amount of each investment recognised in the separate financial statements of Guala Closures S.p.A.;
   - Recoverable amount: the recoverable amount arising from the application of the discounted cash flow model to the companies' expected cash flows, calculated as equity value, and considered to the extent of the investment percentage.
3. The Guala Closures trademark by comparing:

- Carrying amount: the carrying amount of the Guala Closure trademark recognised in the separate financial statements of Guala Closures S.p.A.;
- Recoverable amount: the recoverable amount arising from the application of the relief from royalty method to the company's expected cash flows (Fair Value)

Under IAS 36, impairment tests are carried out on the investments whose carrying amount exceeds equity (considering the investment percentage).

Impairment test on the Italy CGU

Goodwill allocated to the Italy CGU was successfully tested for impairment at the reporting date. Consequently, no impairment loss was recognised on goodwill at December 31, 2022. Goodwill has never been impaired.

The recoverability of the recognised amounts is tested by comparing the net invested capital (carrying amount) of the CGU with the related recoverable amount. The recoverable amount of goodwill is equal to value in use, i.e., the present value of the operating cash flows which arise from the forecasts included in the Company's approved budget figures for 2023 and projecting the financials for the following four years (2024-2027) (**"the projections**"), and the normalised terminal value, used to express a summary estimate of future figures over the explicit given timeframe. These cash flows are subsequently discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the company asset or CGU.

The discounted cash flow model is based on the Projections approved by the board of directors on April 27, 2023 which envisages a CAGR of net revenue and EBITDA of 4% and 7%, respectively. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make. Such growth rate is consistent with the inflation expected in the countries in which the group operates weighted by revenue for the geographical segment.

In the 2022 valuation, the following assumptions were used:

- the WACC for the Closures division was weighted by the net revenue percentage by destination market of each country in respect of the consolidated net revenue, with a weighted average of 8.24%;
- long-term growth rate "g": a value of 2.4% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2022) by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation.

The discount rate was a post-tax measure estimated based on the past history and the industry weighted-average cost of capital, with a possible percentage of indebtedness of 34.6% at a market interest rate of 5%.

The division's estimated recoverable amount exceeds the carrying amount by €117 million (2021: €321 million). The lower headroom compared to the previous year mainly derives from the increase in financial parameter impacting the WACC utilised for the value in use

The estimates and projected figures to which the above parameters are applied are calculated by management based on past experience and the expected developments of the markets in which the group operates at the reporting date. To this end, the current international macro-economic situation, the possible economic-financial impacts and the current downturn due to the health emergency, may result in uncertain scenarios in terms of achieving the objectives and levels of activity set out in the projections.

The group has also carried out a sensitivity analysis of changes in the WACC and 'g' rates. Specifically, the WACC and the 'g' rates which, individually, would make the CGU's recoverable amount equal to its carrying amount at December 31, 2022 are 11.71% and 2.41%, respectively.

In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €25 million, while a reduction in the growth rate of 0.5% would lead to a reduction in headroom of €21 million.

This sensitivity analyzes highlighted the company's low vulnerability to the effects of the crisis in the medium term and resilience in the ability to generate income in the long term.

However, the estimate of goodwill's recoverable amount requires management's discretion and use of estimates, and, therefore, goodwill may be impaired in the future due to presently-unforeseeable changes in the scenario.

Group management constantly monitors the circumstances and events which may result in an additional impairment test.

Impairment test GC International

Guala Closures S.p.A.'s investments in subsidiaries are tested for impairment by comparing their carrying amount with the recoverable amount resulting from the impairment test ("equity value"), at least once a year. The recoverable amount of equity investments is calculated based on the value in use. In accordance with IAS 36, this value is the present value of expected cash flows.

The expected cash flows used to calculate the value in use of each investment are determined based on the projections approved by the board of directors on April 27, 2023.

Specifically, they were calculated starting from the projections assumptions and applying the growth rate identified for each company in line with the long-term assumptions related to sector growth rates and the country risks specific to each company.

Terminal value was calculated applying the perpetual growth method.
The discount rate (WACC) is the weighted average of the cost of risk capital and the cost of financial debt considering the tax effect generated by financial leverage.

The main basic assumptions used in carrying out the impairment test on equity investments, as commented later on, are shown in the table below:

IMPAIRMENT TEST EQUITY INVESTMENTS – ASSUMPTIONS TO DEFINE VALUE IN USE

Equity investment	**Cost**	**Equity Value**	**WACC**	**G-Rate**	**Forecast horizon**
Guala Closures International BV	658	926	10.81%	2.59%	5 years
Carrying amount at December 31, 2022	**658**	**926**			

The discounted cash flow model is based on the projections approved by the board of directors on April 27, 2023 which envisages a CAGR of net revenue and EBITDA around 4% and 7% respectively for consolidated of Guala Closures International B.V.. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make. Such growth rate is consistent with management's expectation of growth for each company.

The following assumptions were used in the 2022 valuation:

- the WACC for the CGU was calculated considering the impact of the sub-consolidated revenue and a weighted average WACC for the 2022 net revenue of each country in respect of total net revenue equal to 10.81%;
- long-term growth rate 'g': a value was used calculated by weighting the estimated inflation rate for each country by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation equal to 2.59%.

The discount rate was a post-tax measure estimated based on the past history and the industry weighted-average cost of capital, with a possible percentage of indebtedness of 35% at a market interest rate of 5%.

For Guala Closures International B.V., the estimated recoverable amount exceeds the carrying amount by approximately €268 million (2021: €267 million).

The estimates and projected figures to which the above parameters are applied are calculated by management based on past experience and the expected developments of the markets in which the companies that refer to the subsidiaries operates at the reporting date. To this end, the current international macro-economic situation, the possible financial impacts and the current downturn due to the health emergency, may result in uncertain scenarios in terms of achieving the objectives and levels of activity set out in the projections.

Based on the above, management carried out a sensitivity analysis of changes in the WACC and 'g' rates. Specifically, a 50 bp increase in the 'g' rate would correspond to an increase in the recoverable value in use of approximately €61 million, while a decrease of 50 bp would result in a decrease of approximately €54 million. In any case, the carrying amount would be fully recoverable. With respect to the changes in WACC, a decrease of 50 bp would correspond to an increase in the recoverable value in use of approximately €80 million, while an increase of 50 bp would result in a decrease in the recoverable value in use of approximately €71 million. In any case, no impairment loss would be recognised.

Specifically, the WACC and the 'g' rates which, individually, would make the "CGU International" 's recoverable amount equal to its carrying amount at December 31, 2022 are 13.10% and -0.67%, respectively

This sensitivity analysis has highlighted the company's low vulnerability to the effects of the crisis in the medium term and resilience in the ability to generate income in the long term.

Company management constantly monitors the circumstances and events which may result in an additional impairment test.

Impairment test GC Trademark

The intangibles assets were tested for impairment at reporting date adopting the Relief from Royalty ("RFR") method and no impairment loss was recognised on the Guala Closures trademark as at December 31, 2022 with a fair value exceeding the carrying amount for an amount of approximately €57 million (2021: €70 million).

The royalty used for the calculation represents the rental charge, which would be paid to the licensor if this hypothetical arrangement were in place based suitable comparable transactions and prices involving third parties.

The following assumptions were used in the 2022 valuation:

- Trademark revenues are based on projections approved by the board of directors on April 27, 2023 which envisages a CAGR of net revenue and EBITDA of 4% and 7%, respectively;

- Royalty rate of 2% equal to that paid by the group's legal entities to Guala Closures S.p.A. and align with market comparable;
- The discount rate was calculated by adding a spread of 2% to the Group's WACC used for the impairment test of goodwill, due to the higher inherent riskiness as intangible asset;
- Long-term growth rate "g" 2.5% was used calculated by weighting the estimated inflation rate for each country (source: The Economist-December 2022) by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation.

The company has also carried out a sensitivity analysis of changes in the WACC and 'g' rates. Specifically, the WACC and the 'g' rates which, individually, would make the Guala trademark's recoverable amount equal to its carrying amount at December 31, 2022 are 20.93% and -17.69%, respectively.
In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €6 million, while a reduction in the growth rate of 0.5% would lead to a reduction in headroom of €4 million.

(30) Deferred tax assets and liabilities

The following table gives a breakdown of this caption at December 31, 2022:

	Assets		Liabilities		Net Value	
(€'000)	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**
Entertainment expenses	-	-	-	-	-	-
Agents' termination indemnity	29	29	-	-	29	29
Allowance for inventory write-down	1,006	1,181	-	-	1,006	1,181
Bad debt allowance	149	467	-	-	149	467
Provision for damages and penalties	397	528	-	-	397	528
Amortisation and depreciation	289	181	(38,626)	(37,738)	(38,337)	(37,557)
Other	488	1,407	(507)	(151)	(20)	1,256
Prior year tax losses	13,143	33,072			13,143	33,072
Leases	124	125			124	125
Employee benefits	124	-	-	(113)	124	(113)
Derivatives	17	-	(37)	-	(20)	-
Total	**15,765**	**36,989**	**(39,170)**	**(38,002)**	**(23,405)**	**(1,013)**

The rates applied to calculate deferred tax assets and liabilities are as follows:
IRES: 24% - IRAP: 5.57%,

The IRAP rate was adjusted to reflect the fact that Guala Closures S.p.A. is an industrial holding company and the related tax regime applicable as of the date of approval of the 2022 financial statements, due to the carrying amount of the investments, which, following the revaluation carried out through the PPA procedure of the business combination of the 2018 corporate reorganisation, exceeds 50% of the company's assets.

(31) Other non-current assets

This caption of **€2,575 thousand** relates to sundry tax assets. Of this amount €2,447 thousand are related to transformation of ACE into an IRAP tax credit that can be used to offset IRAP in the next five years, while €129 thousand relates to the tax credit for new capital expenditures.

(32) Current and non-current financial liabilities

This section provides information on the contractual terms governing the company's bank overdrafts, borrowings and bonds.

Reference should be made to note 44) Fair value of financial instruments and sensitivity analysis for further information on the company's exposure to interest and currency risks.

"Bonds" refer to 3¼% Senior Secured Notes maturing in 2028 (the "**2028 Notes**") of €500 million in aggregate principal amount issued under an indenture dated July 7, 2021 among, *inter alia*, Guala Closures, U.S. Bank Trustees Limited, as trustee and security agent, *mandatario con rappresentanza* and security representative (*rappresentante*) of the Holders of the Notes pursuant to article 2414-bis.3 of the Italian Civil Code (the "**2028 Notes Indenture**").

The 2028 Notes bear fixed interest at a rate of 3¼% per annum, payable semi-annually in arrears on June 15 and December 15 of each year and will mature on June 15, 2028. The 2028 Notes Indenture contain key covenants based on incurrence tests that, among other things, limit the ability of Guala Closures and its restricted subsidiaries to incur or guarantee additional indebtedness and issue certain preferred stock, pay dividends, redeem capital stock and make certain investments, make certain other restricted payments, create or permit to exist certain liens, impose restrictions on the ability of its subsidiaries to pay dividends or make other payments, dispose of its assets, merge or consolidate with other entities, and impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to a number of important limitations and exceptions.

Guala Closures has an available amount of €80 million (equivalent) multi-currency revolving credit facility (the "**2028 RCF**") governed by English law (with information undertakings, restrictive covenants, events of default and related definitions interpreted in accordance with New York law), entered into on June 28, 2021, by and between Guala Closures, as borrower, U.S. Bank Global Corporate Trust Limited, as the agent, and Deutsche Bank Aktiengesellschaft, Credit Suisse AG, Milan Branch, Goldman Sachs Bank Europe SE, Unicredit S.p.A. and Bank of America Designated Activity Company, as mandated lead arrangers. The 2028 RCF bears an interest rate applicable to drawn amounts equal to EURIBOR (for loans in euro), SONIA (for loans in pounds sterling) and LIBOR (for loans in any other currency) (subject, in each case, to a floor of zero) + 2.0%. This margin decreased from the original rate of 2.5% to 2.0% based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF will expire January 7, 2028. Furthermore on August 8, 2022, Guala Closures subscribed an "Additional Facility Lender" to the "2028 RCF" with Cassa Depositi e Prestiti S.p.A. ("CDP") for an amount of €16 million. The expiry date of the additional facility is in line with the 2028 RCF bearing an interest rate applicable to drawn amounts equal to EURIBOR, LIBOR or a different parameter identified as the Compounded Reference Rate (2028 RCF + 2.5% p.a.), but based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF margin decreased from the original rate of 2.5% to 2.0% based on the decreasing leverage-based margin. Guala Closures paid an upfront fee of €0.4 million.

Credit facilities at December 31, 2022 are shown below:

Credit facilities	Total amount (thousands of EUR)	Available amount (thousands of EUR)	Amount used at December 31, 2022	Residual available amount at December 31, 2022	Repayment date
Bonds Guala Closures S.p.A. - Senior Secured Notes due 2028	500,000	500,000	500,000	-	final repayment 06/15/2028
Revolving Credit Facility due 2028	96,000	96,000	-	96,000	final repayment 01/07/2028
Total	**596,000**	**596,000**	**500,000**	**96,000**	

Reference should be made to note 47) Commitments and guarantees for information on the guarantees given.

Financial liabilities at December 31, 2021 and 2022 are shown below:

(€'000)	December 31, 2021	December 31, 2022
Bank overdrafts and current loans		
Bonds	722	677
Bank loans and borrowings	130	118
Other financial liabilities	593	1,618
	1,446	2,413
Non-current loans		
Bonds	485,123	487,197
Bank loans and borrowings	(966)	(1,323)
Other financial liabilities	2,435	21,349
	486,591	507,224
Total	**488,037**	**509,636**

Other financial liabilities includes current amounts of €1,000 thousand and € 18,922 thousand due after one year to Cortapedra for the acquisition of quotas of Labrenta Srl.

The terms and expiry dates of the financial liabilities at December 31, 2021 and 2022, included in the statement of financial position as required by IAS 31.1.65, are shown below:

					Nominal amount			
					Current	Non-current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 2021	Within one year	Between one to five years	More than five years	Non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes by Guala Closures S.p.A.	€	3.25%	2028	500,000	-	-	500,000	500,000
Interest on bonds	€	n.a.	2022	722	722	-	-	-
Transaction costs	€	n.a.	2028	(14,877)	-	-	(14,877)	(14,877)
TOT. BOND SSN 2028 GUALA CLOSURES SPA				**485,845**	**722**	**-**	**485,123**	**485,123**
Bank loans and borrowings:								
Senior Revolving Facility Guala Closures S.p.A.	€	Euribor 3M + 2.50%	2028	-	-	-	-	-
Transaction costs	€	n.a.	2028	(966)	-	-	(966)	(966)
Total bank loans and borrowings				**(966)**	**-**	**-**	**(966)**	**(966)**
Other accrued expenses Guala Closures S.p.A.	€	n.a.	2022	130	130	-	-	-
TOTAL bank loans and borrowings				**(836)**	**130**	**-**	**(966)**	**(966)**
Other financial liabilities:								
Market warrants	€			4	4	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	3,024	589	2,435	-	2,435
Total other financial liabilities				**3,028**	**593**	**2,435**	**-**	**2,435**
Total				**488,037**	**1,446**	**2,435**	**484,156**	**486,591**

(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 2022	Nominal amount Current Within one year	Nominal amount Non-current Between one to five years	More than five years	Non-current
Bonds								
Bonds - Senior Secured Notes by Guala Closures S.p.A.	€	3.25%	2028	500,000	-	-	500,000	500,000
Interest on bonds	€	n.a.	2022	677	677	-	-	-
Transaction costs	€	n.a.	2028	(12,803)	-	-	(12,803)	(12,803)
TOT. BOND SSN 2028 GUALA CLOSURES SPA				**487,874**	**677**	**-**	**487,197**	**487,197**
Bank loans and borrowings:								
Senior Revolving Facility Guala Closures S.p.A.	€	Euribor 3M + 2.50%	2028	-	-	-	-	-
Transaction costs	€	n.a.	2028	(1,323)	-	-	(1,323)	(1,323)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(1,323)**	**-**	**-**	**(1,323)**	**(1,323)**
Other accrued expenses Guala Closures S.p.A.	€	n.a.	2022	118	118	-	-	-
TOTAL bank loans and borrowings				**(1,205)**	**118**	**-**	**(1,323)**	**(1,323)**
Other financial liabilities:								
Market warrants	€			-	-	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	3,046	618	2,428	-	2,428
Other liabilities (to Cortapedra Srl : Acquisition of Labrenta Srl)	€	n.a.	n.a.	19,922	1,000	18,922	-	18,922
Total other financial liabilities				**22,967**	**1,618**	**21,349**	**-**	**21,349**
TOTAL				**509,636**	**2,413**	**21,349**	**485,874**	**507,224**

(33) Trade payables

Trade payables - third parties may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Suppliers	38,704	41,118
Payments on account	94	75
Total	**38,798**	**41,193**

At December 31, 2022, trade payables due to third parties may be analysed by geographical segment as follows:

(€'000)	December 31, 2021	December 31, 2022
Europe	38,560	37,558
Rest of the World	238	3,635
Total	**38,798**	**41,193**

At December 31, 2022, trade payables may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Other currencies	Total
Trade payables - third parties	37,542	3,635	10	7	**41,193**

Payables to related parties are amounts due to subsidiaries and may be analysed as follows:

(€'000)	December 31, 2021	December 31, 2022
Guala Closures Technologia Ukraine LLC	1,072	**7,907**
GCL International Sarl	(549)	**866**
Guala Closures Iberica S.A.	197	**481**
Guala Closures North America Inc.	123	**480**
Guala Closures Bulgaria AD	49	**209**
Guala Closures DGS Poland SA	442	**189**
Guala Closures UK Ltd	213	**143**
Guala Closures France SAS	116	**101**
Guala Closures Turkey A.S.	5	**65**
Guala Closures (India) Pvt Ltd	-	**58**
Guala Closures Deutschland GmbH	52	**37**
Beijing Guala Closures Ltd	1	**27**
Labrenta S.r.l.	-	**25**
Guala Closures do Brasil Ltda	2	**18**
Guala Closures UCP Ltd	-	**17**
Guala Closures Mexico S.A. de C.V.	-	**17**
Guala Closures De Colombia Ltda	1	**3**
Guala Closures Australia PTY Ltd	-	**1**
Total	**1,724**	**10,643**

At December 31, 2022, payables due to subsidiaries may be analysed by geographical segment as follows:

(€'000)	December 31, 2021	December 31, 2022
Europe	1,592	**9,973**
Rest of the World	123	**480**
Asia	6	**150**
Latin America	3	**39**
Oceania	-	**1**
Total	**1,724**	**10,643**

At December 31, 2022, receivables due from subsidiaries may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Other	Total
Trade payables - subsidiaries	9,854	625	163	1	**10,643**

(34) Current direct tax liabilities

Current direct tax liabilities of **€820 thousand** at December 31, 2022 relate to IRAP (regional production tax).

(€'000)	**December 31, 2021**	**December 31, 2022**
Current direct tax liabilities	-	**820**
Total	**-**	**820**

(35) Indirect tax liabilities

Current indirect tax liabilities of **€1,170 thousand** at December 31, 2022 relate to other indirect taxes.

The caption may be analysed as follows:

(€'000)	**December 31, 2021**	**December 31, 2022**
Withholdings	641	1,065
Conai contribution	92	78
Substitute tax on post-employment benefits	34	26
Total	**767**	**1,170**

(36) Provisions

This caption may be analysed as follows:

- *Current provisions*

(€'000)	**December 31, 2021**	**December 31 2022**
Provision for returns	1,143	**1,739**
Provision for restructuring	150	**-**
Provision for tax risks	3	**3**
Total current provisions	**1,296**	**1,742**

The **provision for returns** reflects the best estimate of the risks for future charges for possible customer claims at the reporting date.

- *Non-current provisions*

(€'000)	**December 31, 2021**	**December 31, 2022**
Provision for agents' termination indemnity	146	**158**
Provision for legal disputes	61	**57**
Total non-current provisions	**207**	**215**

Changes in the provisions are as follows:

- *Current provisions*

(€'000)	**December 31, 2022**
Opening current provisions	**1,296**
Allowance of the year	**742**
Utilization	**(296)**
Closing current provisions	**1,742**

- *Non-current provisions*

(€'000)	**December 31, 2022**
Opening non-current provisions	**207**
Allowance of the year	**14**
Utilization	**(6)**
Closing non-current provisions	**215**

(37) Derivative liabilities

At December 31, 2022, this caption amounted to **€976 thousand** and was entirely related to aluminium derivatives held for trading.

€'000)		
Expiry date	**Hedged amount (tons)**	**December 31, 2022 Fair value Gain/(Loss)**
January 2023	150	(82)
February 2023	225	3
March 2023	625	(24)
April 2023	625	(16)
May 2023	625	(10)
June 2023	425	23
July 2023	200	13
Total	**2,875**	**(92)**

(€'000)			
Expiry date	**Call options (tons)**	**Put options (tons)**	**December 31, 2022 Fair value**
January 2023	1,250	1,000	-
February 2023	250	700	(149)
March 2023	250	700	(143)
April 2023	250	825	(176)
May 2023	-	325	(102)
June 2023	-	425	(142)
July 2023	-	125	(33)
August 2023	-	125	(34)
September 2023	-	125	(35)
October 2023	-	125	(35)
November 2023	-	125	(35)
Total	**2,000**	**4,600**	**(884)**

(38) Other current liabilities

This caption relates to third parties and related parties for **€14,027 thousand** and **€903 thousand**, respectively.

Third parties may be analysed as follows:

(€'000)	**December 31, 2021**	**December 31, 2022**
Amounts due to employees	3,566	5,064
Social security charges payable	2,411	2,916
Other liabilities	1,824	3,778
Liabilities for capital expenditure	853	1,903
Non-recurring costs	632	366
Total	**9,286**	**14,027**

At December 31, 2022, other current liabilities to related parties refer to capital expenditure, specifically, €831 thousand to GCL International S.à r.l. and €3 thousand to Guala Closures Deutschland GmbH.

(39) Other non-current liabilities

At December 31, 2022, there are no other non-current liabilities.

(40) Employee benefits

At December 31, 2022, this caption refers to the post-employment benefits due to all company employees should they leave the company on that date.
The liability for post-employment benefits ("TFR" – Trattamento di fine rapporto) primarily relates to employee departures, determined using actuarial techniques and regulated by article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their

departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by Italy's social security institution (INPS). Companies with less than 50 employees can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution plan. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.
The related liability is determined using actuarial assumptions and is stated on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.
Actuarial gains and losses deriving from actuarial calculations at the reporting date are recognised in OCI.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

(€'000)	**December 31, 2022**
Balance at January 1,	3.504
Change recognised in profit or loss - other (income)/expense	45
Change recognised in OCI	(383)
Benefits paid	(347)
Balance at December 31, 2022	**2,819**

Actuarial parameter baseline:

	December 31, 2022
Average inflation rate	2.3% p.a.
Discount rate	3.57% p.a.
Annual rate of increase in post-employment benefits	3.225% p.a.

For valuations at December 31, 2022, an annual fixed discount rate of 3.57% was used based on the value of Iboxx indexes AA corporate bonds 7 -10 year duration at the valuation date, as per the requirements of IAS 19. The company expects to pay around €0.3 million of benefits to its defined benefit plan in 2023.

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2022 by the amounts shown below:

	Defined benefit obligation	
	Increase	**Decrease**
Turnover rate (1% movement)	**9**	**(9)**
Average inflation rate (0.25% movement)	**27**	**(27)**
Discount rate (0.25% movement)	**(43)**	**44**

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(41) Equity

The paid-up and subscribed share capital of Guala Closures S.p.A. at December 31, 2022 remained unchanged compared to December 31, 2021 and amounts to €68,907 thousand consisting of 70,028,654 ordinary shares.

In addition to the shares, there are 19,367,393 market warrants.

In July 2022, Guala Closures S.p.A. purchased for an amount of €1 million from Space Holding S.r.l. nullifying the 2,500,000 "Sponsor Warrant Guala Closures S.p.A.".

In October 2022, Guala Closures S.p.A. received €15 million as capital contribution from SPSI. This amount was invested in SPSI by the former owner of Labrenta as part of the consideration paid by Guala Closures S.p.A. for the acquisition. The group's objectives in capital management are to create value for shareholders, safeguard the group's future and to support its development.

The group seeks to maintain a sufficient level of capitalisation, while giving shareholders satisfactory returns and ensuring the group has access to external sources of financing at acceptable terms, including the maintaining of an adequate rating.
The group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.
The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

More information is available in the director's report section 2.1).

Restrictions to the distribution of equity reserves at December 31, 2022 are set out below:

(€'000)	Total amount	Available amout	Unavailable amount		*Restriction*
Share capital	68,907		68,907		Share
Premium reserve	423,837		423,837	(1)	Equity-related reserve
Legal reserve	2,310		2,310		Income-related reserve
Other reserves	203,482	31,174	172,308	(2)	Equity-related reserve
Hedging reserve					Income-related reserve
Losses carried forward	(8,551)	(8,551)			Income-related reserve
Profit for the year	31,841	30,249	1,592	(3)	Profit for the year
Total	**721,825**	**52,872**	**668,953**		

(1) €423,837 thousand of the share premium reserve is unavailable pursuant to article 2431 of the Italian Civil Code. Indeed, it cannot be distributed until the legal reserve amounts to one-fifth of the share capital;

(2) Other reserves, which include reserves for listing costs and the issue of market warrants of €13.8 million, are entirely unavailable for the following reasons:

- €159,434 thousand for the merger (share exchange) reserve as it is similar to the share Premium reserve;

- €1,409 thousand, pursuant to article 2426.5 of the Italian Civil Code, being the amount needed to cover unamortised development expenditure;
- €8,551 thousand, being the amount needed to cover the losses carried forward;

(3) €1,592 thousand of the profit for the year is unavailable in relation to the allocation of 5% to the Legal reserve

The unavailable reserves include €15.0 million linked to Labrenta S.r.l. acquisition following the capital contribution from SPSI.

(42) Repurchase of own shares

No repurchases had taken place at the reporting date.

(43) Notes to the statement of cash flows

The following is a reconciliation of liabilities arising from financing activities for the year ended December 31, 2022:

(€'000)	
Total liabilities at January 1, 2022	**488,037**
Derivative and similar net assets at January 1, 2022	(68)
Total liabilities from financing activities at January 1, 2022	**487,968**
Cash effect (*)	
Proceeds from new borrowings and bonds	1,202
Repayment of borrowings and bonds	-
Repayment of finance leases	(1,180)
Interests paid	(17,624)
Payment of transaction costs from new borrowings and Revolving Credit Facility	(559)
Non- Cash effect	
Net fair value gains on market warrants	(4)
Interest and other financial expense	17,561
Net fair value losses on derivatives	1,044
Amortisation of transaction costs	2,277
Other liabilities (to Cortapedra Srl: Acquisition of Labrenta Srl)	19,922
Other changes	(1,947)
Total liabilities from financing activities at December 31, 2022	**508,660**
Derivative and similar net assets at December 31, 2022	976
Total liabilities at December 31, 2022	**509,636**

(*) In relation to the cash effect, reference should be made to the statement of cash flows.

Other information

(44) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2021 and 2022. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2022.

December 31, 2021		Carrying amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading	22		127			**127**		127		**127**
		-	**127**	**-**	**-**	**127**	**-**	**127**	**-**	**127**
Financial assests not measured at fair value (*)										
Trade receivables - third parties	18			15,818		**15,818**				**-**
Trade receivables - related parties	18			36,945		**36,945**				**-**
Financial assets - related parties	17			278,522		**278,522**		273,471		**273,471**
Cash and cash equivalents	16			26,248		**26,248**				**-**
Financial assets - third parties	17			100		**100**				**-**
		-	**-**	**357,634**	**-**	**357,634**	**-**	**273,471**	**-**	**273,471**
Financial liabilities measured at fair value										
Market warrants	32	(4)				**(4)**			(4)	**(4)**
Aluminium derivatives used for trading	22		(58)			**(58)**		(58)		**(58)**
		(4)	**(58)**	**-**	**-**	**(62)**	**-**	**(58)**	**(4)**	**(62)**
Financial liabilities not measured at fair value (*)										
Secured bank loans	32				836	**836**		836		**836**
Secured bond issues	32				(485,845)	**(485,845)**		(499,745)		**(499,745)**
Lease liabilities (IFRS 16)	32				(3,024)	**(3,024)**				**-**
Trade payables - third parties	33				(38,798)	**(38,798)**				**-**
Trade payables - related parties	33				(1,723)	**(1,723)**				**-**
		-	**-**	**-**	**(528,554)**	**(528,554)**	**-**	**(498,909)**	**-**	**(498,909)**

(*) The company has not disclosed the fair values of some financial instruments such as cash and cash equivalents, trade receivables, financial assets and trade payables, because their carrying amounts are a reasonable approximation of fair values.

December 31, 2022		Carrying Amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading	22		-			-		-		-
		-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value (*)										
Trade receivables - third parties	18			14,925		**14,925**				-
Trade receivables - related parties	18			45,120		**45,120**				-
Financial assets - related parties	17			270,990		**270,990**		268,181		**268,181**
Cash and cash equivalents	16			20,051		**20,051**				-
Financial assets - third parties	17			111		**111**				-
		-	-	**351,198**	-	**351,198**	-	**268,181**	-	**268,181**
Financial liabilities measured at fair value										
Market warrants	32	-				-			-	-
Aluminium derivatives used for trading	22	(976)				**(976)**		(976)		**(976)**
		(976)	-	-	-	**(976)**	-	**(976)**	-	**(976)**
Financial liabilities not measured at fair value (*)										
Secured bank loans	32				1,205	**1,205**		1,205		**1,205**
Secured bond issues	32				(487,874)	**(487,874)**		(430,274)		**(430,274)**
Lease liabilities (IFRS 16)	32				(3,046)	**(3,046)**				-
Other liabilities (vs Cortapedra srl : Acquisition Labrenta Srl)	32				(19,922)	**(19,922)**				
Trade payables - third parties	33				(41,193)	**(41,193)**				-
Trade payables - related parties	33				(10,643)	**(10,643)**				-
		-	-	-	**(561,473)**	**(561,473)**	-	**(429,069)**	-	**(429,069)**

(*) The company has not disclosed the fair values of some financial instruments such as cash and cash equivalents, trade receivables, financial assets and trade payables, because their carrying amounts are a reasonable approximation of fair values.

(b) Measurement of fair values

(iii) Valuation techniques and significant unobservable inputs

Level 1

There are no financial instruments classified at level 1 at year end.

Level 2

The following table shows the valuation techniques used in measuring level 2 fair values.

Financial instruments measured and not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bond issues Finance lease liabilities Financial assets	Discounted cash flows	Not applicable.
Aluminium derivatives held for trading	Market comparison technique: the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions of similar instruments	Non applicable.

Even though secured bond issues are quoted on the OTC market like the Euro-MTF in Luxembourg, no relevant transactions were recorded during the year and therefore, these financial instruments were classified as level 2.
Furthermore, the fair value information for financial assets and financial liabilities not measured at fair value is not included as their carrying amount is a reasonable approximation of fair value.

Sometimes the company decided not to designate aluminium currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the company are forward and option exchange contracts covering aluminium exposure on raw material purchases. All derivatives contracts were designated as hedge accounting relationships in 2022 while not all derivatives are designated as hedges in 2023.

Level 3

The market warrants are measured until second quarter 2021 at fair value through profit or loss and classified under other financial liabilities. Fair value was calculated based on the market price at year end, considering the price of the STAR segment of the stock exchange, ISIN: IT0005311813.

Following completion of the sell-out, Guala's market warrants were delisted from the Italian Stock Exchange (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A. and market warrants will no longer be exercisable by their respective holders, except in the case of re-listing of the Issuer's ordinary shares on the Italian Stock Exchange (Mercato Telematico Azionario). The last market price available at the date of the delisting (July 7, 2021) was €0.0002 per market warrant. Due to the immateriality of the FV, no further analysis was carried out on these instruments.

(c) Financial risk management

The company is exposed to the following risks as a result of its operations:
- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk.

The board of directors has overall responsibility for establishing and monitoring the company's risk management system.
The proxy system ensures the risk management guidelines are implemented and regularly monitored.
The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.
The company's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the company's customer portfolio, including the segment insolvency risk and country risk, have an impact on the credit risk.

The company accrues a loss allowance equal to estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of

collective impairment losses for similar groups of assets to cover losses already incurred but not identified. The collective impairment losses are calculated on the basis of historical payment statistics.
Most of the company's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The company's historical figures indicate a very modest amount of impairment losses. The risk is fully covered by the corresponding loss allowance recognised in the separate financial statements.
There are no cases of particularly concentrated credit risk in geographical terms.

At December 31, 2022, trade receivables - third parties may be analysed by geographical segment as follows:

(€'000)	December 31, 2021	December 31, 2022
Europe	13,624	**13,561**
Latin America	155	**421**
Asia	258	**521**
Rest of the World	2,651	**1,263**
Total	**16,688**	**15,766**

At December 31, 2022, trade receivables - third parties may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2022	Impairment loss December 31, 2022	Net amount December 31, 2022
Not yet due	12,425	-	**12,425**
0-30 days past due	1,935	-	**1,935**
31-90 days past due	389	-	**389**
After 90 days	1,017	(841)	**176**
Total	**15,766**	**(841)**	**14,925**

The company believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historical payment behaviour and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the company believes that, apart from the above, no loss allowance is necessary in respect of trade receivables not yet due or past due by up to 90 days.

At December 31, 2022, trade receivables - third parties may be analysed by original currency as follows:

(€'000)	EUR	USD	NOK	Total
Trade receivables - third parties	14,717	1,049	-	**15,766**

An analysis of the credit quality of trade receivables - subsidiaries is as follows:

(€'000)	December 31, 2022
- Four or more years' trading history with the company	**27,193**
- From four to one years' trading history with the company	**17,714**
- Less than one year' trading history with the company	**213**
Total	**45,120**

At December 31, 2022, receivables due from subsidiaries may be analysed by geographical segment as follows:

(€'000)	December 31, 2021	December 31, 2022
Europe	21,292	**29,426**
Latin America	9,473	**10,816**
Asia	413	**1,307**
Oceania	1,252	**717**
Rest of the World	4,515	**2,854**
Total	**36,945**	**45,120**

At December 31, 2022, receivables due from subsidiaries may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2022	Impairment loss December 31, 2022	December 31, 2022
Not yet due	23.299	-	**23.299**
0-30 days past due	5.623	-	**5.623**
31-90 days past due	5.699	-	**5.699**
After 90 days	11.824	1,325	**10.499**
Total	**46,445**	**1,325**	**45,120**

The company calculates default interest at 3-month Euribor (zero floor) plus a spread of 2.5% on past due receivables from subsidiaries. Payments terms reflect the dynamics of payment management within the group.

At December 31, 2022, receivables due from subsidiaries may be analysed by original currency as follows:

(€'000)	€	USD	GBP	Total
Trade receivables - subsidiaries	44,151	8	2,285	**46,445**

Liquidity risk

This risk regards the company's ability to meet its obligations arising from financial liabilities.
The company's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.
The company generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. The aim of the financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the company has always met its obligations on time and has been able to re-finance the indebtedness in advance before it expires.
At the reporting date, the company has the loans, credit lines and facilities shown in the tables in note 32) Current and non-current financial liabilities to which reference should be made for additional information.

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

		Contractual cash flow			
(€'000)	**Carrying amount**	**Within one year**	**Between one and five years**	**After five years**	**Total contractual cash flows**
Non-derivatives financial liabilities					
Secured bank loans	(1,205)	544	2,176	249	2,969
Secured bond issues	487,874	16,250	65,000	507,448	588,698
Market warrants	-	-	-	-	-
Finance lease liabilities	3,046	618	2,428		3,046
Other liabilities to Cortapedra Srl for Labrenta Srl acquisition)	19,922	1,000	20,163	-	21,163
Trade payables – third parties	41,193	41,193	-	-	41,193
Trade payables – related parties	10,643	10,643	-	-	10,643
Total	**561,473**	**70,249**	**89,766**	**507,697**	**667,712**

The interest payments on variable interest rate loans and bond issues in the table above and included in contractual cash flows reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows from the contingent consideration may be different from the amounts in the above table as interest rates and exchange rates or the relevant conditions underlying the payment of contingent consideration change.
Except as previously reported, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

Interest rate risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.
The company is exposed to the interest rate risk as almost the full amount of its financial liabilities is subject to the payment of interest at floating rates subject to short-term repricing.
The company does not currently deem it necessary to hedge the portion of the liability subject to interest rate risk given the current Euribor parameters.

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities.

(€'000)	**Effective interest rate - December 2022**	**Total 12/31/22**	**Up to 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**After 5 years**
Bonds Bonds - Senior Secured Notes due in 2028 issued by Guala Closures SpA	3.25%	500,000	500,000	-	-	-	-
Accrued interest and deferred income Guala (interests on bond)	n.a.	677	677	-	-	-	-
Transaction costs	n.a.	(12,803)	(12,803)	-	-	-	-
TOTAL Bonds SSN 2028 - Guala Closures SpA		**487,874**	**487,874**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Revolving Credit Facility	2.50%	-	-	-	-	-	-
Transaction costs	n.a.	(1,323)	(1,323)	-	-	-	-
Total revolving Credit Facility		**(1,323)**	**(1,323)**	**-**	**-**	**-**	**-**
Accrued expenses and deferred income	n.a.	118	118	-	-	-	-
Total bank loans and borrowings		**118**	**118**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Market warrants	n.a.	-	-	-	-	-	-
Finance leases	n.a.	3,046	3,046				
Other liabilities	n.a.	19,922	19,922	-	-	-	-
Total other financial liabilities		**22,967**	**22,967**	**-**	**-**	**-**	**-**
Total		**509,636**	**509,636**	**-**	**-**	**-**	**-**

Sensitivity analysis

The fair value of financial liabilities was calculated by an external actuary using the following methodology:
- the cash flows generated by the outstanding liabilities are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the related repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. These rates are deducted from the swap rates using the bootstrap method for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the company's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the company's credit standing and subsequent significant changes should not arise given its current financial position.

The interest applied to the Senior Secured Notes is fixed and the Senior Revolving Credit Facility was not used at December 31, 2022 so the sensitivity analysis for the cash flows from these financial liabilities is not necessary.
The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2022:

(€'000)	**Increase of 100bp**	**Decrease of 100bp**
Intercompany loan Guala Closures International B.V.	(3,868)	3,896
Intercompany loan Guala Closures UCP Ltd.	(88)	89
Intercompany loan Guala Closures Argentina S.A.	(31)	32
Intercompany loan Guala Closures East Africa Ltd	(30)	30
Sensitivity of cash flows (net)	**(4,017)**	**4,047**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currency of the company.
The company is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.
Interest on loans is denominated in the currency of the cash flows generated by the company's underlying transactions.
The risk of exchange fluctuations was managed in the past using currency hedges when significant differences were noted between cost and revenue in foreign currency and such differences were hedged through the forward purchase or sale of foreign currency. At the reporting date, there weren't contracts hedging trade receivables in any currency.

Sensitivity analysis

The appreciation of the Euro, as indicated below, against the USD and the GBP at December 31, 2022 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis, though taking into account different changes in exchange rates deemed reasonably possible, as indicated below.

	Strengthening		**Weakening**	
2022	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	(359)	(359)	293	293
GBP (10% change)	2,918	2,918	(2,388)	(2,388)
AUD (10% change)	-	-	-	-

Other price risk

As a result of the nature of its activities, the company is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminium.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets.

The risk of fluctuations in the purchase price of aluminium is partly hedged based on market needs and outlook through derivatives which set the forward purchase price.

The following table shows the summary of the expirations of the aluminium derivatives contracts:

Expiry date	Hedged amount (tons)	Strike price (US$/ton)	December 31, 2022 Positive/(negative) fair value (€'000)
January 2023	150	2,975	(82)
February 2023	200	2,350	1
February 2023	25	2,275	2
March 2023	200	2,550	(34)
March 2023	200	2,340	5
March 2023	200	2,350	3
March 2023	25	2,275	2
April 2023	200	2,550	(32)
April 2023	200	2,340	8
April 2023	200	2,350	6
April 2023	25	2,275	2
May 2023	200	2,550	(30)
May 2023	200	2,340	9
May 2023	200	2,350	8
May 2023	25	2,275	3
June 2023	200	2,340	11
June 2023	200	2,350	9
June 2023	25	2,275	3
July 2023	200	2,340	13
Total Forward	**2,875**		**(92)**

Expiry date	Option	Hedged amount (tons)	Strike Costs (US$/ton)	December 31, 2022 Positive/(negative) fair value (€'000)
January 2023	CALL	250	65,000	0
January 2023	CALL	500	120,000	48
January 2023	CALL	200	48,000	38
January 2023	CALL	100	24,000	37
January 2023	CALL	200	48,000	94
February 2023	CALL	250	65,000	3
March 2023	CALL	250	65,000	9
April 2023	CALL	250	65,000	15
January 2023	PUT	500	(65,000)	(48)
January 2023	PUT	200	(35,000)	(38)
January 2023	PUT	100	(50,000)	(37)
January 2023	PUT	200	(120,000)	(94)
February 2023	PUT	500	(65,000)	(60)
February 2023	PUT	200	(120,000)	(92)
March 2023	PUT	500	(65,000)	(70)
March 2023	PUT	200	(110,000)	(82)
April 2023	PUT	500	(65,000)	(78)
April 2023	PUT	200	(110,000)	(82)
April 2023	PUT	125	(30,000)	(30)
May 2023	PUT	125	(30,000)	(31)
May 2023	PUT	200	(97,000)	(71)
June 2023	PUT	125	(30,000)	(32)
June 2023	PUT	200	(97,000)	(72)
June 2023	PUT	100	(50,000)	(38)
July 2023	PUT	125	(30,000)	(33)
August 2023	PUT	125	(30,000)	(34)
September 2023	PUT	125	(30,000)	(35)
October 2023	PUT	125	(30,000)	(35)
November 2023	PUT	125	(30,000)	(35)
Total CALL/PUT				**(884)**

(45) Related party transactions

Reference should be made to the following notes to the separate financial statements for information on relationships with subsidiaries: 4) Net revenue; 5) Other operating income; 7) Costs for raw materials; 8) Costs for services; 9) Personnel expense; 11) Financial income; 12) Financial expense, 13) Income from equity investments, 17) Current and non-current financial assets; 18) Trade receivables; 23) Other current assets and 33) Trade payables.

Transactions with the key management personnel are set out below:

	Costs recognized in the period									
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	**Total**	Accrual for post-employment benefits at December 31, 2022	Other payables at December 31, 2022	Cash flows in the year
Total directors/key managers	940	1,375	854	50	32	550	**3,802**	1,375	147	3,423

There are no stock option plans or any share-based payment arrangements in place at December 31, 2022.

At December 31, 2022, there were no free allocations of shares to employees.

Special Packaging Solutions Investments S.à r.l. is a related party of Guala Closures S.p.A. as it owns 100% of the share capital of Guala Closures S.p.A..

Cortapedra S.r.l. is a related party of Guala Closures S.p.A. as the owners are directors of Labrenta S.r.l.. for amounts involved please refers to Equity investment section.

The Group has share-based long-term incentive plan for certain members of management and other key employees and talents. Group's share-based payment plans and arrangements are cash-settled and provide the contingent right to receive cash at the time of the exit of the current actual shareholder of the Group or in case of IPO based on capital gain (range granted to the managers is estimated from 2% to 7% of the capital gain based on the exit price), subject to the fulfilment of a five-year service vesting condition (each year provide a vesting of 1/5 of the plan) and if certain exit price will be reached. Director estimate that this plan and arrangements have a non-significant impact on the Group's result in 2022 since the 70% of the plan was approved in November 2022 and only two key managers (totalling 40% of the pan) have already vested the first year of service at the end of the year.
There are no significant transactions with other related parties in addition to those indicated in this report or in the notes to the consolidated financial statements.

(46) Contingent liabilities

For information on contingent tax liabilities, reference should be made to note 36) Provisions.
At the date of publication of these separate financial statements, there were no significant contingent liabilities in relation to which the company can currently foresee future expenditure.

(47) Commitments and guarantees

The company's commitments and guarantees at the reporting date are as follows:

- Pledge over the Guala Closures International B.V. shares held by Guala Closures S.p.A.;

The other commitments of the company at December 31, 2022 are as follows:

(€'000)	**December 31, 2022**
Third parties assets held by the company	7,649

(48) Statutory auditors' fees

The statutory auditors' fees are as follows:

(€'000)	**Costs recognised in the year**						Post employment benefits at December 31, 2022	Other liabilities at December 31, 2022	Cash flows for the year
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post employment benefits and other supplementary pension funds	Non-Cash benefits	Total			
Total - statutory auditors	124	-	-	-	-	124	-	107	79

(49) Events after the reporting period

No significant events to be reported.

Information pursuant to article 1.125 of Law no. 124 of 4 August 2017

Paragraphs 125, 127 – Grants, contributions and economic benefits received
During the year, the company received the following grants, contributions, paid engagements and economic benefits from the public administrations and the parties covered by the first sentence of paragraph 125 of article 1 of Law no. 124/2017:

Paragraphs 126, 127 – Grants, contributions and economic benefits granted
During the year, the company did not enter into any deeds for grants, contributions, subsidies and economic benefits to natural persons and public and private bodies.

(50) Proposal of the board of directors to the shareholders

We propose the shareholders, in their ordinary meeting, resolve to allocate the profit for the year €31,840,897 as follows:
- 5% to the legal reserve €1,592,045;
- €30,248,852 to the extraordinary reserve.

On behalf of the board of directors
Chairman and CEO
Gabriele Del Torchio
(signed on the original)

April 27, 2023

Annexes to the separate financial statements of Guala Closures S.p.A.

Annex A)
List of investments in indirectly controlled subsidiaries at December 31, 2022

ANNEX A)

List of investments in indirectly controlled subsidiaries at December 31, 2022

	Registered office	Currency	Share/quota capital	Investment percentage
EUROPE				
Labrenta S.r.l.	Italy	EUR	500,000	100%
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%
GCL International Sarl	Luxembourg	EUR	15,140,700	100%
SharpEnd Partnership Ltd.	United Kindom	GBP	1,519	30%
Guala Closures UK Ltd.	United Kindom	GBP	134,000	100%
Guala Closures UCP Ltd.	United Kindom	GBP	3,509,000	100%
Guala Closures Iberica, S.A.	Spain	EUR	9,879,977	100%
Guala Closures France SAS	France	EUR	2,748,000	100%
Guala Closures Technologia Ukraine LLC	Ukraine	UAH	90,000,000	70%
Guala Closures Bulgaria AD	Bulgaria	BGN	6,252,120	70%
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%
Guala Closures BY LLC	Belarus	BYN	1,158,800	70%
Guala Closures Deutschland GmbH	Germany	EUR	500,000	100%
Guala Closures Turkey Ambalaj ve Kapak Sistemleri Sanayi ve Ticaret Anonim Şirketi	Turkey	TRY	11,000,000	100%
ASIA				
Guala Closures India pvt Ltd.	India	INR	170,000,000	95%
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%
Guala Closures (Chengdu) Co. Ltd.	China	CNY	-	100%
LATIN AMERICA and NORTH AMERICA				
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%
Guala Closures Argentina S.A. (**)	Argentina	ARS	498,960,489	100%
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,290	100%
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.2%
Guala Closures Chile SpA	Chile	CLP	6,504,935,369	100%
Guala Closures North America, Inc.	United States	USD	60,000	100%
OCEANIA				
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%
AFRICA				
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%

** The share capital reported for Guala Closures Argentina S.A. represents the nominal value and does not include the revaluation for inflation

(Translation from the Italian original which remains the definitive version)

Guala Closures S.p.A.

Consolidated and separate financial statements as at and for the year ended 31 December 2022

(with independent auditors' reports thereon)

KPMG S.p.A.

28 April 2023

KPMG S.p.A.
Revisione e organizzazione contabile
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Guala Closures S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Guala Closures S.p.A. and its subsidiaries (the "group" or "Guala Closures Group"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Guala Closures S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, 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 directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's directors' report at 31 December 2022 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the group's consolidated financial statements at 31 December 2022 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Novara, 28 April 2023

KPMG S.p.A.

(signed on the original)

Fabio Monti
Director

KPMG S.p.A.
Revisione e organizzazione contabile
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Guala Closures S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Guala Closures S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Guala Closures S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2022 and for the consistency of such report with the related separate financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the company's separate financial statements at 31 December 2022 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Novara, 28 April 2023

KPMG S.p.A.

(signed on the original)

Fabio Monti
Director

Guala Closures Group

SUSTAINABILITY REPORT
2022

Translation from the Italian original which remains the definitive version

Registered and administrative office: Via Rana, 12 - zona industriale D/6, 15122 Spinetta Marengo, Alessandria
Subscribed and fully paid-in share capital € 68.906.646 - Tax code and company registration no. 10038620968

Letter to stakeholders

Guala Closures' commitment to sustainability began in 2011 and after a first program (2011-2015), the second ended in 2022. In 12 years, together we have achieved many results and carried out many activities. Many goals have been achieved or exceeded, some only partially. We report on them in full transparency.

But let's look to the future.

Guala Closures recorded an interesting dimensional growth in 2022 and the goals for the future are equally ambitious. With the same ambition, and with the awareness that growth must be sustainable, we have defined the new 2023-2030 sustainability programme, "Sustainable Together 2030".

The aim of "Sustainable Together 2030" is to further accelerate the Group's transition towards sustainable growth for the planet and for all our stakeholders.

Precise and measurable targets have been defined, aligned with the most challenging and meaningful benchmarks, such as those proposed by the Science Based Target initiative, which, in December 2022, validated our decarbonisation objectives to be achieved by 2030. With rigor and commitment from all of us, we have developed our environmental (CO_2 emissions, water and waste), social (health and safety, training, diversity and inclusion) and governance (ethics, integrity) indicators, which we will constantly monitor, and which we proudly present in this edition of the Sustainability Report.

By combining our daily commitment with strong corporate values such as excellence and innovation, we will build the sustainable future of our Group.

Enjoy the reading.

Chairman & CEO

Gabriele Del Torchio

Index

World leader in the production of closures, we offer a wide range of products

Non-financial performance

CO2 emission intensity (t CO2e/ t finished product)

6.70

(2021: 7.22)

Variation vs. 2021	-7.2%
Variation vs. 2020	-19.3%

Water intensity (m3 / t finished product)

2.72

(2021: 2.34)

Variation vs. 2021	+16.2%
Variation vs. 2020	-2.9%

Energy intensity (Gj / t finished product)

15.55

(2021: 17.05)

Variation vs. 2021	-8.8%
Variation vs. 2020	-11.5%

Diversity & Inclusion (Women / total employees)

24.5%

(2021: 23.5%)

Variation vs. 2021	+4.5%
Variation vs. 2020	+6.4%

Accident frequency index

6.54

(2021: 6.64)

Variation vs. 2021	-1.6%
Variation vs. 2020	+9.8%

Production efficiency (OEE)

78.57%

(2021: 76.78%)

Variation vs. 2021	+2.3%
Variation vs. 2020	+3.0%

Our identity

1954 Foundation year	31 Production plants	5,040 Employees	881.0M€ Turnover	6 R&D centers
18+ bn Closures produced	300+ Closure models	3 Product lines	210+ Intellectual properties	100+ Countries in which we operate

1.1 About us

The Guala Closures Group ("Guala Closures", "Guala Closures Group" or the "Group") is a leading multinational group manufacturing closures for spirits, wine, water and non-alcoholic beverages, olive oil and other condiments. The Group is also active in the field of PET plastic bottles (polyethylene terephthalate). The Group is a global leader in the safety closures segment. Safety closures are an indispensable tool against the adulteration and counterfeiting of beverages.

Thanks to its policy of continuous product and process development, the Group has designed solutions that protect the quality and reputation of the most important international brands, by means of tamper-evident and non-refillable valve systems. The Group also invests in production and decoration processes, both to enhance customers' brands through the design and production of high value-added closures and to make replication and, therefore possible counterfeiting, difficult. All raw materials comply with food contact regulations in Europe, the United States (FDA) and the countries where closures are produced and sold.

In 2022, the Group produced and sold more than 18 billion closures across its three product categories: safety, roll-on and luxury closures. All products are sold to two types of customers: multinationals and local.

Our vision

We produce closures that offer consumers innovation, protection, safety and convenience, while also enhancing our customers' brands.

Our mission

We understand our customers' goals and embrace them as our own, applying creativity, experience, integrity and dedication to deliver superior closures and solutions to them, while reducing our environmental impact on society.

The commitment of senior management

The Guala Closures Group's senior management is committed to:

promoting the values of the Group and ensuring that they are shared and applied throughout all internal and external activities
promoting and sharing the goals of the Group and corporate social responsibility
providing all resources needed to achieve the Group's goals
analysing results and performance and checking if the targets have been achieved

Our pillars

EXCELLENCE: Providing the best possible products and services, aiming to make our customers' brands stand out.

SUSTAINABILITY: Guala Closures promotes the goal of continuous and constant sustainable development in all companies within the Group. We work together for sustainable growth.

INNOVATION: Creating innovative shapes, exploring new opportunities, setting up integrated projects able to overcome traditional aesthetic canons, approaching innovative production processes to offer winning products on an increasingly competitive market.

Our values

Transparency: clarity, completeness and correctness of information in our business activities and in our interpersonal relations

Professionalism: personnel training and growth in the pursuit of continuous and ongoing development

Protection and well-being of the environment: occupational health and safety, for products and the impact on local communities

Acknowledging and rewarding results: full disclosure of the goals and the evaluation criteria applied in relation thereto to recognise and reward our human resources.

1.2 Our products

The Guala Closures Group offers a vast range of closures and products for all types of spirits, beverages or condiments. We carefully assess and agree on the design and functionality of our closures with our customers in order to ensure the highest product quality and safety. Our **three product categories** (safety, roll-on, luxury and other closures and services) are joined by **two extension lines**: the connected e-closures and the Blossom sustainable closures.

Safety closures

37,4%

The Guala Closures Group is renowned as a key partner for alcoholic beverage producers. Our technological innovation offers spirits producers solutions that make it increasingly difficult to counterfeit products, responding to the orientation towards more premium products and differentiation.

Roll-on closures

50,2%

For this sector, we produce aluminium screw caps for wine, beverages in glass bottles, fruit juices, non-alcoholic beverages, oil and condiments, which may feature either generic or tamper-evident closure systems.

Luxury closures

9,7%

Closures designed in precious materials, such as wood, gravitech and metal. This line is mainly used by spirits producers who wish to give a luxury image to their products.

LINE EXTENSIONS

Blossom Sustainable closures

The Blossom™ sustainable closures line is the result of a long-term commitment to designing sustainable closures. Each new closure follows at least one of the four Design-To models defined in the Group’s eco-design guidelines.

Connected closures

Si These closures come equipped with NFC tags or QR codes that can be read by smartphones or other devices with a camera or NFC reader

1.3 Our markets

Spirits

66,2%

The Guala Closures Group is renowned as a key partner in the alcoholic beverages market, harnessing technological innovation to offer customised anti-counterfeit closure solutions, while responding to the move towards more premium products.

Wine

16,9%

Aluminium screw caps mean wine is more stable over time and its delicate balance is not compromised during transport. Guala Closures caps also make it easier to open and re-seal the bottle and feature liners that keep the oxygenation of the wine in check so the wine maintains its quality and flavour for longer.

Olive oil and other condiments

2,2%

The Guala Closures Group offers oil producers a wide range of short and long caps, with valves and pourers, as well as anti-drip devices specifically designed for the viscosity of oil which enable the perfect pour. The group also offers cutting-edge solutions for all types of liquid condiments.

Water

8,8%

The group produces aluminium closures for sparkling and still mineral water in glass bottles, supplying some of the leading international brands with generic or tamper-evident closure systems featuring capsules based on a patented system to show when a bottle has been opened.

Other non-alcoholic beverages

2,2%

The group produces aluminium and plastic closures for sparkling and still beverages, fruit juices and other non-alcoholic beverages, protecting its customers with generic or tamper-evident closures. All Guala Closures Group closures can be customised with high quality graphics to enhance the brand image.

The percentages refer to the group's 2022 turnover; the above categories account for 96.3%, while the remaining 3,7% comes from other revenue.

1.4 Our international footprint

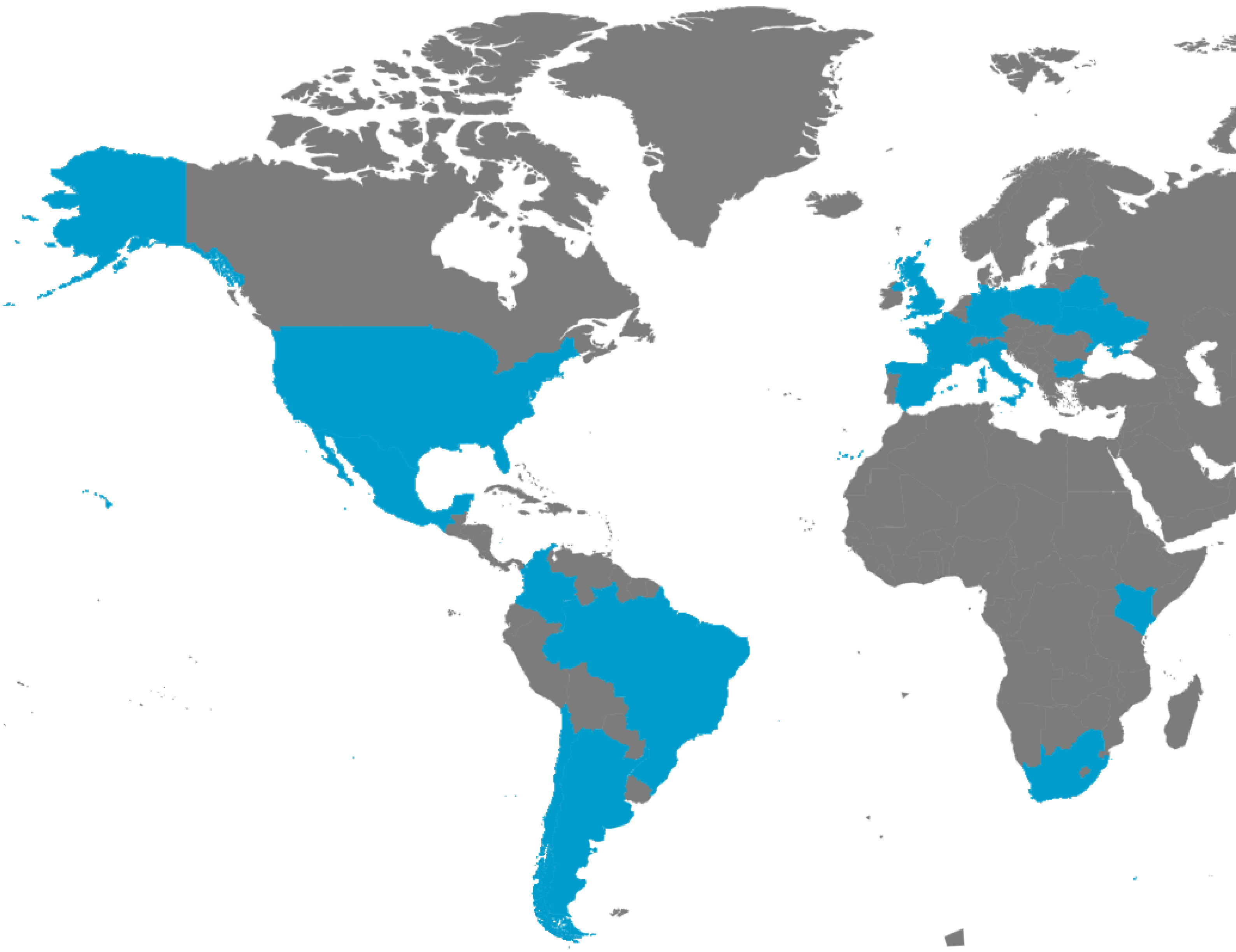
The multinational group operates on five continents and is made up of 31 factories, 2 sales offices, 1 group holding, 1 international holding and 6 research and innovation centres.

2022 is a year of strong change for Guala Closures Group. In October, Labrenta srl joined the Group with its two production plants (in Italy and Brazil) and a sales office in the USA.

A new production facility was also opened in Ternopil, Ukraine.

The group's headquarters and holding company are both located in Italy (Milan and Spinetta Marengo, respectively), while its international holding and financial office is based in Holland.

Almost all of the group's production facilities have their own sales offices. However, the group also set up a sales office in Turkey to efficiently cover the demand for closures. In 2022, the group closed the Japanese and Argentinian sales offices in Tokyo and Buenos Aires, respectively.



The production facilities fall under four categories depending on their process and product specialisation. These include 13 facilities that produce plastic closures and components, 11 facilities specialised in aluminium products and 6 facilities specialised in both types. In addition, the Magenta facility is specialised in aluminium degreasing, cutting and lithography.

During the year, the group acquired Labrenta, a company specialised in producing plastic and wooden luxury closures.

The 6 research and development centers represent an important resource for the Guala Closures Group, as they are responsible for the creation of concepts and prototypes of high-tech closures, which, once validated, are then put into production in the various plants.

Of these centres, two are located in Italy (Spinetta Marengo and Breganze), one in the United Kingdom, one in Bulgaria (Kazanlak), one in Ukraine (Sumy), one in Mexico (San Josè Iturbide).

GUALA CLOSURES FACILITIES

Europe

- **Bulgaria**: Kazanlak
- **Belarus**: Minsk
- **France**: Chambray
- **Germany**: Worms
- **Italy**: Magenta – Spinetta Marengo – Termoli – Breganze
- **Poland**: Wloclawek
- **UK**: Bridge of Allan – Kirkintilloch
- **Spain**: Jerez de la Frontera – Olerdola
- **Ukraine**: Sumy - Ternopil

North America

- **Mexico**: San José Iturbide
- **USA**: Fairfield

South America

- **Argentina**: Chivilcoy
- **Brazil**: San Paolo – Monte Belo do Sul
- **Chile**: Santiago de Cile
- **Colombia**: Bogotà

Oceania

- **Australia**: Melbourne
- **New Zealand**: Auckland

Asia

- **China**: Beijing
- **India**: Ahmedabad – Daman – Dharwad – Goa

Africa

- **Kenya**: Nairobi
- **South Africa**: Capetown

1.5 Our story

1954 Guala, specialised in the production of plastic components, is founded.

1960 The first patented non-refillable closures are produced.

1998 Guala Closures Group is established, sponsored by private investors.

2000 After Spain, Mexico, Brazil, Colombia and India, the expansion continues in Argentina, China and Russia.

2002 Acquisition of Plasticos Dumex in Mexico and 70% of Supertap in Argentina (later renamed Guala Closures Argentina and wholly owned since 2018).

2003 A new GlobalCap S.p.A. production facility is set up in Spain. The group has 21 facilities worldwide. The aluminium division is set up.

2004 A new production facility is built in Mexico.

2005 Guala Closures North America is set up for the US and Canadian markets. The Guala Closures Group is listed on the Italian stock exchange on November 22.

2006 Opening of new sales and production facilities in the USA and France.

2007 Acquisition of Auscap in Australia, a facility specialised in processing aluminium.

2008 Acquisition of 70% of Technologia Closures in Ukraine. Guala Closures Group is delisted from the Italian stock exchange.

2009 Launch of the Pharma division based in Vasto (sold in 2020).

2010 Acquisition of Danik in Bulgaria, a facility specialised in manufacturing plastic and luxury closures.

2011 Acquisition of Metalprint in Magenta (Italy), a facility specialised in aluminium degreasing, cutting and lithography, and 70% of DGS in Poland.

2012 Acquisition of Metal Closures Industries in South Africa.

2014 The group celebrates 60 years from its inception. A production facility and cutting-edge design studio opened in Fairfield (California).

2015 A new production facility is opened in Santiago de Chile. The Guala Closures Group takes part in the Milan EXPO.

2016 Acquisition of CAPMETAL in France (100% from 2020).

2017 Acquisition of Caxiom Propack Pvt Ltd in India. Acquisition of the operations of LIMAT S.A. de C.V. and ICSA in Mexico and Chile, respectively. Opening of the research centre in Luxembourg.

2018 Listing on the Italian stock exchange (STAR segment). Commencement of production in Chile. Opening Guala Closures East Africa Limited in Kenya. Acquisition of United Closures and Plastics (UCP) in Scotland.

2019 Commencement of operations of Guala Closures East Africa Limited in Kenya. Opening of the production facility in Belarus.

2020 Acquisition of 20% of SharpEnd in the UK and acquisition of Guala Closures Deutschland and Guala Closures Turkey, formerly Closure Logic.

2021 Acquisition of Investindustrial. Signing up to the UN Global Compact. Launch of the integrated Industry 4.0 management system at the Spinetta Marengo facility in Italy.

2022 Highlights

2022 was certainly a year of great expansion and change for Guala. The Group acquired a new and significant luxury closures production facility. It also launched the new 2023-2030 strategy, signed up to the Science Based Targets initiative and issued a new code of conduct along with a new materiality study.

ACQUISITION

labrenta

In October 2022, Guala Closures acquired Labrenta to further shore up its presence on the luxury closures market. Labrenta is a long-standing producer of high range closures for spirits, wine, oil, vinegar and beer. It has launched product lines that combine natural and synthetic materials, resulting in innovative and elegantly designed closures. This acquisition will generate significant synergies at industrial and commercial level by blending a full range of products in the rapidly growing luxury sector.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative approved Guala's carbon dioxide reduction objectives, formalising the Group's commitment to cutting total Scope 1 and 2 GHG emissions by 44% by 2030 and reducing greenhouse gas emissions from purchased goods and services and fuel and energy activities per million of closures finished by 25% by 2030, using 2020 as a baseline. This commitment aligns Guala's decarbonisation goals with those set out in the 2015 Paris Agreement aimed at limiting the Earth's temperature increase to below 1.5°C.

Strategy 2023-2030

2030

The Guala Closures Group rolled out its new sustainability strategy focused on improving its products' carbon footprint and social impact in order to create sustainable value for all of its stakeholders.
The global sustainability goals will address on the environmental, social and governance pillar, targeting a variety of issues and designing a specific roadmap for each one.

MATERIALITY

Guala Closures completed its new materiality study in 2022, identifying 17 material topics regarding environmental, social and governance areas. This materiality is compliant with the most recently updated GRI Standards and will be revised every year.

Code of Ethics

The Group's code of conduct was completely revamped. The new code contains 25 points and investigates a vast range of issues, renewing the Group's values of ethics, integrity and transparency.

1.6 The Group's structure

The commercial companies are responsible for sales and services in their geographical areas for the entire product range; the Group has a vast network of agents in those areas not covered by the branches.

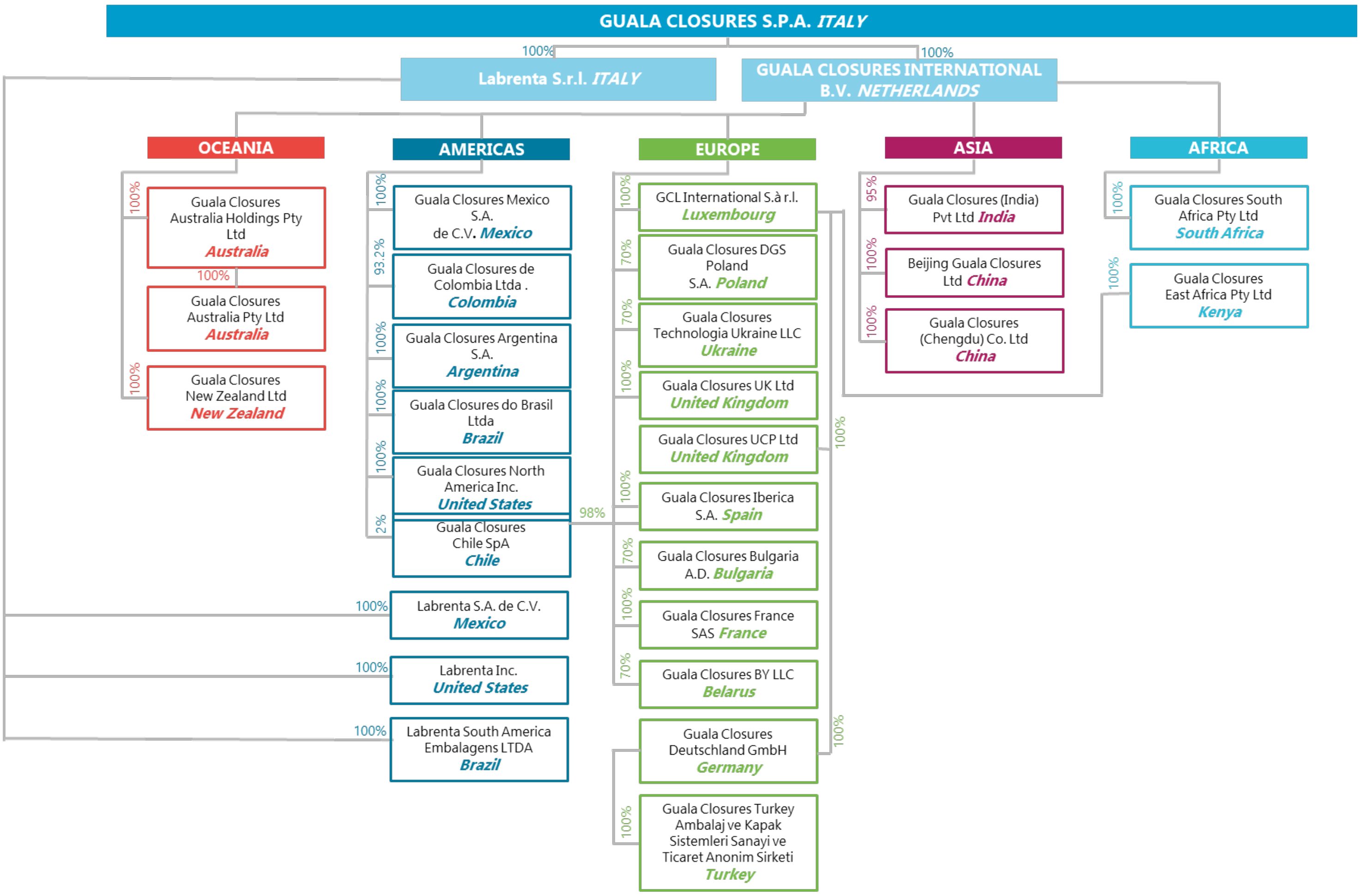
The Guala Closures Group is controlled by the operating holding company Guala Closures S.p.A. and is active through four macro-groups of companies:

- industrial and services companies;
- commercial companies;
- research and product development companies;

During 2022, the Group underwent important structural changes, first of all the acquisition of Labrenta, a company that produces closures in the luxury segment, consisting of two production plants (in Italy and Brazil) and a sales office in North America.

During the year, the commercial company Guala Closures Japan KK based in Tokyo was also closed.

The Belarusian company Guala Closures BY LLC, located in Minsk, remains open, even if it has temporarily stopped production.



1.7 Financial results

In 2022, consolidated net revenues amounted to 881.0 million euros, up by 221.4 million euros (+33.6%) compared to 2021, with the positive contribution deriving from the acquisition of the Labrenta business unit which took place in October 2022.. On a like-for-like basis, net revenues would have been 875, 6 million euros, an increase of 216 million euros (+32.7%) compared to 2021.

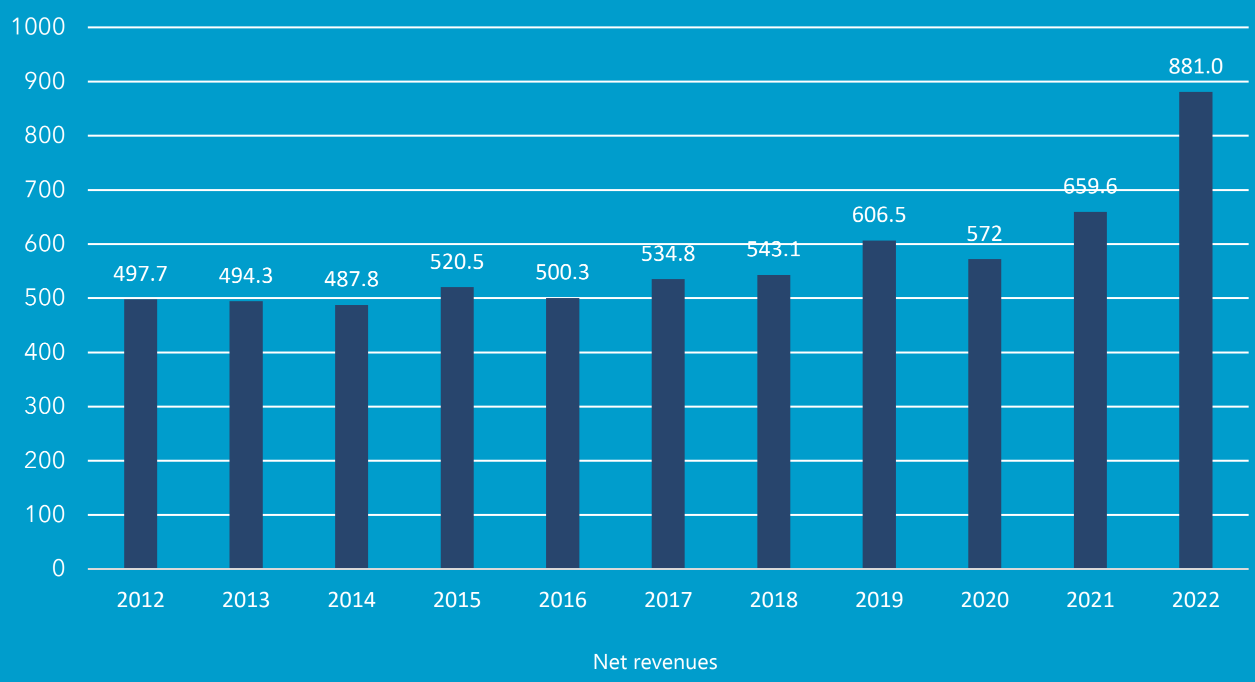
As the Group's core business, the "Closures" division accounted for more than 96% of net revenues in 2022, or 845.5 million euros. Net revenues increased across all product segments with security closures leading the growth.

Revenues from luxury closures increased by 44.5 million euros (+108% compared to 2021) due to the recovery in sales of closures for the spirits market. Revenues from roll-on closures increased by 99 million euros (+29% compared to 2021), while revenues from safety closures increased by 76.4 million euros compared to 2021, increasing the company's turnover by 30%. category compared to 2021. Other revenues grew by 1.4 million euros (+6% compared to 2021). These revenues include the sale of pharmaceutical closures, PET and other revenues not included in the above categories.

The increase in 2022 net revenues is mainly due to the spirits and water market, which respectively expanded by 38% (+160.6 million euros) and 49% (+25.4 million euros) compared to 2021. Net revenues in the wine market increased by 25.3 million euros (20% expansion), while the markets for other beverages and oil and condiments both expanded by 32%, both increasing by 4.6 million euros.

From a geographical point of view, the business units located in Europe and America were the driving force behind the expansion of turnover, reporting an increase in revenues compared to 2021 of 33% (+126 million) and 54% (+77 million) respectively .9 million euros). Asia and Oceania follow, both with a 13% increase in turnover (+9.8 million in Asia and +4.5 million in Oceania). Marked expansion of turnover also in Africa, where an increase in turnover of 2.4 million euros allowed an increase in revenues of 11% compared to 2021.

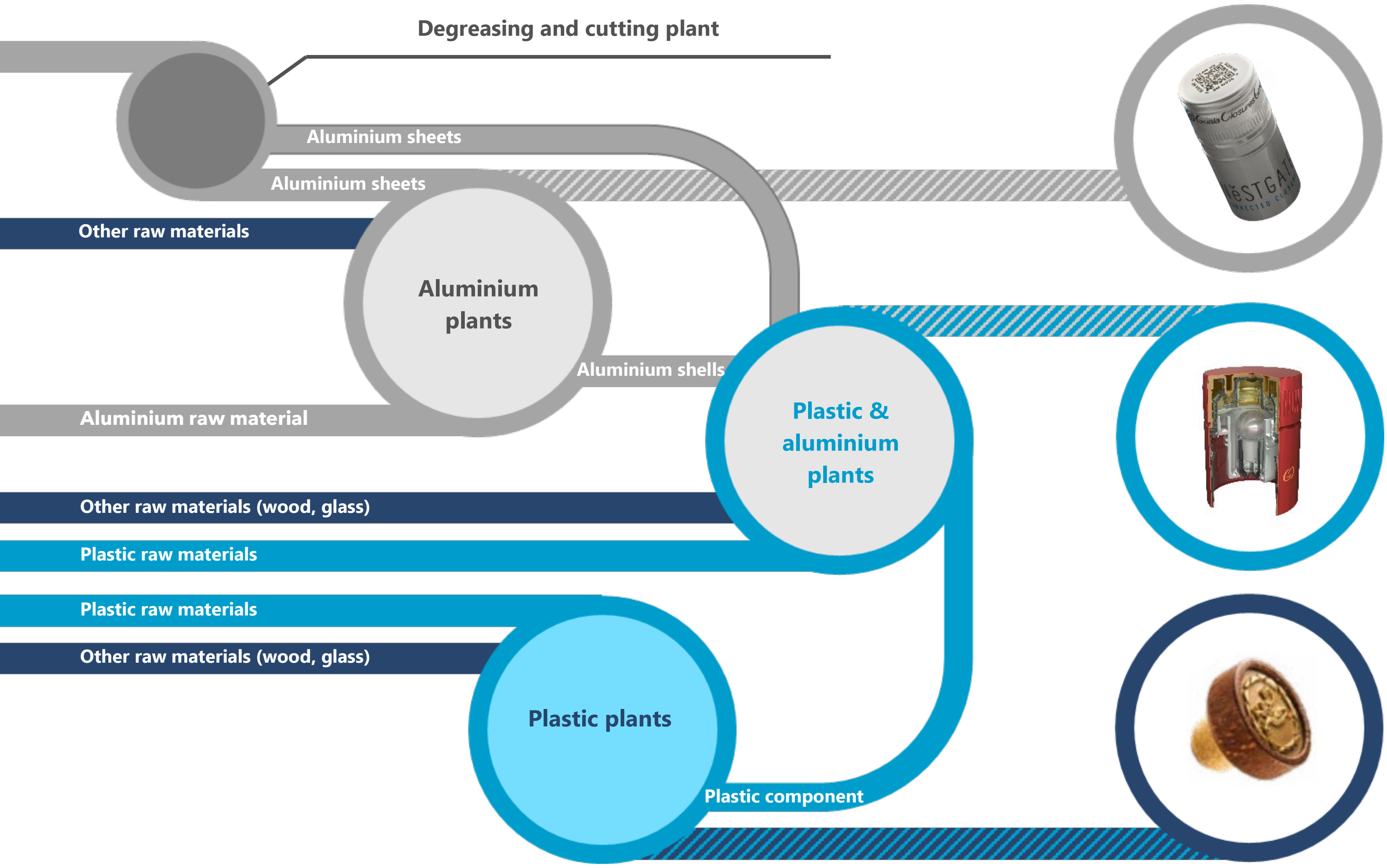
Net revenues in the last ten years



1.8 Our processes

Our products use a large range of materials, but aluminium and plastics are crucial in the design and production of our closures. Aluminium and plastic allow the Group to design and produce closures that combine technical performance with the highest safety conditions. Some of our facilities only work with plastic, others only process aluminium, while others handle both, depending on the range of products manufactured.

These include 11 facilities specialised in aluminium closures, 13 facilities that produce plastic closures and 6 facilities specialised in both types. In addition, the Magenta facility is specialised in aluminium degreasing, cutting and lithography. It supplies most of the facilities that consume aluminium sheets in their production processes.



All of the production processes consume electrical energy, but the various facilities use diverse energy sources depending on the closures produced. Facilities that process aluminium use electrical energy to run the machines and fuel in the drying ovens and post combustors to burn solvents. Facilities that produce plastic closures, on the other hand, consume water in the injection moulding cooling circuits. Finally, facilities that produce both plastic and aluminium closures use all energy sources.

1.9 Product safety

Guala Closures Group complies with the food safety requirements set out in the ruling laws of the countries where its products are manufactured, specifically European and US (FDA) regulations and any others agreed with customers.

Guala Closures has also developed a meticulous system to monitor food quality and safety requirements throughout the entire production cycle. These stages include design, sourcing of raw materials and semi-finished products, production, quality control, delivery of finished goods and analysis of specific and global movements by certified third-party laboratories. The purpose of such painstaking quality control is to ensure compliance with the customer's expectations regarding the aesthetic and functional features of the finished goods. These expected requirements can be either explicit or implicit, such as not endangering a person's health, not altering the composition of food products to an unacceptable degree or not causing their characteristics to deteriorate.

Finally, the Group's quality and technical customer service teams monitor the operations of the operating offices all over the world in order to ensure the same highest possible quality standards everywhere.

Review

Guala carries out a documentation review for each new raw material that will come into direct contact with the product to ensure that it is fit for food contact, thus guaranteeing that it chooses raw materials in line with EU legislation, FDA regulations and legislation in the countries where the group operates.

Migration tests

Migration tests to check that chemical substances are not transferred to the food from the raw material and to ensure that they are compliant with relevant regulations.

Monitoring

The production process is constantly monitored to guarantee that products in direct contact with food do not present any physical, biological or chemical contamination. Extra monitoring of contamination risk is ensured through sample checks.

1.10 Product quality

Product quality is based on aspects such as compliance with legal requirements (in particular, guarantees of consumers' health and safety), as well as meeting technical specifications and customer expectations (both in terms of product and service). Quality is achieved through clear and transparent communication to all parties involved, through product and process monitoring and innovation and through implementing suitable control plans.
To support this process, all facilities have implemented a quality management system certified according to ISO 9001:2015. In addition, to guarantee consumer health and safety, each plant must implement a food safety system, which ensures:

- compliance with applicable food contact laws and regulations, in particular EU and FDA regulations, as well as those in force in the countries of production (or as specifically agreed upon with direct customers);
- implementation of good manufacturing practices and assessment of significant risks, to be kept under control through HACCP (Hazard Analysis and Critical Control Points) plans;
- full traceability and identification of products throughout the entire production and customer supply cycle.

The aim is to certify all establishments to a food safety standard (ISO 22000 or FSSC or BRC, depending on local requirements). At the end of 2022, 23 sites were already certified (85%) with the remaining certifications expected in the first quarter of 2023. In any case, all sites are monitored by the Group Quality Assurance department which, also shares information about food safety regulation updates and alerts, through a monthly newsletter. Furthermore, the results of tests carried out in external laboratories demonstrate the suitability of the products and enable the plants to issue declarations of conformity on the products supplied.
In 2022, there were no recalls or product safety complaints.

	Safety closures	Roll-on closures	Luxury closures
Features >	Safety closures have a complex structure that generally comprises 2 to 12 components, almost exclusively dedicated to the spirits segment, primarily sold to premium and local brands in emerging markets where the risk of counterfeiting is highest.	Roll-on closures are directed to various markets (spirits, wine, water, olive oil & condiments and other non-alcoholic beverages), mostly made of aluminium, from the simplest roll-on closures to more complex versions equipped with components in different materials with particular aesthetic or safety features.	Closures dedicated to high-end spirits and beverages, made with sophisticated materials and decorations combined to create a specific design and premium components for luxury brands.
Technologie >	▪ Non-refillable valve systems to prevent refilling. ▪ Sophisticated technological anti-counterfeiting systems (for example bi-injection). ▪ Tamper-evident (TE) systems and in-bore devices. ▪ Project design and different decoration techniques. ▪ Fast multicomponent automatic assembly.	▪ Advanced decorative techniques. ▪ High performance in sealing and oxygen transmission using Oxygen Transmission Rate (OTR) liners. ▪ Short roll-on aluminium closures with tamper evident (TE) system. ▪ Special pourers including anti-drip spouts or flow controllers (mostly designed for condiments bottles).	▪ Premium materials. ▪ Wood components with high levels of decoration. ▪ Distinctive character for customers' brands to improve the aesthetic appeal of their products. ▪ Screw-on, push-on and non-refillable versions with the most advanced decoration techniques, including 3D embossing and metal sputtering. ▪ Possibility to have sustainable solutions for luxury closures.

1.11 Fight against counterfeiting

World Health Organization

Global status report on alcohol and health, 2018
One quarter (25.5%) of all alcohol consumed worldwide is in the form of unrecorded alcohol, i.e., alcohol that is not accounted for in official national statistics on alcohol taxation or sales, since it is usually produced, distributed and sold outside the formal channels under government control.

IARD
INTERNATIONAL ALLIANCE FOR RESPONSIBLE DRINKING

Alcohol in the Shadow Economy, June 2021
In June, the International Alliance for Responsible Drinking (IARD) published "Alcohol in the Shadow Economy", which spells out the scale of the problem from contraband and counterfeit through to "surrogate" alcohol derived from solvents, formaldehyde and even jet fuel. The report focused on Latin America and Africa, with illicit alcohol said to account for 28% of Brazil's total, 34% of Mexico's and a staggering 66% of Mozambique's, to name just three.

OLAF
EUROPEAN ANTI-FRAUD OFFICE

PRESS RELEASE No. 22/2020 20 July 2020
Customs and police authorities have seized over 1 million litres of counterfeit wine and alcoholic beverages in a targeted action led by the European Anti-Fraud Office (OLAF) as part of a joint Europol-Interpol operation dubbed OPSON IX.

EUIPO
EUROPEAN UNION
INTELLECTUAL PROPERTY OFFICE

PRESS RELEASE 26 July, 2016
A new report from the European Union Intellectual Property Office (EUIPO) shows that 4.4% of legitimate sales of spirits and 2.3% of legitimate sales of wine are lost each year due to counterfeiting of alcoholic drinks. Lost sales translate into 4,800 jobs directly lost across the spirits and wine sectors in the EU, as legitimate manufacturers employ fewer people than they would have done in the absence of counterfeiting.

Over 25%

of alcohol consumed annually worldwide is in the form of unrecorded alcohol

1.12 Our business model

At the Guala Closures Group, we produce closures that offer consumers innovation, protection, safety and convenience, while also enhancing our customers' brands.

Our business model reflects our vision and values and harnesses our resources and production capacity to provide our customers with quality products and added value.

We create economic, social and environmental value benefiting all our stakeholders and thus contributing to strengthening the performance of our Group and our customers.

Our resources

Human
Our success is built on the passion of our people and the attention they dedicate to our customers. We offer them the possibility to pursue opportunities for growth, both in themselves and in the group.

Natural
Our products are manufactured using raw materials including aluminium, plastic and wood. We source them using sustainable practices and endeavour to use them efficiently.

Social and relational
Maintaining the trust of our stakeholders is key to our business. Our most invaluable relationships are those built with our employees and local communities, our customers and suppliers and the regulatory authorities.

Financial
Our commercial activities require financial capital and we strive to allocate our funds efficiently.

Intellectual
Our culture is rooted in innovation. The intellectual property generated includes new products and production upgrades.

Manufacturing
Thanks to our facilities and logistics resources, we can prepare, package and deliver our products to meet the demands of customers and consumers.

Our business model

The Guala Closures Group's solidity meets the constant changes of the sectors in which it operates, resulting in a steady path of sustainable growth. The six types of capital (financial, manufacturing, natural, human, intellectual and interpersonal) are the basis of the business model on which the organisation depends to guarantee its products. The Group is aware that maintaining and preserving this capital may be the only key to sustainable growth and a solid presence in the long term. Consequently, it has defined a system of values, organisational tools, policies and operating systems that, together, support the Group's various business units in their sustainable management.

Part of this capital is used to generate the products offered to the Group's local communities. Accordingly, our operational approach combines business objectives with sustainability goals, resulting in our sustainability program 2023-2030, whose goal is to restore value to each type of capital and a positive impression everywhere the Group operates.

Our business model

Plastic transformation

Pillars

EXCELLENCE
SUSTAINABILITY
INNOVATION

Our vision

Producing closures that offer consumers innovation, safety and protection, while also enhancing our customers' brands

Mission

We embrace our customers' goals as our own, applying experience, integrity and dedication to deliver superior solutions to them, while reducing our environmental impact

ETHICAL BUSINESS

STAKEHOLDER ENGAGEMENT

EMPLOYEE TRAINING

TAMPER-EVIDENT SYSTEM

CUSTOMISABLE

Our output

Human

10.606.983 hours worked by employees
5.040 direct employees
4.967.591 hours worked by contractors
1.083 agency workers

Scope 1 and 2 emissions entirelly compensated

Natural

92,8% waste recycled
6,70 kgCO2eq/ kg of finished product
94.553 tCO2eq emissioni Scope 1 e 2
506.890 tCO2eq emissioni Scope 3

Social and relational

6,54 accident frequency index
0,23 accident gravity index
24,5% womens in the Group
22,8% womens manager
1400 families benefited from the reforestation program

33% di women in the Board

Financial

40,3 Mln € investments
881,0 Mln € revenues
163,7 M€ Adjusted EBITDA

18.300+ mln closures manufactured

Intellectual

31 production plants
6 research and development sites
40+ strategic suppliers
170+ active patents
3 product lines and 2 extensions
300+ closures models

40+ strategic suppliers

Manufacturing

223,8 GW energy consumed
13,6 Mm3 natural gas consumed
44.837 t aluminium consumed
50.719 t plastic consumed

1.13 Stakeholder engagement

Relationships, dialogue and collaboration with all stakeholders are increasingly part of the culture of the Guala Closures Group, with the aim of jointly developing commitments and projects, thereby contributing to sustainable and inclusive growth.

As a global player, the Group is well aware that the environment in which it operates is constantly changing. For this reason, regular and meaningful communication with the stakeholders, whether shareholders, investors, customers, employees, suppliers or society, is essential to conducting business in a responsible manner, identifying common sustainability priorities and opportunities to work together towards common goals in a changing regulatory and trend environment, while minimising risks and identifying business opportunities. This is made possible through ongoing dialogue with stakeholders and understanding their interests.

The Group regularly interacts with its stakeholders through meetings, e-mails and surveys. The frequency of communications and contacts depends on the type of stakeholder and its needs, in particular:

- **customers and the market**: meetings are held at least once a year with major customers and suppliers to review the previous year's results and set new targets;
- **internal stakeholders**: employees receive regular newsletters from the Group. They also receive an annual performance evaluation in a manner that takes into consideration local needs;
- **local communities and areas**: each facility undertakes to work closely with the local communities and respond to their requests;
- **institutional stakeholders**: the Group works closely with certification and control bodies and has always been very open to dialogue with trade unions and trade associations.

Communication with stakeholders may take different forms and with different frequency depending on the facility and on local contexts and needs.

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The Guala Closures Group actively participates in the initiatives of various trade associations, such as the Italian Packaging Institute and EAFA (European Aluminium Foil Association) with representatives on its governing bodies. The Group also has a member on the board of directors of CETIE (Centre Technique International de l'Embouteillage et du Conditionnement) based in Paris.

The results of the communication with stakeholders are fed into the materiality analysis in order to identify priorities and manage and report annually on sustainability. The Group is aware that, sometimes, the interests of the various stakeholders may be in contrast with each other, but it is always committed to finding the best solution for all the parties involved.

In order to take into account the Group's continuous development and the publication of the new sustainability plan, we updated our materiality by engaging our internal and external stakeholders in dialogue. In line with the <IR> framework, we determined the contexts that affect our ability to create value in a sustainable manner, and these are the social, environmental and economic contexts. Using a five-step analysis, the material topics were then identified based on their impact on the Group's governance, performance and outlook.

Identification and assessment of the impact

ANALYSIS OF CRITICAL ISSUES IN THE SECTOR

We revised and expanded our list of potential material challenges initially established in 2019 by analysing sector good practices and reporting frameworks (IIRC, GRI, SASB, UN Global Compact and UN SDGs) and carrying out a survey among internal and external stakeholders.

IDENTIFICATION OF REAL AND POTENTIAL EFFECTS

We identified many real and potential impacts, both positive and negative. Various Group departments and external consultants were involved in the identification process in order to ensure the utmost precision in determining the impacts.

ASSESSMENT OF MATERIALITY OF THE IMPACT

We performed a qualitative and quantitative analysis to assess the materiality of the impacts. The materiality of the positive and negative impacts, both real and potential, was determined via a due diligence process. This ranked the probability and severity of the impacts from 1 to 4.

Identification of material topics

HIERARCHY OF THE IMPACTS

Using the severity and probability levels identified for the impacts of the topics, we created a priority index for each topic, ranking them from critical to not material. We then set a materiality threshold for the priority index (5.01) which acts as a cut-off for separating more critical topics from less material ones.

HIERARCHICAL DEFINITION OF THE MATERIAL TOPICS

Senior management approved the results of this materiality assessment. By determining the material topics and relevant impacts, we completed the new sustainability strategy.

1.14 Material topics

When the sustainability plan was launched in 2016, a study was carried out to analyse and define the Group's business priorities and corporate social responsibility risks, through the implementation of a materiality matrix. Starting May 2022, the Group began working on the new 2022 materiality. This process was finalised in January 2023 with the publication of the materiality impact list.

The first step in the process was an online survey of the Group's main stakeholders. More than 600 replies came in from internal and institutional stakeholders, customers, suppliers and local communities. A list of 22 topics was then identified by cross-referencing the survey results with sector good practices and reporting frameworks (IIRC, GRI, SASB, UN Global Compact and UN SDGs). A due diligence process was applied to assess the materiality of the impacts associated with each topic. Then, once the materiality threshold was set, 17 main topics were identified, 7 of which were considered priorities and 10 important.

Below is a list of the material topics in hierarchical order based on the frequency and severity of the impacts and the opportunities associated with each individual topic. The topics belong to the governance/economic, environmental and social contexts.

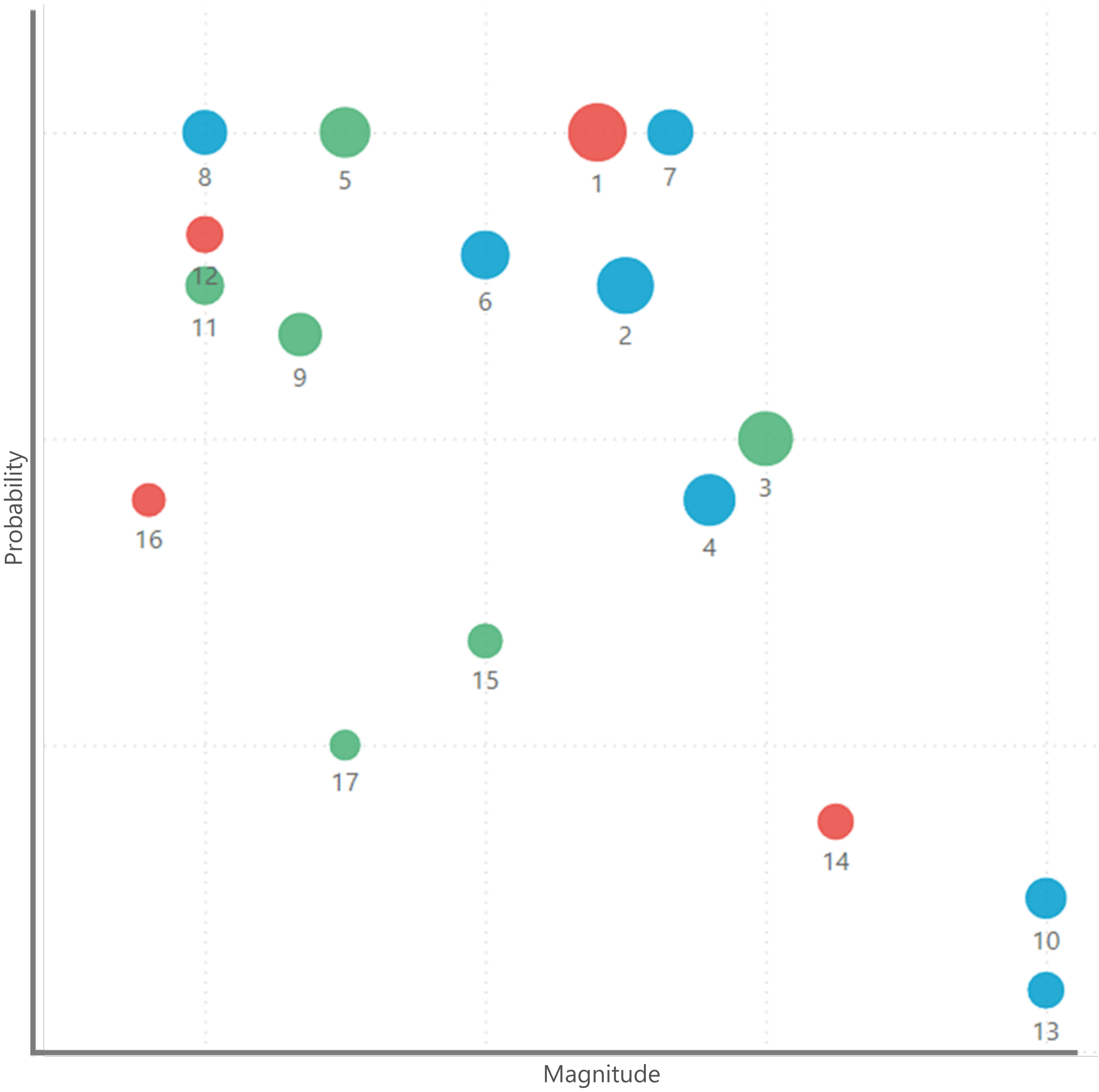
No.	Material topics	Context
1	Occupational safety	Social
2	Soddisfazione del cliente	Governance / Economic
3	Energy transition	Environmental
4	Innovation and ecodesign	Governance / Economic
5	Greenhouse gas emissions	Environmental
6	Product safety and quality	Governance / Economic
7	Economic performance	Governance / Economic
8	Supply chain engagement in sustainability	Governance / Economic
9	Use of recycled raw materials	Environmental
10	Business ethics, integrity and transparency	Governance / Economic
11	Reduction of waste	Environmental
12	Diversity and inclusion	Social
13	Data privacy and cybersecurity	Governance / Economic
14	Human rights	Social
15	Water resource management	Environmental
16	Employee training and development	Social
17	Environemntal management systems	Environmental

This list of priority topics was then rearranged into a materiality matrix. This shows the probability of the environmental, social and governance impacts along with the influence that these topics have on the Group and the assessments and decisions of its stakeholders.

An in-depth process was then carried out to define the tangibility of all present and future improvements for each individual material topic. This tangibility was reached by assigning a performance index to each topic, formalising the Group's commitment to monitor and improve over time its performance in the 17 topics identified.

The following page contains the assessment chart of the 17 priority topics, setting out the real and potential risks and opportunities of each topic. It also details our approach to each topic and the KPI measuring the performance and objectives of each one. The Group undertakes to annually review the list of topics and update the performance of each one.

The Guala Closures Group's senior management approved the entire material topic identification process.



MATERIAL TOPICS	RISKS	OPPORTUNITIES	PARAGRAPH
Occupational safety Social	- Harm to the health of our employees - Death of employees - Imposition of taxes	- Better relations with customers - Motivate employees - Less interruptions to production	**5.5 Occupational health and safety**
Innovation and ecodesign Governance / Economic	- Difficulties in adapting to new market trends - Loss of customers - Reduction in profits	- Attract new customers - Lower environmental impact - Group image	**6.4 New products and technologies**
Economic performance Governance / Economic	- Damage to operations - Failure to build up the workforce	- ESG investments - Motivate employees	**1.8 Financial results**
Greenhouse gas emissions Environmental	- Climate change - Loss of customers - Customer relations	- Competitive advantage - ESG investments - Perception as a supplier	**4.1 Fighting climate change**
Product quality and safety Governance / Economic	- Health of customers - Loss of customers - Reduction in profits	- Customer relations - Attract new customers	**1.9 Product safety** **1.10 Product quality**
Supply chain engagement and sustainability Governance / Economic	- Human rights in the supply chain - No control of tier-2 suppliers	- Improved environmental performances - Joint improvement plans	**6.1 Supply chain**
Energy transition Environmental	- Cost of energy - Energy availability	- Reduction of costs (self-sufficiency) - Competitive advantage - Decarbonisation	**4.3 Energy management**
Diversity and inclusion Social	-Discrimination - Salary inequality - Loss of employee motivation - Reputational damage	- Retention of employees - Pass on know-how - Involve protected groups - Cultural betterment - Perception of customers	**5.3 Diversity and inclusion**

OUR APPROACH	REFERENCE KPI
We ensure the health and safety of our employees and collaborators by applying the following three principles: 1 - Making people responsible for their personal safety: we ensure that the means of communication are effective and that requirements and objectives are met. 2 - Safe products and processes: we constantly work to ensure and improve occupational safety. We avoid potential risk situations and operate with a view to constantly improving all operations. 3 - Occupational safety and the environment: we are committed to occupational safety and to respecting the environment by endorsing and complying with international, national and local laws and standards.	**Number of injuries; Days lost due to injuries; Frequency rate*; Severity rate****
We have always paid great attention to product and process innovation. With respect to products, we develop solutions that perfectly match customers' expectations, manufacturing reliable closures with a low environmental impact. With respect to processes, we are constantly looking for new production technologies that can automate production and increase efficiency.	**Intellectual property; Closures that meet eco-design guidelines**
The group constantly monitors its financial and non-financial performance, assessing opportunities to enter new markets and to expand on existing markets. The group publishes its financial results every quarter.	**Turnover; EBITDA; Investments**
The group is committed to reducing Scope 1 and 2 greenhouse gas emissions and, in order to further expand its environmental responsibility. We are also working with suppliers and partners to reduce Scope 3 greenhouse gas emissions as much as possible. To achieve these ambitious targets, we assess our carbon footprint along the entire production chain. We do this both directly at the facilities, by optimising processes and investing in new equipment, and indirectly with components in the supply chain, optimising loads and logistics, and creating partnerships with energy suppliers.	**Tonnes of CO2 equivalent; Emissions intensity per million of closures produced**
The group manages its production resources through the control and updating of products and processes, encouraging strong relationships with key suppliers, fully complying with all applicable requirements and applying the idea of continuous improvement, and, on the other hand, by constantly investing in our employees, through training, communication, developing specific skills, pride in belonging to the group, recognition and celebration of results. The group monitors product quality via internal KPIs and ongoing dialogue with its customers.	**Number of complaints per closures produced Severity of complaints**
The group controls the supply chain from when a new supplier is accepted and throughout the entire duration of the business relationship. In early 2020, we revised our supplier qualification procedure to include all relevant ESG aspects. In the same period, we extended our EcoVadis platform membership for the assessment of key critical suppliers.	**Percentage of suppliers mapped**
We reduce our energy consumption by upgrading machinery and production systems, installing equipment with improved energy efficiency, innovating the production processes, designing products that require less energy-consuming processing and experimenting with new raw materials. We study all opportunities to use renewable energy according to local conditions, entering into partnerships with energy suppliers. Several facilities have already switched to renewable energy and others will soon do so.	**Percentage of energy from renewable sources compared to total energy consumed**
We developed a social-inclusion programme based on the following three pillars: 1 - Equal opportunities of growth and treatment for all diversity groups; 2 - Employee engagement and development in all age groups; 3 - Increase the engagement of people with disabilities in skilled positions.	**% of women at the group; Difference between the percentage of women at the group and women in management**

MATERIAL TOPICS	RISKS	OPPORTUNITIES	REFERENCE
Water resource management Environmental	- Cost of water resources - Imposition of taxes - Reduction of water resources - Impacts on local communities	- Lower environmental impact - Competitive advantage - ESG investments	**4.5 Water resources**
Reduction of waste Environmental	- Waste disposal costs - Soil pollution - Imposition of taxes	- ESG investments - Customer relations - Reduction of costs	**4.4 Waste management**
Human rights Social	- Child labour - Forced or compulsory labour - Human rights in the supply chain - Pollution in local communities - Discrimination - Reputational damage	- Improvement in the conditions of local communities - Group image	**5.4 Human rights and support to local communities**
Use of recycled raw materials Environmental	- Failure to meet decarbonisation targets - Issues in procuring raw materials	- Reduced environmental impact - Circular economy - Competitive advantage	**6.1 Supply chain**
Business ethics, integrity and transparency Governance / Economic	- Reputational damage - Corruption - Loss of customers	- Greater control of governance - Customer relations - Attract new employees - Good ESG rating	**6.1 Ethics and transparency**
Employee development and training Social	- Difficulties in attracting personnel - Lower product quality - Insufficient HSE training - Loss of motivation for employees	- Employees retention - Personal and professional growth of employees - Pass on know-how	**5.2 Employee training and development**
Environmental management Environmental	- No monitoring of pollutants - Inefficiency in production resources - Reputational damage - Loss of customers	- Reduction of pollution - Better resource management - Cost reduction - Reputation and reliability	**3.3 Integrated management systems and certifications**
Data privacy and cybersecurity Governance / Economic	- Reputational damage - Loss of customers - Interruption of production - Loss of internal data - Imposition of taxes	- Reliability of the group - Innovation	**6.7 New products and technologies**
Customer satisfaction Governance / Economic	- Reputational damage - Loss of customers - Reduction in profits	- Improved customer relations	**1.10 Product quality**

OUR APPROACH	REFERENCE KPI+BB2:O12
We develop projects and update manufacturing processes directly in the BUs with the highest water consumption in order to ensure less water-intensive key facilities.	**Water withdrawn; Intensity of water withdrawn per million of closures produced**
We have implemented a waste management system based on: 1 - Reducing both input and waste for a given amount of output; 2 - Reusing the material as an input in our production activities; 3 - Recycling waste and scrap as a new raw material; 4 - Creating energy by incineration when nothing is recoverable (external practice).	**Waste to landfill as a percentage of total waste; Hazardous waste as a percentage of total waste**
The group ensures that human rights are respected both within the group and throughout the value chain. The group published a new Code of conduct in 2022 that analyses and regulates issues regarding anti-corruption, child labour and forced or compulsory labour. Every group director is called upon to ensure the utmost respect of the main contents of the code and employees have been provided with a whistleblowing channel to report any violations of the code. The supply chain is regularly assessed and monitored both internally, via questionnaires and audits, and externally through the SEDEX and EcoVadis platforms.	**Number of human rights violations at the group; Number of human rights violations by suppliers; Number of contracts ended with suppliers due to violations**
In order to reduce its impact in terms of raw material use, the group's strategy is based on a four-pronged eco-design approach: • Manufacturing closures with a high level of recycled material ; • Using bio-based materials; • Using compostable raw materials; • Reducing the use of raw materials in closures.	**Percentage of aluminium recycled; Percentage of raw materials recycled**
We make sure that our actions in the market reflect the group's ethical values. These values are set out in our corporate policies and are based on three pillars (environmental, social and governance). Respect for these values is ensured at all group levels and with internal and external stakeholders. Together with ethics and integrity, transparency has always been part of the group's founding values. This topic is regulated internally by the Code of conduct.	**Percentage of employees trained on the Code of conduct; Percentage of suppliers that signed the Code of conduct; ESG rating**
Each BU has a specific training plan aimed at the professional and personal growth of all its employees. The group also facilitates employee engagement and welcomes suggestions and ideas that are often important for the development and improvement of manufacturing processes.	**Hours of training per person in various training areas (technical skills, interpersonal skills and EHS)**
We are currently extending the ISO 14001:2015 environmental certification to all facilities. The ISO 14001 environmental management system helps facilities to assess, monitor, report and ensure the environmental quality of products and processes, making it possible to address the most critical issues.	**Percentage of facilities ISO 14001 certified**
The group has implemented a framework for cybersecurity and the monitoring of privacy and compliance to protect critical operational assets from cyber incidents and attacks.	**Number of data losses; Number of breaches of IT security**
We agree on the characteristics of our products with each customer, meeting their needs to ensure maximum product quality and reliability. We also monitor customer service by reporting on the compliance of shipments in terms of the number of products and delivery time, focusing our services on continuous improvement.	**Percentage of successful deliveries (quantities ordered and set delivery times)**

Our Governance

The Guala Closures Group pursues corporate social responsibility principle that can effectively tackle economic, environmental and social issues. Creating value for all Group stakeholders must be carried out in compliance with certain values that Guala deems essential in all areas of its business:

Transparency and accuracy

Clarity, completeness and accuracy of information in our business activities and in our interpersonal relations, promoting the respect and protection of human rights;

Lawfulness and integrity

Full compliance with all ruling regulations in every country where the Group operates;

Sustainability and environmental protection

Guaranteeing occupational health and safety, product safety and a safe impact on local communities;

Quality and innovation

Researching non-stop the best solutions to improve, innovate and upgrade our products and processes in an ongoing fine-tuning process;

Professionalism and acknowledging and rewarding results

Personnel training and growth in the pursuit of continuous and ongoing development.

2.1 Corporate Governance

Guala Closures S.p.A.'s corporate governance system consists of a set of rules, behaviours and processes which ensure corporate efficiency and transparency and the effective functioning of governance bodies and control systems. In line with the traditional management and control model, it comprises the following bodies: the shareholders' meeting, a board of directors and a board of statutory auditors.

Guala Closures' governance must guarantee fair and transparent management, information and protect the shareholders. Shareholders' meetings express the will of shareholders. In these meetings, they approve the financial statements and appoint the members of the board of directors and the board of statutory auditors. They may also approve amendments to the by-laws and non-recurring transactions.

Board of directors


Gabriel Del Torchio
Chairman and CEO


Francesco Bove
COO and director


Marina Brogi
Director


Roberto Maestroni
Director


Raffaella Viscardi
Director


Francisco Javier De Juan Uriarte
Director


Giovanni Casali
Director


Dante Razzano
Director


Chiara Palmieri
Director

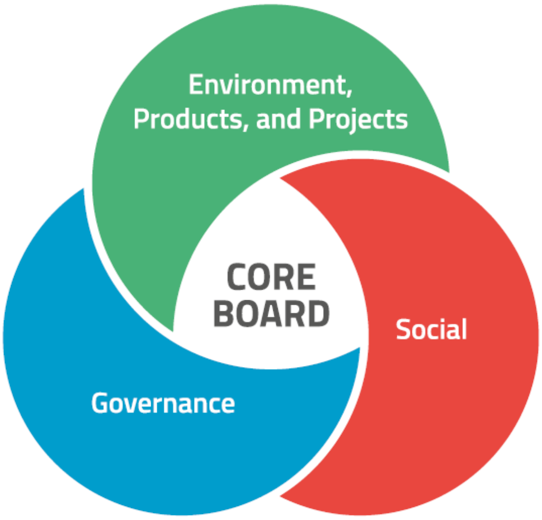
The board of directors plays a central role in strategic positioning, organisational coordination and checking that the necessary controls are in place to monitor the company's performance. Moreover, the board is vested with the fullest powers for the company's administration. Specifically, it has the power to perform all the acts it deems appropriate to achieve the company's objectives.

The board of directors assesses the company's economic, environmental and social performance, significant risks and opportunities and compliance with standards, codes of conduct and the principles stated when approving the strategic, business and financial planning documents, the annual budget and the annual and interim financial statements. The board also assesses socio-environmental performances reported every quarter and every year in the sustainability report.

Pursuant to the by-laws, the board of statutory auditors is appointed by the board of directors. The statutory auditors remain in office for three years and may be re-elected. They fall from office from the date of the shareholders' meeting called to approve the financial statements for the third year of their mandate. At December 31, 2022, the board of statutory auditors is comprised of: Mara Vanzetta (chairwoman), Fioranna Vittoria Negri (standing auditor), Massimo Gallina (standing auditor), Mariateresa Salerno (alternate auditor) and Massimiliano Di Maria (alternate auditor).

2.2 Governance and CSR

Implementing Guala Closures Group's sustainability strategies requires a well-structured, flexible organisation. For this reason, Guala has set up an internal committee called the Sustainability Board. This comprises a core board and three groups for each specific area. The groups are named after these topics: the Environment, products and projects Group, the Social Group and the Governance Group. Each Group is made up of department heads and members of the sustainability team, involving all figures directly and indirectly associated with the Group's ESG topics.



The objective of the groups is to propose ideas and action plans to the core board, which is comprised of the following five people: Francesco Bove (COO of the Group), the three regional managers, and Paolo Lavazza, the Group's quality and sustainability manager, who will validate the strategy and monitor its proper implementation. Two external supervisors round out the sustainability board.

This year the sustainability Board focused on creating and approving the 2023-2030 strategy. Following an initial meeting held by the core board to define the areas to be covered, the three groups studied targets and drew up a detailed roadmap for each target. Once the targets and roadmaps were clearly defined, the core board implemented and disseminated the strategy.

As well as the sustainability board, the Group has had a central sustainability team of sector specialists in place for the past eight years.

The Group's sustainability team is the contact point for all country managers and business unit teams for the sustainable growth of the Guala Closures Group. This team is responsible for implementing and sharing sustainability reporting at Group level, coordinating the activities for the certification of environmental data, creating input for sustainability board meetings and reviewing the non-financial statement data, carried out by third party companies.

The organisation of CSR at local level rests with country managers, based on local resources and needs. In each business unit, the country manager appoints a CSR manager, who is responsible for implementing the Group strategy, supporting the country manager in defining and implementing action plans to achieve the objectives of the programme and reporting on local indicators and the projects carried out.

Sustainability Core Board


Francesco Bove
COO and director


Paolo Lavazza
Quality and sustainability director


David Stevenson
Asia, Africa and Oceania regional director


Josè Luis Gutierrez
Americas regional director


Armando Finis
Eastern EU regional director

2.3 Policies and guidelines

The values, promoted by the top management, are shared by all personnel of the Group companies through the Group's corporate policies. The Group has equipped itself with various tools aimed at supporting the company in guaranteeing efficient and transparent management, namely:

- **Environmental and OHS policy,**
- **Energy policy,**
- **Quality and food safety policy,**
- **Sustainability policy,**
- **Customer protection policy,**
- **Land acquisition and biodiversity policy,**
- **Human right policy and ethical-social aspects**
- **Modern slavery and human trafficking statement.**

All policies are united by an ongoing commitment to sustainable development to strengthen market leadership in full compliance with ethical and social aspects, the quality and food safety requirements of products, occupational health and safety and the protection of environment.

The responsibility expressed in the policies, as well as the achievement of the related objectives, lies with the entire company structure which must collaborate, according to its powers and responsibilities, to satisfy the principles expressed in each document. These principles are common to all Guala Closures Group establishments; each General Manager and Plant Manager must understand them, communicate them and apply them to their own organization, together with the identification, implementation and verification of adequate measurable objectives in line with the Group's sustainability programme.

The policies are disseminated to all Guala Closures Group workers and, via the website and/or other communication channels, to external interested parties and to anyone who requests them.

Code of Ethics

All Guala Closures Group’s operations and internal and external relationships are based on compliance with the principles, values and rules of conduct contained in the Code of conduct, which was approved by the board of directors in 2022. The code defines the ethical and social responsibility of the company and each person involved in the corporate organisation, listing all the ethical principles and rules of conduct adopted and respected by the Group. Guala Closures is an international group, thus multicultural by nature. In this dynamic and varied environment, the purpose of the Code of conduct is to offer a clear practical guide for everyone who works and collaborates with the Group.

The Code of conduct is valid all over the world and respects the cultural, social and economic diversity of the countries where the Group operates. The Group also requires all of its main suppliers and partners to adopt rules of conduct that always respect the general principles set out in its Code of conduct.

Through this code, the Group intends to:

- define and make explicit the values and principles that characterise its business and the relations with employees, collaborators, customers, suppliers, shareholders, institutions and any other stakeholder;
- formalise the commitment of all company units to act fairly, transparently and correctly, in compliance with all ruling regulations;
- reaffirm its focus on human beings in a business model that is sustainable and successful, also committing to protect the legitimate interests of its investors and all stakeholders;
- communicate to its employees and collaborators the rules of conduct, values and responsibilities that they are required to follow when carrying out their work.

Guala Closures also undertakes to ensure that the Code of conduct is fully disseminated both internally and externally by distributing it to all members of company bodies and all employees.

Environmental and OHS policy

The operational tools of the policy are effective communication, listening to employees, the development of methods and tools necessary to maintain safe working conditions and the sharing of good practices between establishments.
This policy ensures workplace safety for employees and external collaborators, through staff training, constant updating of procedures and best practices to align with international, national and local laws and standards, as well as with further requirements of interested parties . The policy also aims to protect the environment and reduce emissions through the improvement of products and processes, energy efficiency and specific actions on the supply chain.

Energy policy

The objective is to monitor and improve energy performance within the Group's plants, developing dedicated projects for the reduction of energy impacts.

Modern slavery and human trafficking statement
The policy is divided into the following points:

- Do not accept any form of child labour or practices that inhibit the development of the child.
- Ban any form of forced or involuntary labour.
- Respect and protect the rights of all employees, those working in the supply chain and those involved in the business.
- Reject all forms of discrimination.
- Offer legitimate employment contract for all employees, guaranteeing a minimum wage appropriate to the country where they work.
- Respect privacy and personal data.

Human right and ethical-social aspects policy

Through this policy, Guala Closures explicitly recognizes the personal freedom, freedom of thought, religion, economics and to act of each person as long as it does not violate the civil rights of other individuals. It also recognizes the freedom of association in parties and union representations and guarantees electoral rights. Finally, the Group recognizes that every person has the right to work, to assistance, to study and to health protection.

Sustainability policy

The document sets itself the objective of disseminating the principles of sustainability, the active involvement of stakeholders inside and outside the Group and communication that is always effective and transparent, in order to achieve sustainable growth and meet the objectives set by the sustainability strategy.

Land acquisition and biodiversity policy

The policy prohibits any form of forced land acquisition, free trading, and payment not aligned with market value. It aims to respect and strengthen local communities by minimizing the environmental impact and hiring local personnel to work on production sites, guaranteeing a safe and suitable workplace, free from discrimination.
Furthermore, attention is also paid to the protection of biodiversity.

Quality and food safety policy

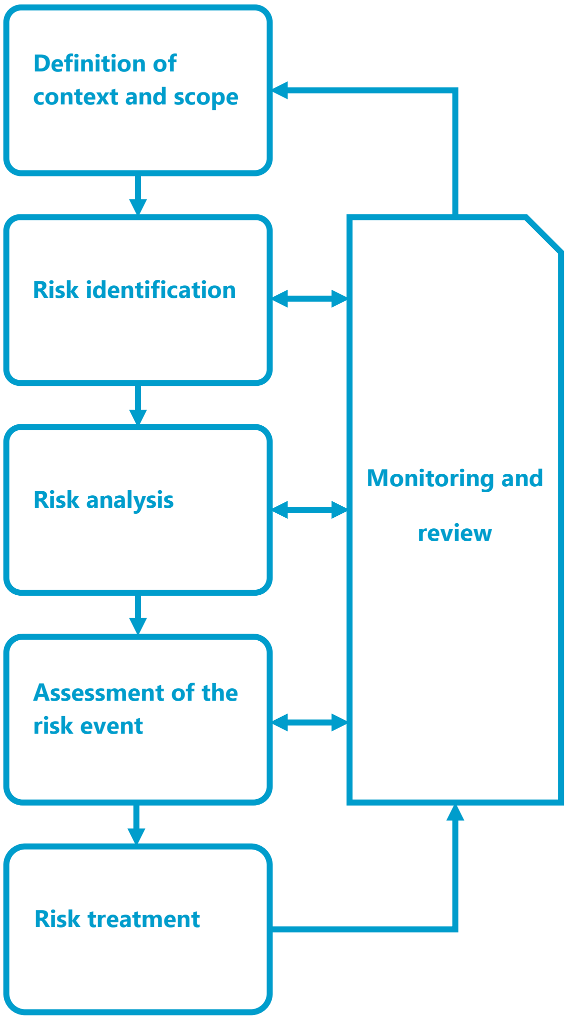
The aim of this policy is both the respect (compliance) of the laws on food contact packaging and the satisfaction of customers, exceeding their expectations, supporting their needs and ensuring responsible use of resources. This is possible on the one hand with the management of production resources trough the control and the update of products and processes, the encouragement of strong relationships with key suppliers, the scrupulous compliance with all applicable requirements and the application of continuous improvement concept, on the other with a constant investment in our employees through the training, the communication, the development of specific skills, the pride of belonging to the group and the recognition of results.

Customer protection policy

The basis of the customer protection policy is the Group's commitment to implement, in all plants, actions for the confidential treatment of information and data exchanged with customers and activities for the protection of brands in production in order to safeguard their integrity and avoid misuse.

2.4 Analysis and management of risks and opportunities

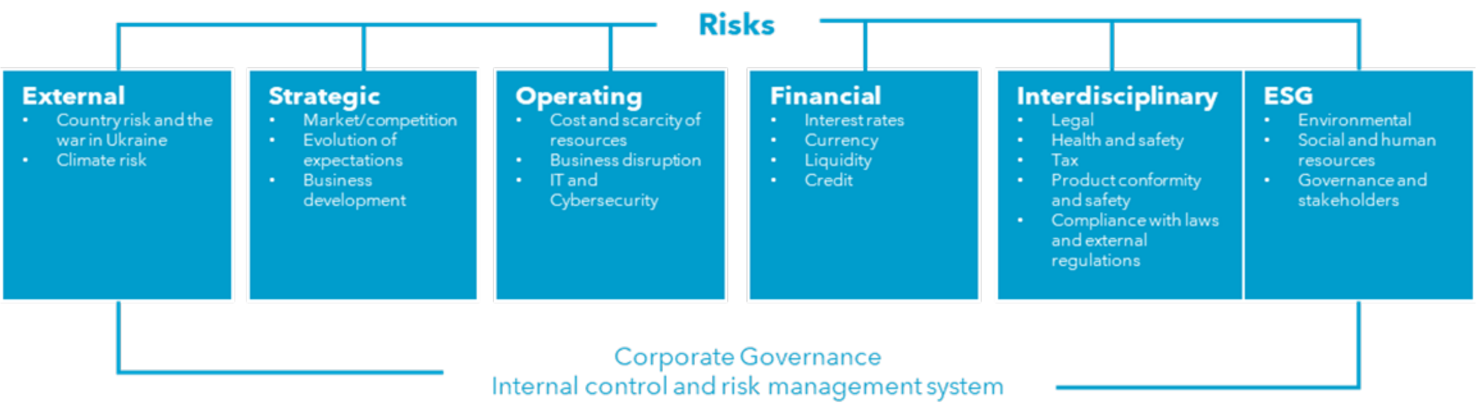
The aim of the Guala Closures Group's internal control and risk management system is to contribute to sound and correct management in line with the short and medium/long-term goals set by the board of directors. This system is designed both to identify, measure, manage and monitor significant risks, also in order to contribute to the sustainable success of the company and the Group, and to ensure the reliability, accuracy, integrity and timeliness of financial and non-financial reporting. Responsibility for the adoption of an adequate internal control and risk management system lies with the board of directors which, assisted by the chief executive officer, the internal audit manager and the risk manager, carries out the tasks assigned to it by the Corporate Governance Code.



The Guala Closures Group's internal control and risk management system includes, inter alia, the definition of an integrated risk management process whose main objective is to adopt a structured and systematic approach to identify and assess the company's priority risks with a potential negative effect and the subsequent definition of appropriate mitigation actions.

To this end, Guala Closures adopts a Group risk model and specific risk evaluation & mapping methodologies, assigning a "risk materiality" valuation to each risk identified, which reflects the overall assessment of the general impact, the likelihood of occurrence and the level of maturity of the risk management system. Specifically, impacts are analysed by type of risk event at financial, operational, process and reputational level and for any ESG matters (environmental, social and ethical governance).

The Guala Closures Group's risk model examines the six following risk areas:



Nature of risk	Risk management
Pandemic risk (Covid-19)	
The international scenario of 2022 was characterised by the evolution of the Covid-19 pandemic which settled into a "return and monitor" stage. The public authorities of nations in Europe and all over the world continued their relevant vaccination policies and, if needed, implemented specific and focused restrictive measures whenever infection rates spiked. Although progressively less significant in terms of risks and limitations, the situation generated by the continuation of the pandemic remains current and arbitrary with regard to predictions for the immediate future and repercussions on macroeconomic trends, continuing the general uncertainty at business and financial level and for the health and safety of people and workers.	The Guala Closures Group acted immediately to implement all actions necessary to minimise the social and occupational health and safety and financial impacts by defining and implementing flexible and timely action plans, which worked successfully in the various countries where the Group operates. The Group's priority will remain ensuring the safety of its employees and business continuity. There are specific business continuity plans in place with some of the Group's main customers and the Group has taken out a Covid-19 insurance policy covering all its employees worldwide. From a financial point of view, the Group continues to monitor its current and prospective liquidity.
Country risk and the war in Ukraine	
Because of its production and marketing operations in international markets, the Group is exposed to a series of risks deriving mainly from changes and structural elements of political, economic, social, regulatory and financial instability in the various countries in which it operates. These elements of risk can alter normal market conditions and, more generally, business operating conditions. Specifically, the ongoing conflict between Russia and Ukraine initially had a tangible impact on the business continuity of the Ukrainian subsidiary with repercussions both at infraGroup level and on business with third parties. Though the issue has been managed excellently to date, it could rear its head once more depending on how the conflict progresses.	Where appropriate, the Group adopts a local-for-local strategy, creating production facilities in rapidly-developing countries in order to meet local demand with competitive industrial and logistic costs. This strategy is aimed at increasing the Group's competitiveness as well as overcoming potential protectionist measures. By diversifying its operations geographically, the Group protects itself from local political and macroeconomic imbalances. With respect to the conflict in Ukraine, the Group has activated business continuity processes. This includes the analysis of alternatives in terms of operating and financial impacts in order to identify and swiftly take the necessary steps to minimise the impacts for the subsidiary and on the Group. The Group has also opened a new production plant in Ternopil.
Climate change	
Production activities and the implementation of the Group's strategies are exposed to the effects of natural events. Environmental changes, some of which may have significant impacts, could locally interfere with the supply chain and harm some customers, affecting the seasonality of production and sales.	The Group monitors climatic risks, has adopted emergency and production reallocation plans and has insurance coverage for direct and indirect damage caused by business interruption. It has also adopted the Sustainable Together 2030 programme to mitigate climate change.
Market and competitive risks	
The social and technological trends that have emerged over the last few decades could have a significant impact in terms of i) a contraction in the alcoholic beverage sector or ii) changes to the type of closures sought on the market (e.g., due to trademarks expiring) leading to a reduction in the demand for the closures produced by Guala Closures.	The Group constantly monitors trends in demand in its key customers' sectors, updating and diversifying its products. In the short to medium term, there are no significant risks related to the markets in which it operates.
Evolving expectations	
Anticipating customer preferences in terms of technological and product development requires major investments. Product and process/facility innovation requires a considerable financial and organisational commitment in research and development and in the monitoring of trends that are increasingly focused on eco-friendly products while also rewarding in product diversification (e.g., luxury).	The innovation of its closures and its products in general has been one of the main growth drivers for the Group. In recent years, significant resources have been channelled to this area to ensure that the Group remains competitive, in terms of both the study of alternative materials and exclusive and technologically more advanced products, and the management of product end-of-life (recycling).

Nature of risk	Risk management
Product conformity and safety	
The Group is exposed to the risks related to alleged defects in materials sold and to food safety regulations, which also include the production of food contact materials.	The entire production process is subject to specific control procedures in order to guarantee the quality, conformity and safety, also in terms of health, of the products manufactured at the Group's facilities, in accordance with the legal requirements in force and voluntary certification standards with ever higher safety and performance objectives.
Business development risks	
In recent years, the Group has adopted a growth strategy that has expanded its market share and product range through both organic growth and acquisitions. This latter non-organic growth in particular generates a greater risk due to possible issues with integrating acquisitions into the Group and strengthening market shares.	Over time the parent has become equipped to supervise M&A processes via analyses and assessments carried out with the support of consultants specialised in the various significant analysis topics and an internal cross-sectional team. The Group also created regional manager roles for both business and financial areas, thus upgrading the level of management and monitoring of local developments.
Cost and scarcity of resources (raw materials and energy)	
The production of Guala Closures Group products requires different types of raw materials, the main ones being aluminium and plastics, whose price fluctuations have a direct impact on production costs. With respect to energy and transport costs, the Group is also exposed to the price trends of a number of energy sources, with a negative impact on profitability. These risks are particularly relevant in consideration of the geopolitical imbalances resulting from the conflict between Russia and Ukraine as well as the consequent inflationary macroeconomic trends.	These risks are mitigated through short- and medium/long-term mitigation strategies applied to both raw materials and energy and transport purchases such as: increases in sales prices, specific agreements with customers, partial forward hedges on raw materials purchases, and/or various energy cost-cutting initiatives.
Business disruption	
The territorial fragmentation of operating activities and their partial interconnection exposes the Group to business disruption risks. Risk scenarios relate to natural or accidental events, malicious behaviour, pandemics, the malfunctioning of auxiliary systems or the disruption of utilities supplies.	Business disruption risks are adequately monitored, thanks to a series of security measures, systems for preventing harmful events and to mitigate impacts on the business, also considering the current security programmes and the insurance policies covering property damage.
Information Technology (IT) & Cybersecurity	
Information and data processing systems require continuous updating and alignment with the requirements of strategic objectives. The infrastructures are exposed to multiple risks deriving from anomalies, equipment failures, work or connectivity disruptions, programming errors and especially external cyberattacks deriving from illegal conduct by third parties aimed at damaging the confidentiality, integrity and availability of data stored or processed by information systems.	The Group mainly works to prevent and mitigate the risks connected to possible system malfunctions through high-reliability solutions and protection of its information assets by strengthening security systems against unauthorised access (perimeter systems with warnings, cloud devices, redundancies, monitoring and audits) and more centralised company data management solutions to ensure the highest level of protection and monitoring and to guarantee timely and efficient actions where needed.
Interest rate risk	
The Group is exposed to interest rate risk to a limited extent since almost all of its outstanding financial liabilities provide for the payment of financial charges based on fixed rates..	Considering the contingent moment of progressive growth of interest rates and the instability of the markets deriving both from the conflict initiated by Russia against Ukraine and from the general macroeconomic instability of Europe, the portion of loans at variable rates (leasing) could involve an increased burden linked to financial charges mediated by the fixed-rate component of the bond loan.

Nature of risk	Risk management
Currency This risk arises from the fluctuation of exchange rates on sales and purchases carried out in currencies other than the functional currency of the various Group companies. In the case of particular macroeconomic instability in countries, such as that caused by the conflict underway between Russia and Ukraine, this risk may be even more significant. The currency risk is therefore connected to the trend of the US dollar, Australian dollar, British pound, Indian rupee, Ukrainian hryvnia and Polish zloty.	The Group mitigates part of this risk by pegging the currency of any financial exposures to the currency of the underlying transactions. In order to hedge against foreign currency exchange fluctuations, it adopts a hedging policy of buying/selling forward foreign currencies when significant imbalances arise between costs and revenue in foreign currencies.
Liquidity risk This risk relates to the Group's ability to meet obligations associated with financial liabilities. This may result in difficulties in settling these liabilities at maturity.	The Group ensures it has sufficient liquidity to cover expected short-term operating costs, including those related to financial liabilities. The objective of this strategy is to maintain a well-balanced ageing list in order to reduce the risk of increases in re-financing sources.
Credit risk Credit risk is the risk that a customer or one of the counterparties to a financial instrument causes a financial loss by failing to meet an obligation. This risk arises mainly from trade receivables and financial investments. The Group's exposure to credit risk mainly depends on the specific characteristics of each customer. Credit risk is affected by the demographic variables typical of the Group's customer portfolio, including the insolvency risk of the industry and the countries in which the customers operate.	The Group mitigates its credit exposure through supplier financing lines made available by its main customers, effectively discounting part of its receivables without recourse. Based on the Group's historical trend, credit losses are very limited. This risk is largely covered by the corresponding loss allowance in the financial statements.
Compliance with laws and regulations The Group is subject to many different rules and regulations at local and corporate level. Therefore, this scenario, especially in terms of regulatory evolution (e.g, plastic packaging tax) and subsequent implementation within the Group, leads to the risk of potential non-compliance that may have an impact not only in terms of financial penalties, but also damage to its reputation.	The Group monitors this risk situation through a structured system of internal policies and procedures, which also includes the Code of conduct that governs the conduct of employees, as well as internal compliance activities carried out both locally and at corporate level. In addition, its regulatory evolution monitoring allows it to swiftly define response strategies and actions. .
Health and safety This risk relates to ensuring full compliance with the obligations provided for by Italian, national and international regulations on occupational health and safety and the environment. More generally, the health and safety risks for the Group relate to guaranteeing and preserving the health and safety of workers and safeguarding against environmental risks in line with the Group's standards and objectives.	In carrying out its activities, the Guala Closures Group bears the costs and charges for the measures necessary to ensure full compliance with the obligations provided for by Italian, national and international regulations on the environmental and especially occupational health and safety. In particular, in Italy, occupational health and safety regulations (Legislative decree no. 81/08) and subsequent updates (Legislative decree no. 106/09) introduced specific requirements that affected the management of site operations and the allocation of responsibilities. Failure to comply with these regulations also entails criminal and/or civil penalties and, in some cases constitutes violation of objective corporate liability according to a European model transposed in Italian law (Legislative decree no. 231/01). In order to monitor these risks continuously and effectively, the Guala Closures Group set up a Health, safety & environment structure (both at corporate and subsidiary level) which uses specific procedures to monitor occupational safety, environmental issues and compliance with the regulations in force in the individual countries in which the Group operates.

Nature of risk	Risk management
Tax risk	
Changes in the domestic and international tax environment and complexity could increase the risks of correct application of regulations and the overall business costs due to an increase in the Group's effective tax rate and lead to uncertain and/or unexpected tax exposures.	The Group regularly reviews its business strategy, its tax policy and its control system in the light of regulatory changes and assesses the need to improve the tax framework and the likelihood of any adverse outcome from audits in order to determine the adequacy of tax provisions.
ESG risks	
These risks refer to environmental, social (specifically human resources) and governance (both internal and regarding main stakeholders) topics. They are in part linked to other business risks already described (e.g., compliance with occupational health and safety), either directly with specific impacts or indirectly as a consequence thereof	These risks are managed by setting medium/long-term objectives and by the continuous monitoring of indicators through the collection and preparation of specific centralised reports, periodic audits by specialised third-party companies and related action plans to meet the objectives

Our strategy

3.1 Our strategy

The Group's mission is to maintain its market leadership, increase profitability and expand its business through organic growth and acquisitions aimed at consolidating/increasing the market share. The Group's management has a clear strategy for sustainable growth, which includes:

- increasing sales revenue by entering the markets of emerging countries, acquiring new customers and growing in market segments in which we are under-represented;
- developing innovative solutions to safeguard brands on markets with a high risk of counterfeiting;
- developing the luxury segment which was strengthened through the acquisition of Labrenta;
- optimising production processes and the supply chain by sharing best practices within the Group in order to improve the profitability of facilities;
- constantly improving the new product offering by developing innovative, technological and increasingly attractive products to meet diverse market demands

The projects under development in 2022 confirmed the Group's focus on sustainability and brand promotion.

Sustainability
pursuing continuous and constant sustainable development of all products.

Brand promotion
providing the best possible products and services to support our customers in communicating the values of their brands to customers.

With respect to sustainability, the Guala Closures Group is committed to strengthening its leadership in the closures market thanks to research with international partners into cutting-edge materials and solutions. Research is focused on developing solutions that are consistent with local recycling systems and consumer habits and sensitivity.

In addition to materials, research also focuses on product structure through designs that strive to minimise both the quantity and environmental impact of materials used. Meanwhile, the Group is conducting many tests, some with key customers, so as to respond to the changing market driven by greater awareness of the challenges linked to product sustainability. By developing solutions using materials from renewable sources, the Group is working on products made with recycled materials that can easily be recycled by current end-of-life processes.

Although market conditions were particularly challenging in 2022, the Group showed considerable resilience, ensuring continuity in the production and development of new solutions. Numerous re-packaging projects were requested by some of our best known global brands. Leading brands are sending the Guala Closure Group new packaging concepts developed by independent designers, while others place their complete trust in our technical and design experience, which in all cases reflects the need to combine a prestigious image with a message of sustainability.

3.2 Product and process research and innovation

Product and process innovation to design and provide the world's markets with valid solutions for the individual brands and with increasingly effective and sustainable production processes was again the focus of the business for the Guala Closures Group in 2022. The Group continued to lead the way in pinpointing new market trends and converting them into cutting-edge solutions thanks to the close collaboration between its marketing, sales and innovation areas.

In order to provide a range of harmonised products, designed to provide effective sustainable development solutions, we have adopted a rigorous design method, starting from understanding packaging production issues.

The three biggest challenges in terms of sustainable development comprise the use of finite resources, greenhouse gas emissions, mainly due to the production of materials and, to a lesser extent, their transport or processing, and the product end-of-life.

In order to address these challenges, the Guala Closures Group follows four design models for sustainable solutions:

DESIGN TO REDUCE

This principle is based on eco-design and the elimination of anything not necessary: by reducing the use of finite materials and renewables necessary for a product to function properly we have a lower impact on the environment. In fact, not only does the reduced use of resources lead to more responsible behaviour, as well as promoting sustainable development, but it can also reduce the volume of carbon dioxide emitted in relation to closures..

DESIGN TO CHANGE

Product sustainability requires changing the resources used. This can be achieved by no longer using limited resources and adopting the use of recycled or renewable materials. In the case of ALUMINIUM, this means increasing the amount of recycled alloys used in production, which would significantly reduce the associated carbon dioxide emissions and energy consumption. In the case of POLYMERS, the use of recycled materials is more challenging as polymers from mechanical recycling are often not suitable for food contact and have different properties compared to petroleum-based polymers. There are two categories of recycled polymers: those from chemical recycling and those from renewable sources.

DESIGN TO FADE

This approach involves the reduction of waste that goes to landfill or is incinerated, thanks to the use of biodegradable polymers. The guideline also suggests decreasing the materials used and the use of easily-removable components. Where biodegradable waste can be disposed of properly, this solution has a positive impact on waste treatment and potentially reduces carbon dioxide emissions.

DESIGN TO REVIVE

As far as possible, existing recycling systems should be adopted, as future technological advances may mean that closures may also become recyclable. Accordingly, we could potentially resolve scrap pollution and the waste of resources by recovering the materials used in closures as much as possible.

These four design models address early life and recycling issues. Each model has been given a name, a concept and a series of actions to facilitate the application of the concept to closures. Each model responds differently to the challenges identified and has been created to be applied individually or in combination with other models.

All four models focus on the use of materials, the sources from which the materials are derived and their possible end-of-life in different ways. Specifically, research focused on polymers: both materials produced from renewable or recycled sources, in order to abandon the use of oil, and biodegradable and compostable materials.

Research has led to the validation of certain grades of polyethylene derived from renewable sources. This means oil can be phased out as a primary source for the production of polymers and that new carbon dioxide from the extraction of fossil fuels is not released into the atmosphere.

3.3 The Blossom™ line

The **Blossom™** range of sustainable closures is an important resource in meeting Guala's corporate social responsibility goals and the result of the long-term commitment to the design of sustainable solutions. Such actions help to meet consumers' expectations, market needs and local regulations. Each new closure line follows at least one of the four design-to models defined in the Group's eco-design guidelines.

Within the newly launched Blossom™ range, the avant-garde Greencap® is receiving a lot of interest due to its benefits in the recycling process. It is a fully removable and disposable aluminium screwcap meeting the Group's **Design to Revive** eco-design guideline criteria which is based on recovering and recycling the materials used in the closures.

The **Design to Change** guideline – based on adopting recycled materials or materials produced from renewable sources – includes a luxury T-bar closure made of 100% recycled ABS plastic and agglomerated cork. In addition to ABS, we are continuing to explore new development opportunities using other fully mechanically recycled polymers.

Elimination of anything not necessary and reducing the use of finite materials and resources meet the **Design to Reduce** guideline. The agave fibre-based closure for tequila, made from a bio-based composite resin using 30% agave fibres (from waste generated during tequila distillation) and 70% polypropylene is a perfect illustration of the Design to Reduce model.

Finally, **Design to Fade** has the main purpose of creating completely biodegradable closures. Compostable closures in industrial and home composting conditions are under development, with the target of a closure that is completely biodegradable in all conditions.

3.4 Integrated management systems and certifications

In the eleven years since our sustainability journey began, we have adopted tools that measure and check our actions and progress. We obtained the first certification in 2006 and, since then, we have operated in compliance with global standards, some of which are voluntary.

ISO 9001 - Quality management systems. 100% of facilities are ISO 9001 certified. The group obtained a corporate certification some time ago that covers all facilities.

ISO 14001 - Environmental management systems.

100% of facilities are ISO 14001 certified. The group obtained a corporate certification some time ago that covers all facilities.

ISO 22000 - Food safety management systems.
85% of facilities are ISO 22000 certified. Every facility is required to implement and certify a management system that complies with ISO 22000:2018 or similar standard.

ISO 50001 - Energy management systems.
Implemented at the production facility in Worms, Germany. Under the sustainability plan, it will be implemented at all European facilities.

ISO 45001 - Occupational health and safety management systems.
Implemented at the production facilities in Wloclawek (Poland) and Bridge of Allan (Scotland). It will be implemented at every group facility in Europe by 2030.

BRCGS Packaging Materials.
Implemented at the production facility in Santiago de Chile (Chile).

ISCC Plus - International sustainability and carbon certification.
Certification obtained at the facilities in Spinetta Marengo, (Italy), Kirkintilloch (UK) and Chambray (France). It allows the use of certified polymers under the mass balance approach for the production of packaging.

Sedex
100% of production facilities are Sedex certified. Sedex provides guidance on best ethical audit practices and techniques to help auditors conduct high quality audits of responsible business practices.

Ecovadis
The CSR ratings provide a third-party assessment of a supplier's ESG value so that improvement plans can then be defined together.

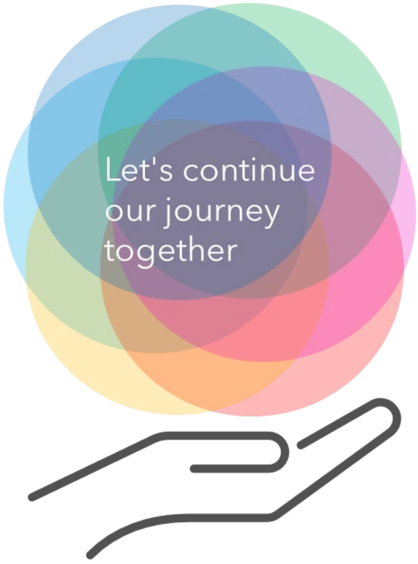
Not all business units obtained all three certifications. However, the Group has developed a clear agenda to ensure that all Guala Closures Group facilities obtain each certification. Every time the Group grows by acquiring or opening a new facility, a strategic plan is drawn up to achieve the above three certifications in the shortest possible time.

Under the Group's 2030 strategy, all facilities will be ISO 45001 and 50001 certified within eight years.

Paese / Stabilimento	ISO 9001	ISO 22000	ISO 14001	ISO 45001	ISO 50001	SEDEX
ARGENTINA (Chivilcoy)	✓	Q1 2023	✓	2030	2030	✓
AUSTRALIA (Melbourne)	✓	✓	✓	2030	2030	✓
BELARUS (Minsk	NA	NA	NA	NA	NA	✓
BRAZIL (San Paolo)	✓	✓	✓	2030	2030	✓
BULGARIA (Kazanlak)	✓	✓	✓	2026	2026	✓
CHILE (Santiago de Cile)	✓	✓	✓	2030	2030	✓
CHINA (Beijing)	✓	NA	NA	2030	2030	✓
COLOMBIA (Bogotà)	✓	Q1 2023	✓	2030	2030	✓
FRANCE (Chambray)	✓	✓	✓	2026	2026	✓
GERMANY (Worms)	✓	✓	✓	2026	✓	✓
INDIA (Ahmedabad)	✓	✓	✓	2030	2030	✓
INDIA (Daman)	✓	✓	✓	2030	2030	✓
INDIA (Dharwad)	✓	Q1 2023	✓	2030	2030	✓
INDIA (Goa)	✓	✓	✓	2030	2030	✓
ITALY (Magenta)	✓	✓	✓	2023	2023	✓
ITALY (S.Marengo)	✓	✓	✓	2023	2023	✓
ITALY (Termoli)	✓	✓	✓	2023	2023	✓
KENYA (Nairobi)	✓	✓	✓	2030	2030	✓
MEXICO (S.J.Iturbide)	✓	✓	✓	2030	2030	✓
NEW ZEALAND (Auckland)	✓	✓	✓	2030	2030	✓
POLAND (Wloclawek)	✓	✓	✓	✓	2026	✓
SOUTH AFRICA (Cape Town)	✓	✓	✓	2030	2030	✓
SPAIN (Jerez)	✓	✓	✓	2026	2026	✓
SPAIN (Oledrola)	✓	✓	✓	2026	2026	✓
UKRAINE (Sumy)	✓	✓	✓	2026	2026	✓
UK (Bridge of Allan)	✓	✓	✓	✓	2026	✓
UK (Kirkintilloch)	✓	✓	✓	2026	2026	✓
USA (Fairfield)	✓	✓	✓	2030	2030	✓

The Labrenta plants and the plant in Ternopil (Ukraine) will be included in the certification program starting from 2023.Since 2016, our Scope 1 and 2 greenhouse gas emissions have been certified every year, as required by the ISO 14064 standard. As in 2020 and 2021, Bureau Veritas certified our Scope 3 emissions again in 2022.

3.5 The sustainability strategy. A story that began 12 years ago.



The Guala Closures Group began to take an active commitment to sustainability in 2011 with an initial project involving the Italian facilities on 20 objectives covering 12 indicators for up to 2015.

The satisfactory results achieved (15 objectives achieved and exceeded, 3 partially achieved and 2 not achieved) and the lessons learnt enabled us to enter a second phase, extending the programme globally. The "Working together for sustainable growth" programme was launched in 2016, extending the sustainability goals to the entire Group. This ambitious programme comprised 12 indicators and 20 objectives, divided among the three pillars of environmental, social and business.

The Group has achieved many successes and objectives over the seven years of the programme:

- **-52%** in Scope 1 and 2 greenhouse gas emissions intensity
- **+42%** use of electricity from renewable sources
- **-31%** in water consumption intensity in production processes
- **-39%** injuries (per million hours worked)
- **Launch of the Charter of diversity and inclusion** to integrate and enhance the talent of every employee
- **Certification of ethical business** at every group facility by registering all sites with the Sedex platform.
- **Joining the UN Global Compact** and integrating the ten principles regarding human rights, work, the environment and corruption.

Now we want to drive forward:
Let's create a better future, together we can!

To continue this commitment to sustainable development, the Group launched its third programme which covers up to 2030.

This decision was spurred by the Group's desire to make a greater contribution to building a better future for our employees, our customers, consumers and society in general. Indeed, Guala is aware of its leading role in its sector which gives it the great opportunity of being a leading light for sustainability in the industry. To this end, it focuses on the principles of **safeguarding shared value**, **reducing the impacts of the Group's products and business** and promoting virtuous operations and practices.

The **Sustainable together 2030** covers three areas:

- **Environment**: helping preserve our planet;
- **Social**: promoting and developing all the conditions for our employees' well-being;
- **Governance**: guaranteeing ethical business and transparent processes throughout the entire value chain, ensuring safe and quality products.

The three pillars define the programme and reflect the ambitions for the future through an agenda made up of 24 objectives to be achieved by 2030.

The productive dialogue Guala has established with its stakeholders helped it identify priorities for building effective actions.
Each objective is balanced to maximise the virtuous impact that the Group can bring to its stakeholders and society in general. We are certain that the Group's growth relies on a model that protects the environment and people. Therefore, the Guala Closures Group has embraced a rigorous approach for some time now, based on precise improvement goals. The Group monitors and reports its impact on the environment and the community in a systematic and transparent manner.

Objective	Units	Baseline information		Goal	Target year
Emission reduction in line with Science Based Target 1.5° ambition					
-44% CO2 emissions from Scope 1 and 2 combined	tCO2eq	2020	156.191	87.466 tCO2eq	2030
-25% CO2 emissions intensity from Scope 3*	tCO2eq/ mln closures	2020	27,2	20,4 tCO2eq/mln closures	2030
Water withdrawal					
-15% water intensity at Group level	m3/mln closures	2022	13,43	11,41 m3/mln closures	2030
-25% water intensity in high water stressed areas	m3/mln closures	2022	13,65	10,24 m3/mln closures	2026
Waste management					
Zero waste to landfill	%	2022	4,3%	0% total waste to landfill	2030
Hazardous waste <5% of total industrial waste	%	2022	7,5%	< 5% hazardous waste produced	2030
Energy integrated management system					
100% eligable plants certified ISO 50001	% of production plants certified	2022	0/4	100% Italian plants certified	2024
		2022	1/14	100% European plants certified	2026
		2022	1/28	100% Guala Closures Group production plants certified	2030
Health & Safety improvements					
Zero accident culture	Accident freqency index	2022	6,54	Year by year reduction in accident frequency	2030
100% eligable plants certified ISO 45001	% of production plants certified	2022	0/4	100% Italian plants certified	2034
		2022	2/14	100% European plants certified	2026
		2022	2/28	100% Guala Closures Group production plants certified	2030
Training on H&S					
+30% hours of training on health and safety	Hours of training per person	2022	6,31	8,20 hours of training per person	2030
Diversity & Inclusion					
Gender equity	-	-	-	Gender pay gap analysis to establish a solid baseline	2023
	Parenthood support policies	2022	-	Introduce at least one policy per BU on parenthood support and monitor the % of people asking for and benefitting from this policy	2023
	Women professional growth training	2022	-	% of women that participate to professional growth training program of GC Academy above the % of women within the Group	2024
Strengthen the interaction between generations	Number of projects	2022	-	At least one project per BU and measure the effectiveness	2025
Inclusion of people with different abilities	Number of internships	2022	-	At least one internship program for people with disabilities launched in each BU	2025
Ethics & Transparency					
ESG rating	EcoVadis rating	2022	-	Obtain the EcoVadis Gold rating at Group level and maintain the status	2023-2030
Spread the Code of Ethics principles to all employees at all levels	% of employees	2022	48%	% of employees trained on the new Code of Ethics in the Italian BU	2023
		2022	0&	100% of employees trained on the Code of Ethics in the Group	2024
Supply chain assessment & management					
Promote sustainability throughout the supply chain	% of the suppliers	2022	46%	100% of strategic suppliers monitored on sustainability	2023
Alignment of strategic suppliers to our Code of Ethics	% of the suppliers	2022	0%	New Code of ethics signed by 100% of strategic suppliers	2023

*the categories included in this objectives are Category 1 purchased goods and services and Category 3 energy related activities. The Group also commits to reduce its overall Scope 3 emissions in absolute terms with respect to the baseline figure.

OUR PLANET

National and international communities' growing sensitivity to environmental sustainability has led to increased awareness and attention throughout the production cycle in order to minimise the environmental impact. In recent years, social and technological trends related to climate risk have gradually emerged, impacting the context and continuing to influence changes in values and, consequently, the behaviour of generations, making them more sensitive to the purchase of environmentally-friendly products and to companies that promote sustainable or zero-impact production and, more generally, value chain.

Guala Closures operates in accordance with a rigorous environmental policy which applies to all its facilities. Similarly to the group's other policies, the environmental policy is characterised by a commitment to sustainable development, fully observing ethics and social values, product and occupational safety, combining all of this with environmental protection.

The environmental policy is based on three pillars:

research, development and improvement of products and processes based on the products' life cycle, with the aim of safeguarding the environment and saving energy, reducing CO2 emissions per kg of finished product

the engagement of all stakeholders, especially in the supply chain, to involve them in the goals of the sustainability plan

confirming respect for the environment as a company value through concrete and measurable actions.

Based on these assumptions, we have developed our strategy on multiple topics in order to estimate the environmental footprint of all production resources and act in the event of critical issues. The programme covers 4 main topics and sets a total of 9 objectives. CO2 emissions, management of energy consumption, management of water resources and waste production are the pillars of the new sustainability program 2023 - 2030.

OBJECTIVE	BASELINE 2020	RESULTS 2022	TARGET	DEADLINE
CO2 EMISSIONS				
Reduction of Scope 1 and Scope 2 emissions by 44%	156,191 tCO2eq	94,553 tCO2eq	87,466 tCO2eq	2030
Reducing Scope 3 emissions intensity by 25%	27.2 tCO2eq/mln Closures	26.2 tCO2eq/mln Closures	20.4 tCO2eq/mln Closures	2030

OBJECTIVE	BASELINE	TARGET	DEADLINE
WATER			
15% reduction of water intensity	13.43	9.54 m3/ mln closures	2030
25% reduction of water intensity in high water stressed areas	13.65	8.95 m3/ mln closures	2026
WASTE			
Zero waste to landfill	4.3%	0% waste to landfill	2030
Reducing hazardous waste to less than 5% of total waste produced	7.5%	< 5% hazardous waste produced	2030
ENERGY			
Getting all Italian facilities ISO 50001 certified	0/4	100%	2024
Getting all European facilities ISO 50001 certified	1/14	100%	2026
Getting all facilities ISO 50001 certified	1/28	100%	2030

4.1 Fighting climate change

One of the central themes of the Guala Closures Group Sustainability program is certainly the fight against climate change. Guala Closures' activities generate greenhouse gas emissions and therefore contribute to climate change.

Direct emissions (Scope 1) mainly derive from the operation of plants and machinery owned or under the complete management of the company, such as, for example, thermal systems (fueled with natural gas) and machinery fueled with diesel. Indirect emissions, deriving from the electricity consumption of all plants from external supplies (Scope 2) and deriving from other factors such as raw materials, goods transport services, waste production. (Scopes 3).

The Group's emission reduction targets were validated in December 2022 by the "Science Based Target initiative (SBTi)" as they meet the more ambitious goal of limiting the global temperature increase to 1.5°C as indicated by the Climate Agreement of Paris in 2015. SBTi is a global body that allows companies to set ambitious emissions reduction targets, in line with the latest scientific evidence on the climate. The goal is to accelerate action worldwide to halve emissions by 2030, achieve net-zero emissions by 2050 and, at the same time, provide companies with a clear path, independently evaluating and approving the results achieved . The validation represents an important milestone in the sustainability path undertaken by the Group, which in 2021 has already reduced the intensity of its Scope 1 and 2 greenhouse gas emissions by 40% compared to 2016.

This year a strong acceleration was given to the emission reduction program, allowing an excellent result in both objectives of the reduction target. This was possible thanks to the continuous assessment of the Carbon Footprint along the entire production chain of the plants and the implementation of a timely action plan to mitigate the Group's impact:

- **directly** at the production sites, through process optimization, investments in new plant equipment and the purchase of energy from renewable sources;
- **indirectly**, with members of the supply chain (raw materials, machinery, transport, customers and suppliers) through the optimization of loads and logistics.

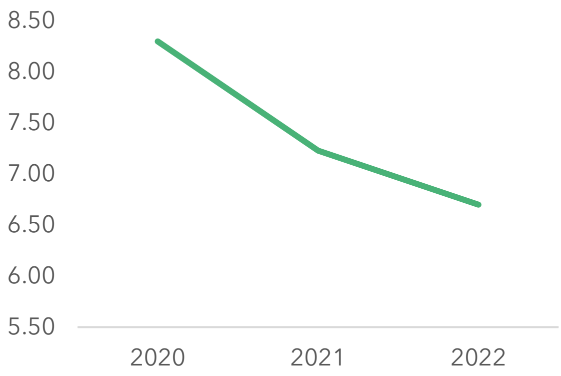
The Group's direct global emissions (Scope 1) decreased overall by 12.6% compared to 2021 (-3,450 tonnes CO2eq.), since during the year a lower consumption of fuels was recorded in absolute terms, thanks to the replacement of equipment and production optimization. Indirect emissions due to electricity consumption (Scope 2) decreased by 19.1% compared to 2021. This result was obtained thanks to the massive diffusion of electricity from renewable sources among the Group's plants. Combining Scope 1 and Scope 2 emissions, in absolute value, their emissions decreased by 16.6%.

GHG emissions	2020	2021	2022
Scope 1 emissions (tCO2 eq)	40,746	43,469	**37,990**
Scope 2 emissions (tCO2 eq)	115,445	69,876	**56,564**
Scope 1+2 intensity (tCo2eq/t)	1.98	1.33	**1.05**
Scope 3 emissions intensity (tCo2eq/t)	6.32	5.90	**5.65**
Scope 3 emissions (tCO2 eq)	497,219	503,715	**506,890**
of which deriving from purchase of goods and services - category 1 (tCO2 eq)	447,603	457,513	463,665
of which deriving from fuel and energy-related activities - category 3 (tCO2 eq)	24,721	15,827	18,158
Scope 3 emissions of categories 1 and 3 per million closures produced (tCo2eq/mln Cls)	27.22	26.19	**26.22**

The effect of this sharp decrease was therefore reflected in an even greater reduction in the intensity of Scope 1 and Scope 2 emissions of 20.6%, bringing the indicator of this intensity to 1.05 tonnes of CO2 equivalent per tonne of finished product. In 2022, Scope 3 indirect emissions increased in absolute terms by 0.6%, but decreased in terms of intensity of emissions on the weight of production by 4.2%.

The Group's total emissions, combining Scope 1, Scope 2 and Scope 3, decreased by 2.5% compared to 2021, while they decreased by 7.2% per tonne of closures produced and by 4.1% in terms of tonnes of CO2 equivalent per million finished closures.

Emission intensity tCO2/ tons of finished product



Compared to the baseline of the objectives validated by the Science Based Target initiative, the combination of emissions in Scope 1 and Scope 2 went from 156,191 tCO2eq in 2020 to 94,554 tCO2eq in 2022, thus reducing by 39.46%. Scope 3 GHG emissions deriving from purchased goods and services and fuel and energy-related activities per million closures produced went from 27.2 in 2020 to 26.2 tCO2eq/million closures finished in 2022, thus reducing by 3 .7%.

In 2022 all emissions (Scope 1, Scope 2, Scope 3) were certified by Bureau Veritas. Compared to the 2021 Sustainability Report and the 2020 Consolidated Non-Financial Statement, we report a recalculation of the greenhouse gas emissions of the 2020 and 2021 data. This recalculation is partly due to the change in methodology to align the calculation methods with the IPCC report 2021 (inclusion of biogenic CO2 and land use change), in part to a realignment of aluminum consumption on 2020 data.

With respect to the objectives of the 2016-2022 sustainability programme, the Group is proud to declare that it has met all three objectives set for the reduction of greenhouse gas emissions.

Forti di questi risultati, e dalla consapevolezza di un ruolo sempre più importante sul mercato, Guala Closure Group ha deciso di porsi due nuovi obiettivi estremamente sfidanti per la sua strategia di sostenibilità 2023-2030.

Greenhouse gas emission reduction

Objectives 2016-2022

- Reduce carbon dioxide equivalent per tonne of finished product by 25% (Scope 1 and 2). ✓
- Certify CO2 emissions (Scope 3). ✓
- Develop partnerships with suppliers to reduce the use of raw materials and transport. ✓

Objectives 2030

Guala Closures S.p.A. undertakes to cut total Scope 1 and 2 GHG emissions by 44% by 2030, using 2020 as the baseline*. Guala Closures S.p.A. also undertakes to reduce Scope 3 GHG emissions from purchased goods and services and activities that consume fuel and energy per million of closures produced by 25% within the same period of time.

*The scope of the target includes emissions and absorptions into the earth by bioenergetic raw materials.

4.2 Reforestation and emission compensation programs

In addition to our commitment to reduce carbon dioxide emissions, Guala Closures has been financing important reforestation projects for years, which we focus on supporting the developing countries in which the Group operates (India, Colombia, Mexico), actively involving both local communities, who derive social and economic benefits from the program, and employees of our local branches. The emissions compensation program was born in 2011. Initially, the program included only reforestation, through three projects, located in Costa Rica, Peru and a third in India. Since 2014, the Group has also integrated the purchase of carbon credits into its strategy. Reforestation then continued in 2015, with a two-year project in Colombia and in 2018 with a reforestation project in Mexico, which ended in 2020, while a reforestation program has been active since 2016 in India (Gujarat).

In the twelve-year program, more than 380,000 tons of carbon dioxide have been compensated and more than 468,000 trees have been planted, involving more than 6,000 people in the various projects (Peru, India, Colombia and Mexico). These projects have been developed with influential partners and vetted by certified international independent agencies. In 2022 alone, we planted over 39,000 trees and offset 94,553 tons of carbon dioxide through the purchase of carbon credits.

The emissions compensation program is therefore articulated on two distinct axes: on the one hand through the absorption of carbon dioxide by the trees that we plant through international NGOs, and on the other through the purchase of carbon credits, i.e. equivalent certificates to one ton of CO2 per title, not emitted or absorbed thanks to an environmental protection project carried out with the aim of reducing or reabsorbing global emissions of CO2 and other greenhouse gases. It should be noted that starting from 2018, for the calculation of the compensated tons of CO2 we have only considered the compensations of carbon credits.

	Trees planted	Carbon credits	Tonnes of carbon offset
201 - 2018	306,000 Trees planted	130,000 VCU	176,060 Tonnes of CO2
2019	47,000 37,000 in Mexico 10,000 in India	25,000 VCU	25,000 Tonnes of CO2
2020	40,000 25,000 in Mexico 15,000 in India	30,000 VCU	30,000 Tonnes of CO2
2021	38,853 Trees planted	56,743 VCU	56,743 Tonnes of CO2
2022	39,051 Trees planted	94,553 VCU	94,553 Tonnes of CO2

In 2021, the Group decided to offset part of the direct emissions (Scope 1) and indirect emissions caused by electricity consumption (Scope 2), covering the emissions for the entire second half of the year, through the purchase of 56,743 carbon credits.

In 2022, the Group offset 94,553 tonnes of CO2eq, fully covering direct emissions and indirect emissions from electricity consumption. In fact, since 2022, the Group has been committed to offsetting all Scope 1 and Scope 2 emissions. The emissions offset certificates finance reforestation and sustainable development projects around the world.

In 2022 Guala Closures Group directly supported reforestation with over 39,000 trees planted in India. The reforestation program involved 4 villages in the Gujarat region, involving 1400 families. The Group has supported the creation of a Collective of Producers in Gujarat, whose objectives are the creation of economic value from the fruits of the trees planted and the organization of a distribution system with particular attention to female empowerment.

4.3 Energy management

The management of energy consumption is key to reducing emissions and, at the same time, make production processes more efficient. The optimisation of consumption plays a crucial role in energy management. For this reason, the Group focused its efforts on identifying the processes that have the greatest impact on energy consumption and implementing specific improvement measures. In most facilities, electricity first and natural gas second are the energy resources most heavily used in production activities, and therefore having the greatest impact on consumption.

Fuel consumption is mainly due to the operation of thermal plants (furnaces for decoration processes and heating systems) and the need in some facilities, especially in India, to use generators to make up for the poor functioning of the local electricity grid.

Energy consumed	2020	2021	**2022**
Energy consumption (Gj)	1,382,749	1,456,687	**1,396,932**
Electricity consumption (kWh)	207,860,659	221,824,923	**223,899,999**
Diesel (litri)	603,463	1,081,845	**509,271**
Natural gas (Sm3)	14,544,445	14,664,184	**13,586,670**
LPG (kg)	679,080	948,528	**854,464**
Propane (kg)	6,587	6,378	**8,856**
Gasoline (l)	721	527	**317**
Energy intensity (Gj/t finished product)	17.57	17.05	**15.55**
Electricity from renewable sources %	12.9%	37.3%	**41.9%**
Total energy from renewable sources %	7.1%	20.4%	**24.2%**

L'intensità energetica è calcolata dividendo il consumo totale di energia per le tonnellate di prodotto finito.

In 2022, the Group's energy consumption per tonne of finished product decreased by 8.8% over 2021 with a 4.2% drop in absolute terms. This improvement was chiefly thanks to the reduced usage of diesel at the Indian facilities, works to improve the efficiency of decoration and lithography machinery and the roll-out of new post combustors which significantly cut natural gas usage in the production process.

2022 saw a huge hike in the percentage of electricity from renewable sources, climbing to 42% of total electricity consumed. This was possible thanks to the roll-out of a new photovoltaic plant in Mexico, new contracts for the supply of electrical energy from renewable sources and the direct purchase of guarantee of origin certificates. At the end of 2022, 14 facilities consume electrical energy from renewable sources, thus reducing Scope 2 indirect emissions.

With respect to the 2016-2022 strategy targets, the Group reduced its energy intensity by 12% (compared to the -25% initially set), but more than doubled its target of having five facilities using energy from renewable sources. Looking at these results, the Guala Closures Group has decided to set the target of obtaining ISO 50001 certification at all its production facilities.

Energy resource management

Objectives 2016-2022

25% reduction in energy intensity **-12%**

5 facilities with renewable energy ✓

Objectives 2030

Guala Closures undertakes to obtain ISO 50001 (Energy management systems) certification at all of its production facilities by 2030

4.4 Waste management

The waste generated by the Guala Closures Group's production activities consists mainly of plastic processing materials (ten different polymers), aluminium and mixed packaging materials such as paper, cardboard and plastic. In addition, the facilities that produce some luxury closures generate waste from the cutting and turning of wood, consisting of residues such as wood shavings and cork.

To a lesser extent, waste from the use of ancillary materials (such as glass beads, a key component in the production of some safety closures), waste from the processing of ferrous materials other than aluminium (mainly tinplate) and scrap from the production of PET bottles should also be considered.

Finally, with respect to liquid waste (which, in any case, is mostly purified and, therefore, does not constitute discharge into the receiving water bodies), the Group facilities produce waste oil emulsions and used mineral oils, generated by the production and maintenance of automatic machines. This category also includes mostly hazardous waste from decoration operations, such as solvents, inks, varnishes and paints. In addition to these, other liquid waste produced includes the waste resulting from the washing of the machines.

The Guala Closures Group has always been involved in environmental protection, resource preservation and waste reduction. Thanks to the results achieved between 2011 and 2021, the Group set two ambitious targets in 2022 for all its facilities aimed at both reducing the total quantity of waste produced and improving its quality and treatment.

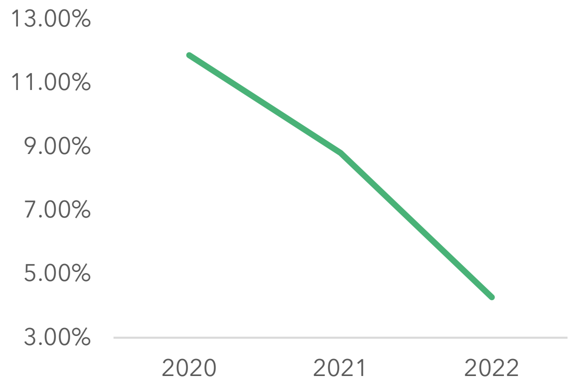
All waste produced is collected separately by type and disposed of in compliance with the law (privileging plants that implement treatment aimed at recovering material for recycling) at each facility. Separate waste collection (toner, paper and cardboard, etc.) is also carried out in offices, as well as in refreshment areas and canteens (plastic, organic, etc.).

Employees are periodically trained and informed about waste sorting criteria, with a view to reducing and recycling the waste produced.

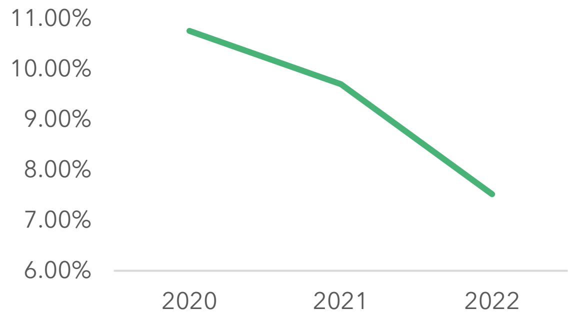
Waste produced	2020	2021	2022
Total waste produced (t)	22,118	23,083	**22,217**
Total non-hazardous waste	19,738	20,843	**20,546**
of which sent to recycling (t)	18,349	19,319	**19,306**
of which sent to incineration (t)	266	446	**481**
of which sent to landfill (t)	1,123	1,078	**759**
Total hazardous waste (t)	2,381	2,240	**1,671**
Hazardous waste (%)	10.76%	9.70%	**7.52%**
of which sent to recycling (t)	693	1,013	**1,321**
of which sent to incineration (t)	186	273	**159**
of which sent to landfill (t)	1502	954	**191**
Waste per finished product (kg/t di prodotto finito)	281	270	**247**
Total waste to landfill (t)	2,625	2,032	**950**
Waste to landfill (%)	11.87%	8.80%	**4.27%**
Significant spills	0	0	**0**

There was a generalised improvement across all waste indicators in 2022. Specifically, the waste produced dropped sharply from 8.80% in 2021 to 4.27%. In the space of a year, waste to landfill more than halved in both absolute terms and as a percentage of total waste. Hazardous waste also fell significantly from 9.70% of total waste in 2021 to 7.2% in 2022 (-25.4%). Finally, total waste dropped 3.73% despite increased production of closures in terms of both number and as a percentage of production. Indeed, the ratio of total waste to percentage of production fell 8.4%, while the ratio of waste to millions of closures produced dropped 5.3%.

Waste to landfill



Hazardous waste



These decreases are partly due to the roll out of a treatment plant at the Magenta facility, the Group's largest producer of hazardous waste and waste to landfill as a result of its industrial processes, which consist exclusively of aluminium degreasing, cutting and lithography. The installation of the new treatment plant, which began operating in the second half of the year, has drastically reduced the amount of waste that the facility sends to landfill.

Seeing the notable results obtained in reducing the production of hazardous waste and waste to landfill, the Group decided to confirm its commitment, maintaining two of the three targets set in the 2016-2022 strategy unchanged. Therefore, in the 2023-2030 strategy, the Group will continue to reduce hazardous waste to below the threshold of 5% of total waste while also undertaking to send less than 1% of waste produced to landfill. The target related to reducing total waste produced per tonne of finished product was not confirmed in the new strategy. This decision stems from the fact that the production of aluminium closures unavoidably entails a portion of "physiological" waste from the production of shells (called "technical waste"), i.e., the aluminium mesh resulting from the aluminium deep drawing process. However, the Group undertakes to always recycle this precious resource and also launch partnerships with its aluminium suppliers to reuse aluminium mesh to boost the circular economy and optimise raw materials.

Waste reduction

Objectives 2016-2022

Reduce waste per tonne of finished product by 20%	**-9,0%**
Hazardous wste <5%	**7,5%**
Landfill waste <1%	**4,3%**

Objectives 2030

Guala Closures undertakes to reduce its production of hazardous waste as a percentage of total waste, setting the annual production threshold as less than 5% by 2030.

The Group also undertakes to fully eliminate the production of waste to landfill, setting a production threshold of the 0%.

4.5 Water resources

The use of water resources within the Gprod production processes is limited. Therefore, the impact on water resources is minimal. Water consumption is mostly related to the following three industrial processes:

- cooling of plastic moulding presses (usually using a closed circuit);
- evaporation towers for injection moulding cooling circuit exchangers;
- degreasing of aluminium coils.

Although the vast majority of facilities show limited water consumption, the Group is committed to efficient water resource management, and pursues the progressive reduction of water withdrawals at its facilities around the world.

Water consumption	2020	2021	2022
Total water withdrawal (m3)	209,926	191,681	**232,634**
Water withdrawn from third party (m3)	61,321	62,770	**83,727**
Water withdrawn from well (m3)	148,605	128,911	**148,907**
Water withdrawn per finished product (m3/t)	2.80	2.28	**2.72**
Water withdrawn per finished product (m3/mln Cls)	13.05	11.35	**13.43**
Water withdrawn per finished product in high water stress areas (m3/mln Cls)	17.97	11.93	**13.65**

The water withdrawn per finished product is calculated by dividing total water withdrawals by the tonnes of finished product.

In most facilities, the release of pollutants into the water is minimal. Therefore, there is no specific equipment or infrastructure for water discharges. However, some facilities have wastewater treatment systems, where the quality and quantity of discharges are constantly monitored, applying treatments to remove pollutants and maintaining a level that does not cause negative impacts and, in any case, within the levels set by the relevant national regulations. All the Group's discharges flow to municipal sewerage networks, except for the Bridge of Allan facility (which discharges part of the wastewater into surface water after careful checks and treatment) and the Magenta facility (groundwater).

Water consumption relates, in particular, to the Spinetta Marengo, Goa and Ahmedabad facilities which account for over 65% of the Group's water consumption alone. Compared to 2021, the Group recorded a 21.4% increase in its water consumption in absolute terms and a 14% rise in water intensity. This increase is partly due to a fault in the trigeneration plant in Spinetta Marengo, which had to use water to produce refrigeration during the summer months, and partly to the extremely high temperatures recorded during the year, requiring higher air-conditioning usage at production facilities. However, the Group reduced its water withdrawn per finished product by 3% compared to 2020.

Guala diligently monitors water withdrawal at facilities located in high water stress areas. Water stress occurs in regions where the demand for water exceeds the quantity available during a set period or when the poor quality of water limits its usage. Water stress leads to the deterioration of fresh water resources in quantitative (excess usage of aquifers, dry rivers) and qualitative (eutrophication, pollution of organic materials, saltwater intrusion) terms.

At 2022, the Guala Closures Group has ten facilities located in high water stress areas, namely those in South Africa, Chile, Brazil, Mexico, Bulgaria and China, along with two Indian facilities (in Ahmedabad and Dharwad), the Italian facility in Termoli and the Spanish facility in Jerez. There was 14.4% rise in water consumption per million of finished product in these areas from 2021 to 2022.

However, if we compare 2022 figures to 2020 there is a large improvement in consumption per million of closures. Indeed, 17.97 metres cubed of water withdrawn per million of closures dropped to 13.65, thus falling by more than 24% over the two years.

The 2016-2022 strategy target of reducing the water withdrawn per tonne of finished product by 20% was reached in 2020 and the result was further improved this year with a more than 31% decrease in the intensity compared to the baseline. Despite the reduced impact that it has had on water resources, the Group has decided to undertake once more to reduce total water intensity by a further 15% and by 25% in high water stress countries.

Water withdrawal management

Objectives 2016-2022	Objectives 2030
Reduce water withdrawal per tonne of finished product by 20% ✓	Guala Closures undertakes to reduce water withdrawal per million of closures produced by 15% by 2030 (group scope). The group also undertakes to reduce water withdrawal per million of closures by 25% in high water stress countries by 2030.

4.6 Other environmental performances

Raw materials

At the end of 2022, the Group has three strategic suppliers of low environmental impact aluminium and ASI (Aluminium Stewardship Initiative (certification). Even though the new 2023-2030 strategy does not include a directly specified target, the Group undertakes to increase its number of suppliers of low environmental impact aluminium. Indeed, especially in the case of aluminium, reducing the impact of raw materials plays a key role in reducing Scope 3 CO2 emissions, an area in which Guala Closures has publicly committed to reduce its impact through its targets validated by the Science Based Target initiative.

Raw materials

Objectives 2016-2022

Take on two suppliers of low environmental impact raw materials. ✓

Environmental management system

As specified earlier, all of the Group's production facilities are ISO 14001 (Environmental management systems) certified, with the exception of the Chinese facility in Beijing and the newly-acquired facility in Breganze. As the Chinese facility is currently being transferred to Chengdu, the Group has decided to obtain its certification once the move has been completed and production is fully up and running. Furthermore, taking into account that the acquisition of Labrenta took place in late 2022, the Group considers its target fully met as all qualifying facilities are effectively ISO 14001 certified.

Environemental management systems

Objectives 2016-2022

ISO 14001 certification for all qualifying facilities. ✓

OUR PEOPLE

The group's primary objective of maintaining its market leadership and developing its business is strictly and necessarily pursued by stimulating and promoting the personal and professional growth of its employees.

This path is promoted through training, greater involvement and the enhancement of individual sensitivities and respect for diversity, which fosters, within a shared framework, alignment with the company culture and its role as a company that produces economic and social value.

In all the countries in which it is present, the group works to guarantee its employees full respect for social and ethical principles, first and foremost respect for labour and workers, avoiding all forms of discrimination and ensuring complete compliance with the Fundamental Human Rights, as formulated in the United Nations Declaration.

The group maps social sustainability both within its facilities and its supply chain. The latter is assessed applying the EcoVadis platform's scoring processes and by filling in new supplier qualification questionnaires. The group's ethical/social standards are assessed by completing a questionnaire on the SEDEX platform, the contents of which can be audited (SMETA).

The members of SEDEX share and manage information on occupational, health and safety, environment and work ethics standards through the platform.

Participation confirms the members' willingness to maintain and consolidate high ethical standards and improve global policies and processes to avoid any potential incidents of human rights violations in their own operations and their supply chain.

All these values and aspirations make up the social strategy of the Sustainable together 2030 programme whose aim is to promote the well-being of employees by setting occupational safety, training and social inclusion objectives. Focus on encouraging engagement, enhancing multiculturalism and different sensitivities and attention to the safety and health of employees and collaborators are at the core of the Guala Closures Group's value system, whose objective is to pursue corporate values, foster a sense of belonging and engagement, stimulate professional growth and protect workers in respect of their rights and the dignity of their work.

OBJECTIVE	BASELINE	TARGET	DEADLINE
HEALTH AND SAFETY			
Zero accident culture	6.54	Continuous reduction of accident frequency index	2030
Getting all Italian facilities ISO 45001 certified	0/4	100%	2023
Getting all European facilities ISO 45001 certified	2/14	100%	2026
Getting all facilities ISO 45001 certified	2/28	100%	2030
TRAINING			
Increasing hours of HSE-related training by 30%	6,31hours/ employee	8,20 hours / employee	2030
DIVERSITY AND INCLUSION			
Gender equity	-	Gender pay-gap analysis to have a solid baseline	2023
Introducing at least one policy per business unit on parental support	0/28	28/28	2023
Percentage of women participating in the GC Academy professional growth program higher than the percentage of women at the group	Program not started	>25%	2024
Introducing at least one policy per business unit on strengthening intergenerational interaction	0/28	28/28	2025
Inclusion of people with disabilities	0/28	Introduction of at least one internship project for people with disabilities in each BU	2025

5.1 Guala Closures employees

To implement sustainable growth strategies, a company must work on the parameters encompassed in ESG (environmental, social and governance). Sustainability in general and corporate sustainability specifically do not solely mean a commitment to protecting the environment, but also the capacity to operate while taking into consideration other variables, such as the social context where the company operates and the people who work for the company.

The concept of social sustainability is based on topics that relate to the way a company relates to the social fabric around it. The objective is to adopt a corporate development model that has a positive effect on the community. This is why topics such as, inter alia, occupational health and safety and workers rights are at the heart of Guala Closures's commitment to social sustainability.

At the end of December 2022, the Group had 5040 employees and 1083 temporary collaborators of external agencies. The number of employees in 2022 includes all the production sites, the commercial offices and the research center in Luxembourg. Compared to 2021, the main changes refer to the inclusion of the Labrenta company, acquired in October 2022, and the production halt in Belarus, as well as the closure of the commercial offices in Argentina and Japan. These changes led to a 3.7% increase in the number of employees and a 28.9% growth in temporary external agency collaborators.

Group employees	2020			2021			**2022**		
	Male	Female	Total	Male	Female	Total	**Male**	**Female**	**Total**
Manager	214	56	270	232	64	296	**291**	**86**	**377**
White collar	738	324	1,062	721	319	1,040	**651**	**333**	**984**
Blue collar	2,782	738	3,520	2,766	757	3,523	**2,862**	**817**	**3,679**
Total	3,734	1,118	4,852	3,719	1,140	4,859	**3,804**	**1,236**	**5,040**
Hired employees	575	334	909	378	161	539	**649**	**349**	**998**
Turnover hired	16%	29%	19%	10%	14%	11%	**17%**	**28%**	**20%**
Leavers	580	260	840	420	195	615	**630**	**290**	**920**
Turnover leavers	16%	23%	17%	11%	17%	13%	**17%**	**23%**	**18%**
Agency workers	-	-	728	-	-	841	**820**	**263**	**1,083**

Where Manager category includes Top-Manager, senior manager, management and middle management. For a more detailed analysis of personnel, refer to the dedicated table on page 84...

With respect to age, 17% of the employees is under 30, 58% between 30 and 50 and 25% over 50. The average age of Group employees is therefore unchanged from 2021 despite both incoming and outgoing personnel levels being higher than last year. More women were hired compared to those whose resigned, and this increased the presence of female employees by a percentage point compared to 2021 (23.5%), accounting for 24.5% of the total. The percentage of women holding leadership positions increased from 21.6% in 2021 to 22.8% in 2022.

The age pyramid differs considerably between the various facilities: more than 30% of the personnel at the Indian facility (a peak of 62% in Dharwad) is under 30 and less than 5% is over 50. The Mexican facility also has a high percentage of young people under 30, more than 40%, whereas more than 40% of the personnel of the French, Australian, Bridge of Allan and the Italian and Spanish facilities is over 50.

Employees age	2020			2021			**2022**		
	Male	Female	Total	Male	Female	Total	**Male**	**Female**	**Total**
< 30 years	685	212	897	633	221	854	**623**	**233**	**856**
30 - 50 years	2,085	630	2,715	2,101	638	2,739	**2,181**	**718**	**2,899**
>50 years	964	276	1,240	985	281	1,266	**1,000**	**285**	**1,285**

5.2 Employee training and development

For the Guala Closures Group, the achievement of priority objectives, including the respect for the environment, depends highly on human resources. The Group's success is therefore tied to the people who work there, the development of their skills, their professional growth and their sharing of principles and objectives. In order to enhance this link, the Group focuses, in particular, on the development of skills on issues such as the environment, hygiene and safety as well as technical and interpersonal skills. For this reason, each business unit has a specific training plan that facilitates the professional and personal growth of all their employees. The Group also encourages the engagement of employees and welcomes suggestions and ideas that are often important in developing and improving production processes.

Employees training	2020	2021	2022
Total training hours	122,201	151,062	**199,263**
of which on health & safety topics	16,627	22,689	**31,814**
of which on technical topics	93,741	114,294	**151,890**
of which on relational topics	11,833	14,078	**15,559**
Training with respect to hours worked	1.19%	1.48%	**1.95%**
Training hours per capita (year)	25.30	31.09	**39.54**
Hours of training per capita per month	2.1	2.6	**3.3**
Manager training hours (per month)	1.6	1.6	**1.5**
White collar training hours (per month)	2.3	2.7	**2.5**
Blue collar training hours (per month)	2.1	2.6	**3.7**
Male training hours (per month)	2.0	2.1	**3.0**
Female training hours (per month)	2.7	4.1	**4.4**

In 2022, training hours increased by 31.9% on 2021. This is due to a general increase in the number of hours of training in all areas and particularly in technical and occupational health and safety training. Compared to 2021, health and safety training increased by 40.2%, while training on technical issues rose 32.9%. Training on soft skills also increased by 10.5%. Training hours as a percentage of the total hours worked went from 1.48% in 2021 to 1.95%, a growth of 31.8%. As in previous years, once more women benefited from a higher number of training hours than men, though at a lower rate than in 2021.

While average monthly training hours for managers and white collars decreased in 2022, they were significantly higher for blue collars, rising from 2.6 to 3.7 hours per month. The objective of providing two hours of training on the sustainability plan to each new employee was reached in 2020, 2021 and 2022. Temporary workers were also trained in all three areas, for a total of 31,372 hours or 2.4 hours of training per month per worker.

Training

Objectives 2016-2022

Provide two hours of training on sustainability issues to all employees. ✓

Objectives 2030

Increase the hours of health and safety training per employee by 30%.

5.3 Diversity and inclusion

The Group operates in various countries around the world, dealing with customers in over 100 countries. For this reason, the need to incorporate diversity of thought, gender and culture into the corporate decision-making process is essential for the Group to continue to grow and achieve its objectives in a multicultural world. Guala's commitment to this principle is reflected in its policies which helps all employees value diversity and inclusion, commit to keeping the work space free from discrimination and abuse. In addition, all of the country managers pledge to comply with the policy and spread and apply it throughout their company.

Therefore, the Group's commitment is to nurture diversity, promoting awareness campaigns to facilitate the integration of diversity, especially regarding gender, age and religion.

Diversity is a cultural issue that varies from country to country. Therefore, the same approach would not work everywhere. As a result, the Group's strategy makes each business unit responsible for promoting awareness campaigns tailored to their own cultural specifics aimed at discouraging direct or indirect discrimination and facilitating the integration of diversity, especially regarding gender, age and religion, in both interpersonal relations and work conditions. This principle of fighting discrimination continues from the moment of hiring throughout an employee's career path.

In 2018, the Group carried out an online survey at all production facilities to map the issue of diversity at each site. The purpose of the survey was to assess the current diversity situation within the Group in order to better define ambitions and commitments, identify the good practices already in place and spread them throughout the Group in order to standardise practices.

Though situations differed depending on the local context, the survey showed some common threads through the various business units. These included encouraging people to flag any instances of discrimination, hiring strategies aiming to increase diversity and promoting awareness of diversity and inclusion issues among employees.

In 2019, the Group's sustainability and human resources departments organised a diversity and inclusion workshop involving 25 people representing 15 facilities. The purpose was to discuss the various meanings of diversity, gather local ideas and initiatives, identify priorities and lay the foundations for a Group roadmap that makes the Group's multiculturalism a strength. The results of the 2018 survey and the 2019 workshop were crucial in drafting Guala's Charter of diversity and inclusion which was published in 2019 and signed by all of the Group's general managers.

Despite the distancing imposed on the world in 2020, the project was presented in all Group facilities and the Charter of diversity and inclusion was translated into all of the languages spoken throughout the Group and issued to all employees.

Every business unit used different methods to publicise the issue, some organised workshops for the entire workforce while others dedicated days or even weeks to diversity and inclusion issues. The common purpose was to circulate the video, promote the project and get these issues to the entire company population.

Flexible working conditions were introduced in 2020. This was a huge step for the Group in aiding parents and all employees in general. Having this flexibility (working from home, reduced working hours, flexible working hours, etc.) gave many Group employees more time for their families. Further proof that Guala Closures cares deeply about its people.

Various workshops, meetings and activities were held at the Group's different facilities in 2021 and many other initiatives are taking shape for the future. From these meetings and sessions, we gathered ideas and pointers that led us to identify two areas common to many of our production facilities:

- Equity: financial treatment and equal opportunities between the genders and in relation to disability;
- Age & mentoring: a two-way exchange between the generations, particularly between the younger and the more mature generations.

Two work groups were set up for these issues, supported by two members of the central Sustainability and Human resources groups, respectively. The two groups meet online every month. At each meeting, two members from each main group present the activities undertaken in their facility on these issues. In the Age & mentoring group, various issues were tackled in 2021, such as the promotion of intergenerational dialogue and training plans designed to transfer expertise, skills and versatility within the different areas such to ensure flexibility, the management of talents and succession planning in the most critical departments.

In the Equity group, the focus was on defining fair hiring procedures that encourage the growth of the less represented categories. Some Group production facilities are already drawing up plans for equality, as required by law, whose objectives include equal pay between the genders.

In 2022, the percentage of women employed by the Group increased to 24.5%, while the percentage of women holding leadership positions increased from 20.8% in 2020 to 21.6% in 2021 and 22.8% in 2022.

No incidents of discrimination were recorded in the Group facilities in 2022.

Considering the excellent results achieved with regard to diversity and inclusion, the Group has decided to extend its commitment and has formalised four targets for boosting and respecting diversity. These new targets set in 2022 deal with parental support, the professional growth of employees, intergenerational integration and support to people with disabilities.

Diversity and inclusion

Objectives 2016-2022

Create and promote a campaign to facilitate the integration of diversity. ✓

Objectives 2030

Introduce at least one policy per business unit on parental support and monitoring the number of people who request and benefit from the policy.

Promote the professional growth of women by getting the percentage of women participating in the GC Academy professional growth programme higher than the percentage of women at the group.

Introduce at least one policy per business unit on intergenerational interaction.

Introduce at least one internship project per business unit for people with disabilities.

5.4 Human rights and support to local communities

Guala Closures Group is made up of different and unique people: employees, members of the corporate, managers of the Group's companies and external staff such as agents and collaborators. The behavior of the Group is strongly inspired by the Code of Ethics and Conduct which, in line with the "UN Guiding Principles on Business and Human Rights", defines the human rights that Guala Closures undertakes to promote both internally (further details in the paragraph "6.2 Ethics and transparency"), and within the supply chain (more details in paragraph "6.1 Supply chain").

During 2022 there were no violations of human rights, nor cases of forced labour or cases of child labour, both within the Group and in the supply chain.

No Guala Closures project has ever resulted in the physical or economic resettlement of indigenous people of regions where the Group operates and none of its manufacturing sites have ever required resettlement programs.

Community involvement and development are part of the set of strategies that the Guala Closures Group has implemented to ensure its sustainable development. In the countries where we operate, we strive to involve local communities as much as possible, creating projects and initiatives that develop the community and improve the quality of life. In our plants, people are encouraged to care for others and get personally involved in these initiatives.

Kenya

In 2022, the dignity kit distribution program within the Nyanza region was completed, aimed at six counties: Migori, Siaya, Homabay, Kisii, Nyamira and Kisumu. In partnership with the Rotary Club of Nairobi, this project targets school-going teenage girls in grades six, seven and eight in each of the above counties. The aim was to distribute kits made up of sanitary pads and undergarments and training on the theme of female development.

The Group also supported L'Arche Kenya, founded in Nyahururu-Kenya in 2008 in response to the needs of adults with intellectual disabilities and registered as a charity.

Ukraine

A few days after the outbreak of the conflict in Ukraine, Guala Closures launched initiatives to support the affected population. Trucks were sent with basic necessities, purchased by the Group and collected thanks to donations from some businesses operating in the area. A donation of 25,000 euros was made through the International Red Cross. Furthermore, hospitality was offered to some of our colleagues' families, especially mothers and children.

Argentina

At the site in Chivilcoy (Argentina), a project has been launched aimed at young students from various secondary and university institutions which allows them to put into practice what they are studying. The project, scheduled for the year 2022/2023, particularly involves students who are studying factories and their technical aspects.

Poland

Guala Closures Poland carries out charitable activities, including financial or material support to local social welfare institutes, associations and foundations. Sponsor the giving of gifts to children of an Orphanage in Włocławek.
As part of its support to regional cultural associations, the company financially supports DKF Ósemka, which organizes screenings of cinema classics and major works of contemporary cinema. The company also supports the Lonely Mother Foundation, which helps struggling single mothers and fathers in difficult situations, allocates funds for summer camps, scholarships, medical assistance, language courses, sports tournaments and provides legal assistance.

Colombia

In Bogota, Colombia, the Group is engaged in activities aimed at spreading environmental awareness through days dedicated to planting trees. The project is aimed at making collaborators aware of the issues of reforestation and the protection of the environment as a privileged place to live, encouraging the participation of all employees, suppliers and customers.

Brazil

In Brazil, the Group supports the AACD (Association for Assistance to Children with Disabilities) by delivering food and toys to children admitted to the facility on Children's Day

Guala Closures has also made a financial donation to the SALTON SOCIAL LEGACY PROJECT (Building the future and developing communities). The funds donated by Guala Closures will go to the following areas:

- supporting institutes for children in vulnerable social situations
- schools and crèches
- associations for protecting the environment and nature.

India

In India, the Group collaborates with the Women Empowerment Initiative to finance a series of important projects in the Bavla district, in the Gujarat region. This partnership has made possible the setting up of a local production of sanitary towels, as well as the establishment of educational services. Also, we have provided Nutritional Food Kits for "Pradhan Mantri TB Mukt Bharat Yojana" project in Gujarat. This is an initiative promoted by the Prime Minister of India to eradicate tuberculosis in India.

We have partially funded the renovation of a local school in Goa. We are collaborating with the Basilica of Bom Jesus, a UNESCO World Heritage Site, for the restoration of a pipe organ of particular historical importance. The organ was originally imported from Great Britain in the 19th century.

Reforestation program in Gujarat

In India, Guala Closures Group and Guala Closures India have been collaborating since 2016 with Vikalp, an Indian NGO that develops social and environmental programs with tribal communities in the state of Gujarat. The Group is convinced that environmental education and information is a key point for developing a more sustainable society. That is why the collaboration with Vikalp started with the "From Schools to Fields" project through which 15,000 students received educational sessions on forest conservation. At the same time, Guala Closures supported the planting of 15,000 trees in the Tapi district in collaboration with Vikalp. Since 2017, 10,000 trees have been planted every year in the state of Gujurat. The reforestation project supports

and trains rural communities. Beneficiary families plant trees on their land, giving villagers the opportunity to grow their own fruit and diversify their food. In 2022 the same quantities of trees planted in previous years are confirmed, that are more than 39,000 units

5.5 Occupational health and safety

For Guala Closures, the quality of the work environment and the well-being of its people are values that go beyond compliance with current legislation. The Group is committed to ensuring the health and safety of its employees, through the continuous assessment of health risks, the continuous improvement of infrastructures and plants, training, monitoring systems and maintenance, investing in and updating its health and safety system on an ongoing basis. Occupational safety, which has always been a key priority for Guala Closures, is used as one of the main performance indicators. The work safety policy is based on the following three pillars:

- **Our people**: the Group wants its employees to be involved in their personal safety. Therefore, it ensures that the means of communication are effective and guarantee that requirements and objectives are met, it collects comments, complaints and suggestions for improvement, it provides employees with the know-how, means and tools to keep working activities safe and it shares good practices with other facilities.
- **Our products and processes**: the Group develops products and processes with a view to guaranteeing and improving occupational safety. It encourages suppliers to optimise the selection of raw materials and avoid potential risk situations and it operates in compliance with the concept of continuous improvement of all its activities.
- **Occupational safety and the environment**: the Group is committed to ensuring occupational safety and respect for the environment by approving and complying with international, national and local laws and standards, as well as the additional requirements suggested by stakeholders, appointing managers in charge of the application of training, communication and first-aid procedures, monitoring the safety performance of all facilities and systematically analysing the causes of any incident or near misses to ensure that it does not happen again.

In 2022, the Guala Closures Group recorded 89 incidents, compared to 70 in 2021, with a 1.6% decrease in the frequency rate (number of incidents per million hours worked) from 6.64 to 6.54. There were a total of 230 near misses throughout the year.

Accident indexes	2020	2021	2022
Accident number	63	70	**89**
of which fatal	0	0	**0**
Days lost due to accident	1956	2462	**3069**
Frequency index	5.95	6.64	**6.54**
Gravity index	0.18	0.24	**0.23**
Absenteeism rate due to injury	0.25%	0.30%	**0.23%**
N° cases of work-related illness	0	0	**0**
Work related illness rate	0%	0%	**0%**

For an analysis that reflects the geographical segments, reference should be made to the accidents table included in the annexes.

The rate of severity (days of absence per incident per thousand hours worked) decreased 4,2% from 0.24 to 0.23. Even though there was a greater number of injuries recorded in 2022 compared to the previous year, both the frequency rate and the severity rate improved considerably. This is partly due to a change in the reporting scope, as the hours worked by temporary workers were included in the calculation of both rates, and partly to the reduction in the severity of injuries incurred. Further proof of the Group's efficient handling of work safety can be seen by breaking down the statistics regarding the 3,069 days lost due to injury in 2022. Indeed, of these, 412 days refer to injuries as a result of commuting incidents (driving/overnight) and 924 days refer to injuries carried over from the previous year. Therefore, only 1,733 refer to injuries occurred in the workplace in 2022. Of these, 279 referred to temporary workers, while the remaining 1,452 referred to Group employees.

During the first quarter of 2022 two facilities renewed their ISO 45001 "Occupational health and safety management systems - Requirements with guidance for use" certificate. In addition, the Bridge of Allan facility in the UK received the RoSPA (Royal Society for the Prevention of Accidents) Gold Award given to companies and people all over the world for their safety performance.

Occupational health and safety

Objectives 2016-2022		Objectives 2030
Reduce the injury frequency rate, aiming for zero injuries.	**-36,8%**	Reduce the injury frequency rate, aiming for zero injuries. Get every facility ISO 45001 Occupational health and safety management systems certified.

5.6 Relations with employees

The ethics and social policy of the Guala Closures Group acknowledges that employees are an important added value and, in this respect, guarantees correct and clear management of human resources, full observance of human rights, without discrimination, guaranteeing employment contracts and freedom of association, in a healthy and safe environment. Most employees are subject to the national employment laws. The difference between employees subject to collective employment contracts and company agreements between 2022 and 2021 is due to the number of employees in the facilities, while the reporting scope has been expanded to include all 31 facilities.

Employees covered by collective bargaining agreements and company agreements	2020	2021	2022
Percentage of employees covered by collective collective bargaining	36.4%	36.7%	**67.9%**
Percentage of employees covered by company agreements	19.70%	19.30%	**21.80%**

The complementary value to the sum of the percentages above represents the percentage of employees not covered by collective agreements or company agreements, in line with local regulations in force.

Each business unit takes into account local regulations and situations and can implement the Group's policy through additional welfare plans that provide benefits such as health and life insurance, compensation for absences due to illness and paid part-time and parental leave.

The percentage of employees receiving career development reviews remained unchanged in 2022. This percentage will progressively rise over the coming years thanks to the ever-greater focus on employee development at all Group facilities.

Employees receiving performance and career development assessments	2020	2021	2022
Male	33.1%	42.2%	**37.4%**
Female	34.9%	41.8%	**37.5%**
Total	33.4%	42.1%	**37.5%**

As a result of the pandemic-related restrictions, white collars at most of the Group's facilities continued to have the option of working remotely throughout 2022.

OUR BUSINESS

As the world's leading manufacturer of closures, our main objective is to maintain and strengthen our leadership not only through ongoing product innovation, but also by continuously striving to fully satisfy our customers, consumers and investors.

Because of market trends, packaging companies are constantly faced with the major challenge to change not only product design and composition, but also how products are developed and created: we need to be fast, be able to manage many projects at the same time and be flexible about how we turn them into products, regardless of the volumes requested and the different designs. Careful observation of the markets is necessary in order to react promptly to changing trends and anticipate customer expectations.

The Guala Closures Group has always placed ethics and integrity at the heart of its values when carrying out its business. This is why, for the first time, the group has included specific and tangible responsible governance objectives in its new 2023-2030 sustainability strategy.

Within the Our Business pillar of the group's sustainability plan, the following two objectives are grouped by topic:

- Assessing and managing the supply chain: this objective targets ongoing assessment and monitoring of all of the group's strategic suppliers, ensuring an ethical and transparent supply chain. By 2023, all suppliers will have to sign Guala Closures' new Code of conduct, undertaking to align with Guala on all of the issues dealt with in the code.

- Business ethics and integrity: the group undertakes to get assessed by the leading ESG ratings agencies every year. The group will also provide every employee with specific training of the new Code of conduct by 2034.

OBJECTIVE	BASELINE	TARGET	DEADLINE
SUPPLY CHAIN			
100% of our strategic suppliers monitored on sustainability	46%	100%	2023
100% of strategic suppliers signed our Code of Ethics	0%	100	2023
ETHIC AND INTEGRITY			
Obtain and maintain EcoVadis Gold rating	Bronze	Gold rating	2023-2030
100% of the European employees trained on the new Code of Ethics	48%	100%	2023
100% of the non-European employees trained on the new Code of Ethics	0%	100%	2024

6.1 Supply chain

Guala Closures consumes large quantities of raw materials such as aluminium and different types of plastics for the production of closures. Most aluminium used is prepared by the Magenta facility starting directly from the coil, which is subsequently cleaned, degreased and cut into sheets to be decorated through a lithographic process before being allocated to the various facilities. Poland, Ukraine, South Africa, Argentina and Australia purchase part of their aluminium from local suppliers. The Group used a total of 45,045 tons of aluminium in 2022. It consumes more than 50,700 tonnes of plastic of all types PE, PP, PS, PC, PET, etc.).

In the industrial sector in which the Guala Closures Group operates, the use and consumption of raw materials is undoubtedly one of the most decisive factors in defining the environmental footprint of production activities. The Group focuses its efforts on making its products by combining a reduction of the environmental impact with customer expectations, designing its closures in compliance with food safety standards and regulations.

The main raw materials used in production processes are aluminium and various types of plastics. In terms of recycling and reuse, these two raw materials differ in one important aspect: while aluminium can be repeatedly recycled without losing its structural and qualitative characteristics and the collection and recycling chain is active and effective, for plastics, the use of recycled materials is very limited due to the strict requirements governing suitability for food contact. In this respect, efforts are focused on the continuous search for new suppliers and the pursuit of new solutions aimed at progressively reducing the consumption of raw materials from non-renewable sources.

The Group has publicly confirmed its commitment to using eco-compatible product design guidelines, without impacting the functionality and quality of the closures. This will be achieved by reducing the different types of materials making up the individual product in order to facilitate recycling and increasing the use of raw materials with a low environmental impact.

Raw material consumption	2020	2021	**2022**
Total quantity of raw materials (t)	108,110	127,704	**128,387**
of which aluminium (t)	40,910	44,152	**44,837**
of which plastic (t)	43,315	47,567	**50,719**
of which packaging (t)	14,943	16,216	**16,186**
of which other (t)	14,370	19,769	**16,645**
% recycled raw materials (all materials)	27%	22%	**22%**
% recycled aluminium	52%	38%	**35%**

Aware of the impact that aluminium has on its environmental performance, the Group annually monitors the percentage of recycled aluminium used in production processes, acquiring certified data directly from its key suppliers of the alloys used.

In 2022, the percentage of recycled aluminium, certified by suppliers, is 35% of the total aluminium used, compared to 38% in 2021. The decrease is due to the different mix in the supply chain. However, a significant part of the aluminium comes from Europe and is therefore extracted and processed with limited emissions. The change in the recycled aluminium content has not yet reduced the total recycled raw materials, which remains unchanged at 22%.

Although the use of plastic with recycled content is still limited as a result of the restrictions deriving from food contact regulations, several tests commenced in 2022 for the use of polymers from mechanical recycling. To incentivise more widespread use of recycled plastic, the eco-design guidelines and the four design models were conceived. These procedures provide a rigorous product design method to minimise the environmental impact of the closures, acting on the recycled plastic content, end-use and the emissions produced for each closure.

In addition to aluminium and plastic, many other materials are used in manufacturing closures. These include gaskets, or liners, another key component of closures as they prevent evaporation of the beverages and maintain their taste. The Guala Closures Group has a global agreement in place for liner supply with a single supplier covering all the Group's facilities, except for Poland and Scotland which are supplied by local manufacturers.

Guala closely monitors all of its strategic suppliers, assessing their environmental, social and governance performance. Strategic suppliers are those with a strong impact on the production and delivery to customer cycle, in particular raw materials (plastic and aluminium), inks and paints, energy, production and shipping equipment and transport. The table below shows 2022 figures compared with 2021 and 2020 for the Guala Closures Group.

In 2021, we revised the procedure for the qualification and periodic evaluation of suppliers, adapting it to the Group policies. In addition, we continued the suppliers' evaluation using the EcoVadis platform and, at the end of 2022, 15 corporate suppliers were evaluated by this platform, i.e., 50% of suppliers deemed strategic by the Group.

Key suppliers	2020		2021		**2022**	
	N	P	N	P	**N**	**P**
Aluminium	7	46.7%	8	46.7%	**8**	**50.1%**
Plastic and accessories	11	9.3%	8	9.3%	**14**	**6.6%**
Energy	4	4.4%	4	4.4%	**4**	**6.1%**
Transport	9	3.2%	9	3.2%	**8**	**2.6%**
Inks and varnish	4	3.3%	4	3.3%	**8**	**3.5%**
Equipment	10	5.8%	10	5.8%	**17**	**4.6%**
Packaging	4	1.0%	4	1.0%	**5**	**1.1%**

Where N is the number of key suppliers and P is the percentage of expenditure on suppliers in relation to annual turnover

The Code of conduct covers the areas of corporate integrity, work standards, occupational health and safety and environmental management and improvement. The Group's target is for 100% of strategic suppliers to sign the Code of conduct or prove they have an equivalent internal code of conduct. Therefore, as a standard procedure in our supplier on-boarding process, all new suppliers managed centrally by the global procurement teams must sign and comply with the Code of conduct before starting to work with the Guala Closures Group.

The Group's procedure for the qualification and periodic evaluation of suppliers and the EcoVadis assessment both place particular emphasis on respecting human rights throughout the entire supply chain. In this respect, there were no violations of human rights or instances of child labour or forced or compulsory labour recorded throughout the supply chain in 2022.

Supply chain

Objectives 2030

Promote sustainability throughout the supply chain, assessing and monitoring the suppliers' sustainability performance.

Bring the strategic suppliers into line with the group's sustainability vision, getting them to sign the Guala Closures Group's Code of conduct.

6.2 Ethic and transparency

Every year since 2011, Guala Closures has undertaken to promote its sustainability vision and programme. Informing, motivating and engaging its employees, the Group has encouraged everyone within the Group to participate in its sustainability strategy. This is key to reaching many of Guala's targets defined in its sustainability plan and to raising awareness among and engaging employees on sustainability issues and actions. With respect to external stakeholders, the Group keeps them regularly informed of its commitment, actions and results through numerous channels.

As well as sharing its results through this report, the Guala Closures Group also reports its sustainability data through other initiatives.

Carbon Disclosure Project (CDP) is a global disclosure system for companies to measure and report their environmental impacts. Every year, the Guala Closures Group fills out the CDP questionnaires on climate change and water security thus giving our customers and suppliers a view of our carbon footprint. Investors and customers use these data to inform their decision-making process, reduce risks and detect opportunities. In 2022, CDP assigned the Group a B and C score, respectively, for its climate change and water security performance.

EcoVadis is a platform for assessing, monitoring and improving your corporate social responsibility performance. The objective of the EcoVadis supplier assessment is to evaluate the quality of a company's sustainability management system through its policies, implementation measures and results. The platform allows the evaluation of our suppliers by attributing a vote that reflects the commitment to corporate social responsibility issues.

This occurs through the estimation of environmental, social and governance parameters. By 2030, the Group aims to obtain Gold recognition, positioning the Group in the top 1% of companies evaluated by EcoVadis in the sector.

Sedex is a not-for-profit organisation committed to promoting ethical principles along global supply chains and is the largest European platform that collects and processes data on the ethical behaviour of supply chains. The Sedex methodology did not create a new certification standard but introduced a procedure (SMETA) for suppliers' audits. Sedex Members Ethical Trade Audit (SMETA) is an independent ethical audit methodology that provides guidance on best ethical audit practices and techniques to help auditors conduct high quality audits of responsible business practices. The group's facilities carry out SMETA audits at the customers' request. Since the audits are standardised, the results can be shared with multiple customers using the Sedex platform. All of the group's production facilities are currently present on the Sedex platform, thus achieving the target set in the 2016-2022 sustainability plan again this year. The group undertakes to promptly integrate any future facilities onto the platform.

Ethics and transparency

Objectives 2030

Obtain and maintain the EcoVadis gold rating.

Provide training on the new Code of conduct to all group employees.

6.3 Antitrust and anticorruption

The Code of conduct is the key guide for complying with the principles of integrity, transparency and honesty promoted by Guala Closures in all countries where it operates. As a result, the purpose of the Code of conduct is to:

- define and make explicit the values and principles that characterise its business and the relations with employees, collaborators, customers, suppliers, shareholders, institutions and any other stakeholder;
- formalise the commitment of all company units to act fairly, transparently and correctly, in compliance with all ruling regulations;
- reaffirm its focus on human beings in a business model that is sustainable and successful, also committing to protect the legitimate interests of its investors and all stakeholders;
- communicate to its employees and collaborators the rules of conduct, values and responsibilities that they are required to follow when carrying out their work.

The principles and rules set out in the Code of conduct apply to the board of directors, the board of statutory auditors, the other management bodies of the Guala Closures Group and other Group companies, as well as the managers, employees and collaborators with any kind of contract with Guala Closures, including occasional and/or temporary contracts.

The Code of conduct is valid all over the world and respects the cultural, social and economic diversity of the countries where the Group operates. The Group also requires all of its main suppliers and partners to adopt rules of conduct that always respect the general principles set out in its Code of conduct. Guala Closures also undertakes to ensure that the Code of conduct is fully disseminated both internally and externally by distributing it to all members of company bodies and all employees.

The Group's Code of conduct represents the pillar underpinning the Group's employees' conduct and the awareness of all the parties involved about the respect for corporate integrity and sustainable development that the Group pursues. In particular, those involved in the supply chain are required to actively comply with the ethics and social policy, ensuring the full respect for ethical aspects, avoiding any potential act of corruption, intimidation or fraud, and the Group undertakes to do the same. Relationships with external communities must be based on respect for people, without discrimination or exploitation, and considering the suggestions and needs of the different parties. Respect for customers, suppliers and competitors is the root of the Group's business relationships. Particular care is taken to avoid any anti-competitive practices.

In its relationships with customers and suppliers, the Group undertakes to comply with EU and national laws, which protect competition, and to compete solely on the basis of the quality of its products and service. The Code of conduct also explicitly states that any form of gift, exceeding normal commercial practices, which may be interpreted as favourable treatment in the conduct of any activity connected with the Guala Closures Group, is not permitted. This also applies to any gifts to public officials, auditors, directors of Guala Closures and subsidiaries, statutory auditors and their families, in order to influence the independence of judgement or gain benefits. In case of doubts or non-compliance, all persons involved must comply with the provisions of the Code of conduct, the provisions of the antitrust compliance policy and consult with the Group's legal and general affairs department. The awareness and training plan for the content of the Code of conduct involving the relevant managers and employees continued in 2022.

In 2022, there were no incidents of corruption or anti-competitive behaviour.

Furthermore, there were no complaints concerning breaches of customer privacy.

6.4 New products and technologies

Customer satisfaction, exceeding their expectations and proactively supporting their needs, is one of the main priorities of the Group. Innovation therefore becomes one of the most important ways to provide value to customers and improve more and more products and processes. There are 6 R&D centres in Italy (Spinetta Marengo and Breganze), Mexico (San Josè Iturbide), Bulgaria (Kazanlak), Ukraine (Sumy) and UK (Kirkintilloch). The Research and Development centers work in collaboration with all Group functions to support all plants. Guala Closures also develops exclusive projects, with the aim of creating innovative solutions to enhance and protect the brands of the main customers.

The Group has adopted an Intellectual Property (IP) protection service both to protect its products and to defend customers' brands. To achieve these objectives, the Group has set the goal of developing 28 new patents between 2016 and 2021. In 2022, the Group registered 1 new patent, which added to the 28 filed between 2016 and 2021, leads to 29 new patents since the start of the sustainability program and more than 210 active as of 2022.

The Group launched various sustainable product onto the market in 2022 and considerably expanded the solutions available by acquiring Labrenta.

The most momentous product is made at Kirkintilloch. The R&D centre successfully launched a closure completely made from recycled materials for the Macallan Harmony Collection. The closure is manufactured using post-consumption recycled ABS and Oceanworks® PP. Aesthetically pleasing, it ensures a high functional performance along with a significant reduction of the impact of its production.

The know-how of the Labrenta R&D centre was merged into the Group in 2022, thus boosting Guala's range of sustainable products with the closures developed at Breganze. The more interesting additions include the "NGS: No Glue System" which implements various technologies in order to assemble T-Bars without using glue.

There is another technology that simplifies production processes dedicated to wooden components. The "NPS: No Paint System" applies heat to give natural colours of varying tones to the wood without using paint.

Finally, another addition is the special compounds produced by Mixcycling. This start-up that works with Labrenta specialises in making compounds from organic fibres left over from other production processes. Wood, cork, coffee, rice hulls and camomile are some of the natural materials recovered from other industries that can be used in the compounds, thus cutting plastic consumption and reducing our carbon footprint.

With regard to innovation in information technology, Guala continued developing the IRSS platform throughout the year. Currently installed at the Spinetta Marengo, Magenta and Termoli facilities, the software provides real time information on production efficiency, process quality and other sustainability indicators, such as consumption of energy and raw materials and generation of production scrap. Over the coming years, the software will be rolled out at all production facilities and more advanced monitoring functions will be developed.

Wrapping up the 2016-2022 sustainability plan, the Group is more than satisfied with its performance regarding innovation. Thanks to the creativity and ability to upgrade and innovate its products, the Guala Closures Group has achieved its objectives, meeting targets two years before schedule.

Innovation

Objectives 2016-2022

Develop at least 26 patentable ideas ✓

6.5 Other business performances

Production efficiencies and scraps

Making production processes more efficient is one of the primary objectives of internal stakeholders. The Guala Closures Group has adopted the OEE (Overall Equipment Efficiency) indicator to measure the total efficiency of its plants. This indicator makes it possible to monitor production efficiency starting from a single machine or mould, up to a complete production line, the entire plant and finally the entire Group. The Guala Closures Group has standardized the methods for calculating efficiency in all its plants, considering all production losses including those due to testing, fittings, sampling, ordinary and extraordinary maintenance, cleaning, processing changes, reworking, cycle losses, waste and non-compliant products.

2022 saw an improvement in efficiencies of 1.8% bringing OEE to 78.57%. The factories are monitored monthly on industrial indicators and the data published in an internal report, which serves as the basis for the definition of action plans by the Continuous Improvement department.

All factories implement improvement programs in order to minimize the average reject rate. These actions led to a reduction in the gaps compared to 2021, bringing the indicator to a value of 3.18 (further details in the chapter "A.2 other economic/industrial tables" on page 85). If compared to the years prior to 2020, the indicator worsens slightly, but it should be considered that since 2015, the year in which the target was set, the reporting scope has changed repeatedly, annually expanding the number of establishments included in the calculation, which is why for which it was decided not to maintain these objectives in the new 2023-2030 programme.

Production efficiencies and scraps

Objectives 2016-2022

OEE >85%	**78,57%**
Production scraps less than 2%	**3,18%**

Customer satisfaction

Customer satisfaction, as represented by the corporate responsibility, is based on several topics, such as the systematic innovation of products and processes, guarantees for consumers' health and safety, a punctual, effective and high-quality level of service, trademark protection and confidentiality of relationships. The level of customer service must be punctual and effective, as well as high quality. This requirement is measured by the OTIF indicator which considers the percentage of deliveries made on time and in full, compared to the total number of shipments made. This indicator is monitored on a monthly basis in each facility, with the aim of achieving at least 95% correct shipments in terms of time and quantity, by 2022.

In 2021, the indicator was 90.3% compared to 89.8% in 2020. The Group exploits the geographical distribution of its facilities and the production lines of the various models to ensure continuity of service to customers, thus eliminating the potential risk of service disruption due to catastrophic events, as well as interruptions in the supply of utilities and malfunction. Continuity plans were agreed with most customers that include production in alternative facilities or the identification of backup warehouses.

Two of the three objectives regarding customer satisfaction set in the 2016-2022 sustainability plan were reached in the first quarter of 2023. The Group is thus satisfied with its performance in this area..

Customer satisfaction

Objectives 2016-2022

OTIF >95%	**90,6%**
All facilities accredited on the SEDEX platform	✓
All facilities ISO 22000 certified	**85%**

6.6 Approach to taxation

The Guala Closures Group, as a multinational group operating on all five continents and in 25 jurisdictions, is attentive and committed to improving the local communities in which it operates and is aware that the taxes paid in each country and community in which it operates represent a fundamental contribution to the improvement and development of the latter. For this reason, the Guala Closures Group is committed to adopting transparent and responsible tax policies, applying the following key principles:

- Compliance with the tax laws of each country in which we operate,
- Application of the CD. "arm's length principle" in intercompany commercial transactions, in compliance with both national provisions and OECD principles;
- Adoption of commercial practices commonly accepted and based on valid economic reasons, avoid any type and abusive scheme of tax planning;
- Transparency of information regarding commercial transactions carried out by the Group;
- Collaborative approach with all the Tax Authorities of the countries in which the Group operates, with the ultimate goal, in the event of tax assessments, of reaching, where possible, out-of-court settlements with the CAs, thus avoiding lengthy disputes.

More specifically, the Guala Closures Group:

- Adopts a decentralized corporate structure as a characterizing element of its organization, in the belief that decentralization is a virtue and an element of strength of the Group. From this point of view, each company of the Group is responsible for the tax compliance of the country in which it operates, with the support, where necessary, of the parent company;
- Apply a global transfer pricing policy (so-called "Group TP Policy"), in compliance with and within the framework of the "arm's length principle".
- Undertakes that transparency is the basis of its actions in defining tax positions and undertakes not to use opaque or artificial corporate structures to hide or reduce the transparency of its activities.
- It undertakes not to operate in tax havens unless it is necessary for valid and proven economic and commercial reasons.
- Adopt internal control processes and an organizational structure suitable for guaranteeing compliance with the Group's tax obligations.
- Undertakes to build relationships with tax authorities based on principles of trust, good faith, professionalism, collaboration, loyalty to facilitate compliance with tax legislation, increase legal certainty and reduce disputes.

The Guala Closures Group undertakes to adapt the organizational structure of each Group company in order to guarantee tax compliance in each country in which it operates. Each company in the Group makes use of qualified local tax consultants and the Group, in order to mitigate the risk of tax non-compliance and to apply tax management processes that are uniform and in line with best practices, has launched a migration process starting from 2018 towards a global tax services provider, identified as a consultancy firm present in all the countries in which the Group operates. The global consultant, where already present according to the migration process, has already assisted the Group in the management of tax obligations according to the best best practices on the subject, mitigating the risk of tax non-compliance at an adequate level and implementing a compliance monitoring system of tax obligations and compliance in compliance with the specific legislation of each country.

Tax jurisdiction	Resident entity	Activities of the organization	Number of employees	Revenue from sales to third parties	Revenue from intra-group transactions	Tangible assets other than cash and cash equivalents	Pre-tax profit/(loss) *
			number	€ ml	€ ml	€ ml	€ ml
Italy	Guala Closures S.p.A.	Industrial holding production, distribution, research and development	462	104.4	107.4	345.4	7.9
Italy	Labrenta Spa	Produzione e distribuzione	119	5.5	0.1	68.0	(0.2)
Netherlands	Guala Closures International B.V.	Sub-Holding	1	0.0	0.0	54.8	14.4
Luxembourg	Guala Closures International Sarl	Sub-Holding, ricerca e innovazione	7	0.4	0.0	8.1	(4.8)
Spain	Guala Closures Iberica S.A.	Production and distribution	142	49.8	4.7	51.0	1.3
Germany	Guala Closures Deutschland	Production and distribution	139	46.2	1.4	19.1	0.4
Turkey	Guala Closures Turkey	Production and distribution	2	0.2	0.0	0.1	0.2
UK	Guala Closures UK Ltd	Production, distribution, research and innovation	170	94.0	1.3	50.6	6.3
UK	Guala Closures UCP	Production and distribution	262	59.6	6.8	28.9	(11.3)
France	Guala Closures France	Production and distribution	15	17.7	0.7	9.6	(0.6)
Bulgaria	Guala Closures Bulgaria A.D.	Production and distribution	307	8.3	9.6	12.4	3.4
Belarus	Guala Closures BY LLC	Production and distribution	1	3.3	0.0	1.2	(0.3)
Ukraine	Guala Closures Ukraine LLC	Production, distribution, research and innovation	825	33.2	40.4	58.3	15.2
Poland	Guala Closures DGS Poland S.A.	Production and distribution	687	85.5	70.8	103.3	31.4
China	Beijing Guala Closures Ltd	Production and distribution	43	6.7	0.9	9.3	(0.8)
China	Guala Closures Chengdu Ltd	Production and distribution	0	0.0	0.0	0.5	0.0
India	GualaClosures India Pvt Ltd	Production and distribution	561	79.7	2.4	80.8	15.0
Japan	Guala Closures Japan KK	Sales office	0	0.0	0.0	0.0	(0.1)
Argentina	Guala Closures Argentina S.A.	Production and distribution	204	25.7	0.9	15.3	0.2
Brazil	Guala Closures do Brazil LTDA	Production and distribution	84	18.2	0.7	16.7	3.5
Colombia	Guala Closures de Colombia Ltda	Production and distribution	68	14.5	1.1	8.4	3.7
Mexico	Guala Closures Mexico S.A. de C.V.	Production, distribution, research and innovation	580	102.1	9.8	96.3	17.3
Chile	Guala Closures Chile SpA	Production and distribution	46	14.0	0.1	16.1	(0.6)
USA	Guala Closures North AmericaInc.	Production and distribution	20	47.7	0.0	18.8	1.2
Australia	Guala Closures Australia Holdings	Production and distribution	85	24.5	8.6	96.0	(0.9)
New Zealand	Guala Closures New Zealand Ltd	Production and distribution	43	15.5	0.6	16.1	1.5
South Africa	Guala Closures South Africa Pty Ltd	Production and distribution	158	16.4	0.0	18.7	(4.3)
Kenya	Guala Closures East Africa Limited	Production and distribution	9	8.0	0.0	14.5	(0.1)
Consolidation adjustments - Intra-group dividend transfer						0.0	0.0
Other consolidation adjustment						261.4	(31.0)
Total			**5,040**	**881.0**	**268.3**	**1,479.9**	**68.0**

Appendix

A.1 Additional social tables

Employees	Europe			Americas			Asia			Oceania			Africa			Total		
	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**
Gender																		
Male	2,351	2,343	2,412	543	563	588	597	577	569	117	107	109	126	129	126	3,734	3,719	3,804
Female	670	667	726	343	375	414	39	36	35	23	20	19	43	42	42	1,118	1,140	1,236
Total	3,021	3,010	3,138	886	938	1,002	636	613	604	140	127	128	169	171	168	4,852	4,852	5,040
Age																		
< 30 years	387	346	373	245	305	313	247	188	154	3	0	4	15	15	12	897	897	856
30 - 50 years	1,692	1,719	1,802	470	450	507	368	398	423	72	57	48	113	115	119	2,715	2,715	2,899
>50 years	942	945	963	171	183	182	21	27	27	65	70	76	41	41	37	1,240	1,240	1,285
Total	3,021	3,010	3,138	886	938	1,002	636	613	604	140	127	128	169	171	168	4,852	4,852	5,040
Title																		
Managers	189	208	265	21	23	48	28	31	33	24	23	21	8	11	10	270	270	377
White collars	541	539	521	236	233	208	233	222	209	16	11	12	36	35	34	1,062	1,062	984
Blue collars	2,291	2,263	2,352	629	682	746	375	360	362	100	93	95	125	125	124	3,520	3,520	3,679
Total	3,021	3,010	3,138	886	938	1,002	636	613	604	140	127	128	169	171	168	4,852	4,852	5,040
Hired																		
Male	229	309	336	90	132	215	49	70	77	8	19	16	2	30	5	575	378	649
Female	59	62	91	89	162	245	5	4	6	4	0	2	4	9	5	334	161	349
Total	418	288	427	179	294	460	54	74	83	12	19	18	6	39	10	909	539	998
Turnover hired %																		
Male	12%	13%	14%	33%	23%	37%	17%	12%	14%	15%	18%	15%	8%	23%	4%	16%	10%	17%
Female	22%	9%	13%	49%	43%	59%	10%	11%	17%	5%	0%	11%	19%	21%	12%	29%	14%	28%
Total	14%	10%	14%	39%	31%	46%	16%	12%	14%	14%	15%	14%	11%	23%	6%	19%	11%	20%
Leavers																		
Male	270	227	324	170	94	194	109	73	86	19	13	18	12	13	12	580	420	634
Female	94	93	78	158	88	203	3	7	7	0	1	0	5	6	3	260	195	291
Total	364	320	402	328	182	397	112	80	93	19	14	18	17	19	15	840	615	925
Turnover leavers %																		
Male	12%	10%	13%	32%	17%	33%	18%	13%	15%	16%	12%	17%	7%	10%	10%	16%	11%	17%
Female	14%	14%	11%	47%	23%	49%	8%	19%	20%	0%	5%	0%	9%	14%	7%	23%	17%	24%
Total	12%	11%	13%	38%	19%	40%	18%	13%	15%	14%	11%	14%	7%	11%	9%	17%	13%	18%

Where Manager category includes Top-Manager, senior manager, management and middle management.

Accident	Europe			Americas			Asia			Oceania			Africa			Total		
	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**
Accident number	26	25	35	18	27	41	6	1	4	7	3	2	6	14	7	63	70	89
of which contractors	3	4	5	0	0	4	0	0	1	0	0	0	0	0	2	3	4	12
of which severe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
of which fatal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Days lost due to accident	827	1023	1728	839	1292	1077	170	56	136	52	10	4	68	99	124	1956	2480	3069
Frequency index	4.41	4.28	5.76	8.58	12.16	15.83	3.27	0.55	1.16	24.11	10.62	6.43	13.01	37.57	5.86	5.95	6.64	6.54
Gravity index	0.14	0.17	0.28	0.40	0.58	0.42	0.09	0.03	0.04	0.18	0.04	0.01	0.15	0.27	0.10	0.18	0.24	0.23
Absenteeism rate due to injury	0.09%	0.10%	0.19%	0.29%	0.40%	0.36%	0.05%	0.01%	0.04%	1.30%	0.66%	1.08%	0.08%	0.15%	0.32%	0.15%	0.17%	0.23%
Cases of work related illness	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Work related illness rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

A.2 Additional environmental tables

Other harmful emissions	2020	2021	2022
Nitrogen oxides (tNOx)	32.2	32.7	**44.5**
Sulfur oxides (tSOx)	0.021	0.1	**0.7**
Carbon monoxide (tCO)	73.7	90.6	**98.9**
Volatile organic compounds (tVOC)	1446.7	691.8	**505.4**

A.3 Additional economic-industrial tables

Efficiencies and scraps	2020	2021	2022
Overall equipment effectiveness (OEE)	76.26%	76.78%	**78.57%**
Production scraps	3.27%	3.21%	**3.18%**
OTIF (On Time and In Full)	89.8%	90.3%	**90.6%**

A.4 Restatement of information

Compared to the 2021 Sustainability Report and the 2020 Consolidated Non-Financial Statement, we report a recalculation of the greenhouse gas emissions of the 2020 and 2021 data. This recalculation is partly due to the change in methodology to align the calculation methods with the IPCC report 2021 (inclusion of biogenic CO_2 and land use change), partly to a realignment of consumption and production of aluminum foil in 2020.

GHG emissions	2020	2021	2022	2022
Scope 1 emissions (tCO_2 eq)	38,865	41,440	**40,746**	**43,469**
Scope 2 emissions (tCO_2 eq)	118,271	70,935	**115,445**	**69,876**
Scope 3 emissions (tCO_2 eq)	426,637	501,675	**497,219**	**503,715**

These latest realignments have increased the weight of production by 740,469 tonnes, an indicator used to calculate many environmental KPIs.

In these financial statements, therefore, we report recalculations in the following KPIs for 2020:

- Waste per finished product (kg of waste produced per ton of finished product);
- Water withdrawn for finished product (cubic meters of water withdrawn per ton of finished product);
- Energy intensity (energy consumed per ton of finished product)
- Scope 1 and Scope 2 emissions intensity (Scope 1 and Scope 2 emissions per ton of finished product)
- Scope 3 emissions intensity (Scope 1 and Scope 2 emissions per ton of finished product)
- Total amount of aluminum consumed

A.5 Methodological note

This Sustainability Report, approved by the Board of Directors on 27 April 2023, has been prepared in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" ("GRI Standards") published by the Global Reporting Initiative (with application level "in accordance with the GRI Standards"), which are currently the most widespread and internationally recognized standard on non-financial reporting. In order to facilitate the reader in finding information within the document, the GRI Content Index is shown on pages 90 - 93. The reporting presented in this Report reflects the principle of materiality or relevance: the topics covered in the Sustainability Report are those which, following an analysis and assessment of materiality, described on pages 26-27 of this document, have been considered relevant as they are capable of reflecting the social and environmental impacts of the Group's activities or of influencing the decisions of its stakeholders.

A.5.1 Reporting scope

The qualitative and quantitative data and information contained in the Sustainability report refer to the Group's performance for the year ended December 31, 2022. This report includes the data of the parent (Guala Closures S.p.A.) and its consolidated subsidiaries. In order to facilitate comparison and understanding of the performance of the year, the data for 2020 and 2021 have also been included and indicated where available.

The scope of the financial data is the same as that of the 2021 consolidated financial statements, including all the Group's operating units. This report does not include the environmental data related to non-productive companies, which are considered of negligible impact (in proportion to the overall total of the Group) with regard to the environment (regarding the areas covered by the Decree), given their impact in terms of turnover, employees and, above all, the type of business. Indeed, these are commercial or financial companies, whose activities are essentially of an administrative nature. Moreover, the Turkish facility, which commenced production in September 2020, is not included (except for personnel and injuries). Any limitations to this scope are appropriately disclosed in the document. The Guala Closures Group is committed to expanding the scope with a view to continuous improvement. The in-scope facilities are the following, Grouped by geographical macro-region:

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA
Spinetta Marengo	Fairfield	Goa	Auckland	Nairobi
Termoli	S. J. Iturbide	Daman	Melbourne	Città del Capo
Magenta	Bogotà	Ahmedabad		
Jerez de la Fronteira	San Paolo	Dharwad		
Olerdola	Chivilcoy	Pechino		
Kirkintilloch	Santiago de Chile			
Bridge of Allan				
Chambray				
Kazanlak				
Wloclawek				
Sumy				
Minsk				
Worms				
Breganze				

Within the document, in the comment sections on the results and in the sections relating to the certifications, the Ukrainian sites of Sumy and Ternopil are considered as a single production plant, since the second one acts as a backup for the first site due to the conflict in Ukraine, while the Brazilian site of Labrenta is not included in the reporting perimeter.

A.5.2 Reporting process

The report was managed by the Group's quality and sustainability director and those responsible for each of the topics involved: human resources, product research and innovation and purchasing. Data collection was coordinated by the corporate CSR team and the CSR managers of each business unit. The information was consolidated and checked by the corporate CSR team. CIS-Tool, Guala Closures' CSR reporting software, is used monthly for reporting. To complete data collection, an additional questionnaire was sent out in 2021 to gather the qualitative and quantitative information necessary to prepare this document. Currently, data on indicators are collected monthly, quarterly or annually depending on the type of indicator. Each business unit sends its data to the Corporate CSR team, which checks and compiles the information in a report. In addition, the central team annually collects all information about local actions and initiatives in order to prepare the annual report. The new software, called CIS-Tool, automates and optimises the data collection process. It is distributed and used worldwide. Most plants have received training in the use of CIS -Tool, and the 2021 reporting campaign was undertaken using this software.

KPMG S.p.A. carried out a limited assurance engagement on this document in accordance with the criteria set out in ISAE 3000.

The engagement was carried out in accordance with the procedures described in the "Independent auditors' report" section of this document.

A.4.1 Calculation method

Direct and indirect emissions were certified by Bureau Veritas (Scope 1, Scope 2 and Scope 3).

Direct and indirect emissions are measured and classified in accordance with the GHG Protocol method:

- Scope 1: Direct use of fuels, transport of goods and people by owned means, leakage of refrigerant gases
- Scope 2: Direct use of electricity (excluding grid losses)
- Scope 3: Fuel production, electricity grid losses, consumption of raw materials, transport of goods and by means not owned by the company, but where the related costs are fully incurred by the company (excluding transport whose cost is borne by the supplier/customer), hazardous and non-hazardous waste management in terms of disposal and recycling.

In the calculation of emissions, the following cut-offs were applied after the calculation, excluding immaterial items that, in aggregate, contribute 0.85% of the final emissions. Specifically, the following were excluded:

- Scope 1: use of machines and company buses, with a total contribution of 0.049%.
- Scope 2: no exclusion.
- Scope 3: adhesive tape, metal and plastic ties, labels, with a contribution of 0.037%; phosphoric acid, glue and bicarbonate enamels, with a total contribution of 0.201%; cars, buses not owned and used for the movement of people and business travel by train and air, with a total contribution of 0.607%.

The emission factors used for emission calculations are as follows:

ELECTRICITY	FUELS, WATER	RAW MATERIALS (PACKAGING INCLUDED)	TRANSPORT, WASTE
Re-DSS, 2016	Ecoinvent 2.2	European Aluminium Association (EAA), 2010	Ecoinvent 2.2
IEA, 2015		Ecoinvent 3.8	
IEA, 2016		European Corrugated Packaging Association (FEFCO), 2015	
IEA, 2017		Industry data 2.0 World Steel Association, 2011	

The market-based approach for calculating indirect emissions (Scope 2) requires the use of emission factors defined on a contractual basis with the electrical energy provider. Given the absence of specific contractual agreements (e.g., purchase of guarantee of origin certificates), the emission factors relating to the national residual mixes were used. The factors used to calculate NOx emissions derive from the sampling of post-combustion plants, where the monitoring is carried out following the general recommendations of the UNICHIM 158/1988 method, with particular reference to the use of the specific UNI EN 14792:2017 (Spinetta) or UNI 10878 (Magenta) method. On the other hand, other facilities follow the methodology required by ISO 10849. As far as internal consumption is concerned, the table shows the factors used for the conversion from cubic metre/l/kg to GJ.

RESOURCE	UNIT	TOTAL ENERGY CONSUMPTION (GJ)
Electricity	kWh	0,0036
Diesel	Litri	0,03771
LPG	Kg	0,05
Propane	Kg	0,05
Natural gas	Sm3	0,0394
Gasoline	litri	0,03884

Since 2018, the Group has reported the four most impacting categories of Scope 3 emissions over which it has direct control and for which an accurate GHG inventory can be performed. These are goods and services (category 1), transport (categories 4 and 9), waste produced (category 5) and activities that consume fuel and energy (category 3).

A.6 Bridging table: material topics and GRI standards

Context	Material topics	GRI Standards references	Boundary	Type of impact
Environmental	Energy from renewable sources	302 - Energy	Group	Direct
	Greenhouse gas emissions	305 - Emissions 307 - Environmental compliance	Group, community, supply chain	Direct and indirect
	Use of recycled raw materials	301 - Materials	Group	Direct
	Reduction of waste	306 - Waste	Group, community	Direct
	Water resource management	303 - Water	Group, community	Direct
	Environmental management systems	N.A.	Group	Direct
Social	Occupational health and safety	403 - Occupational health and safety	Group	Direct
	Diversity and inclusion	405 - Diversity and equal opportunities 406 - Non-discrimination	Group	Direct
	Human rights	406 - Non-discrimination 408 - Child labor 409 - Forced or compulsory labor	Group	Direct
	Employee training and development	401 - Employment 404 - Training and education	Group	Direct and indirect
Governance	Innovation and eco-design	N.A.	Group	Direct
	Product quality and safety	416 - Customer health and safety	Group, consumers	Direct
	Economic performance	201 - Economic performance	Group	Direct and indirect
	Supplier engagement	308 - Supplier environmental assessment 414 - Supplier social assessment	Group	Direct and indirect
	Ethics, integrity and transparency	N.A.	Group	Direct and indirect
	Data privacy and cybersecurity	418 - Customer privacy	Group	Direct

GRI Content Index

General Disclosures

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
GRI 2: General Disclosure 2021	2-1 Organizational details	9; 12 - 13; 16; 86	
	2-2 Entities included in the organization's sustainability reporting	86	
	2-3 Reporting period, frequency and contact point	86	
	2-4 Restatements of information	85	
	2-5 External assurance	96 - 99	
	2-6 Activities, value chain and other business relationships	9 - 11; 18; 22 - 23	
	2-7 Employees	64; 84	
	2-8 Workers who are not employees	64; 84	
	2-9 Governance structure and composition	34 - 35	
	2.10 Nomination and selection of the highest governance body	34 - 35	
	2-11 Chair of the highest governance body	34 - 35	
	2-12 Role of the highest governance body in overseeing the management of impacts	34 - 35	
	2-13 Delegation of responsibility for mapping impacts	34 - 35	
	2-14 Role of the highest governance body in sustainability reporting	34 - 35	
	2-15 Conflicts of interest	36 - 37	
	2-16 Communication of critical concerns	36 - 37	
	2-17 Collective knowledge of the highest governance body	34 - 35	
	2-18 Evaluation of the performance of the highest governance bod	34 - 35	
	2-19 Remuneration policies	34 - 35	
	2-20 Process to determine remuneration	34 - 35	
	2-21 Annual total compensation ratio		Information unavailable/ incomplete. Guala closures Group does not currently have the methodology in its Human Resource system to determine this ratio
	2-22 Statement on sustainable development strategy	50 - 51	
	2-23 Policy commitments	36 - 37	
	2-24 Embedding policy commitments	36 - 37	
	2-25 Processes to remediate negative impacts	36 - 37	
	2-26 Mechanisms for seeking advice and raising concerns	36 - 37	
	2-27 Compliance with laws and regulations	There were no significant instances of non-compliance with laws and regulations during 2022.	
	2-28 Membership associations	The Group participates in the EAFA industrial association.	
	2-29 Approach to stakeholder engagement	24 - 25	
	2-30 Collective bargaining agreements	71	

Topic standards

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	24 - 31	
	3-2 List of material topics	26 - 27	
ECONOMIC PERFORMANCE			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17; Annual Report 2022	
	201-2 Financial implications and other risks and opportunities due to climate change	26 - 31; 38 - 43; 54 - 56; Annual Report 2022	
ANTI-CORRUPTION			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	77	
ANTI-COMPETITIVE BEHAVIOUR			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behavior, antitrust and monopoly practices	77	
TAX			
GRI 207: Tax 2019	207-1 Approach to tax	80 - 81	
	207-2 Tax governance, control and risk management	80 - 81	
	207-3 Stakeholder engagement and management of concerns related to tax issues	80 - 81	
	207-4 Country-by-country reporting	80 - 81	
RAW MATERIALS			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	74	
	301-2 Recycled input materials used	74	
ENERGY			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	57	
	302-3 Energy intensity	57	
	302-4 Reduction of energy consumption	57	
WATER			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 303: Water and effluents 2018	303-2 Management of water discharge-related impacts	60 - 61	
	303-3 Water withdrawal	60 - 61	
	303-5 Water consumption	60 - 61	
EMISSIONS			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	54 - 55	
	305-2 Energy indirect (Scope 2) GHG emissions	54 - 55	
	305-3 Other indirect (Scope 3) emissions	54 - 55	
	305-4 GHG emissions intensity	54 - 55	
	305-5 Reduction of GHG emissions	54 - 55	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	84	

Topic standards

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
WASTE			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	58 - 59	
	306-1 Waste generation and significant waste-related impacts	58 - 59	
	306-3 Waste generated	58 - 59	
	306-4 Waste diverted from disposal	58 - 59	
	306-5 Waste directed to disposal	58 - 59	
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 307: Supplier environemntal assessment 2016	307-1 New suppliers that were screened using environmental criteria	36 - 37; 62 - 63; 74 - 75	
EMPLOYEMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64	
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	64	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 207: Tax 2019	3-3 Management of material topics	26 - 31	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	70 - 71	
	403-2 Hazard identification, risk assessment and incident investigation	70 - 71	
	403-3 Occupational health services	70 - 71	
	403-4 Worker participation, consultation, and communication on occupational health and safety	70 - 71	
	403-5 Worker training on occupational health and safety	70 - 71	
	403-6 Promotion of worker health	70 - 71	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70 - 71	
	403-9 Work-related injuries	70 - 71	
	403-10 Work-related ill health	70 - 71	
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	65	
	404-2 Programs for upgrading employee skills and transition assistance programs	65	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 302: Energy 2016	405-1 Diversity of governance bodies and employees	65 - 66	
NON-DISCRIMINATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 303: Water and effluents 2018	406-1 Incidents of discrimination and corrective actions taken	66 - 67	

Topic standards

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION
CHILD LABOR			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	36 - 37; 48 - 51; 62 - 63; 76. No plant or supplier is considered to be at risk of child labor thanks to the presence of relevant policies and supplier screening	
FORCED AND COMPULSORY LABOR			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	36 - 37; 48 - 51; 62 - 63; 76. No plant or supplier is considered to be at risk of child labor thanks to the presence of relevant policies and supplier screening	
RIGHTS OF INDIGENOUS PEOPLE			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 409: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	36 - 37; 48 - 51; 62 - 63; 68 - 69	
SUPPLIER SOCIAL ASSESSMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	25 - 30	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	36 - 37; 62 - 63; 74 - 75	
CUSTOMER HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	19	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	19	
CUSTOMER PRIVACY			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 418: Customer Privacy 2016	418-1 Substantial complaints concerning breaches of customer privacy and losses of customer data	77	
LOCAL COMMUNITIES			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	36 - 37; 48 - 51; 62 - 63; 68 - 69	
INNOVATION AND ECODESIGN			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	
TRANSPARENCY			
GRI 3: Material Topics 2021	3-3 Management of material topics	26 - 31	

United Nations Global Compact correlation table

UNGC PRINCIPLES	SUSTAINABILITY REPORT PARAGRAPH	PAGE	GRI INDICATOR
HUMAN RIGHT			
Principle 1: support and respect the protection of internationally proclaimed human rights	2.3 Policies and guidelines 3.4 Integrated management systems & certifications 3.5 The sustainability strategy 5.5 Occupational health and safety 5.2 Employee training and development 5.3 Diversity and inclusion	35 - 36 47 - 48 49 - 50 69 - 70 64 65 - 66	403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9; 405-1; 406-1
Principle 2: make sure that they are not complicit in human rights abuses	2.3 Policies and guidelines 5. Our people 6..1 Supply chain	35 - 36 61 - 62 73 - 74	414-1
LABOUR			
Principle 3: uphold the freedom of association and the effective recognition of the right to collective bargaining	2.3 Policies and guidelines 3.4 Integrated management systems & certifications 5. Our people 5.6 Relazione coi dipendenti	35 - 36 47 - 48 61 - 62 70	2-30
Principle 4: the elimination of all forms of forced and compulsory labour	2.3 Policies and guidelines 3.4 Integrated management systems & certifications 5. Our people 5.4 Human rights and support to local communities 6..1 Supply chain 6.1 Ethics and transparency	35 - 36 47 - 48 61 - 62 67 - 68 73 - 74 75	408-1; 414-1; 414-2
Principle 5: the effective abolition of child labour	2.3 Policies and guidelines 3.4 Integrated management systems & certifications 5. Our people 5.4 Human rights and support to local communities 6..1 Supply chain 6.1 Ethics and transparency	35 - 36 47 - 48 61 - 62 67 - 68 73 - 74 75	409-1; 414-1; 414-2
Principle 6: the elimination of discrimination in respect of employment and occupation	2.3 Policies and guidelines 3.4 Integrated management systems & certifications 3.5 The sustainability strategy 5. Our people 5.2 Employee training and development 5.5 Diversity and inclusion	35 - 36 47 - 48 49 - 50 61 - 62 64 65 - 66	2-7; 2-8; 404-1, 404-2 405-1 406-1
ENVIRONMENT			
Principle 7: support a precautionary approach to environmental challenges	1.14 Material topics 2.3 Policies and guidelines 2.4 Analysis and management of risks & opportunities 3.4 Integrated management systems & certifications 3.5 The sustainability strategy 4 Il Our planet 4.1 Fighting climate change 4.3 Energy management 4.4 Waste management 4.5 Water resource 6.1 Supply chain	25 - 30 35 - 36 37 - 41 47 - 48 49 - 50 51 - 52 53 - 54 56 57 - 58 59 73 - 74	301-1; 301-2; 302-1; 302-2; 302-4 303-2; 303-3; 303-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 307-1
Principle 8: undertake initiatives to promote greater environmental responsibility	2.3 Policies and guidelines 3.4 Integrated management systems & certifications 3.5 The sustainability strategy 4 Our planet 4.1 Fighting climate change 4.2 Emission compensation & reforestation program 4.3 Energy management 4.4 Waste management 4.5 Water resources 6..1 Supply chain 6.1 Ethics and transparency	35 - 36 47 - 48 49 - 50 51 - 52 53 - 54 55 56 57 - 58 59 73 - 74 75	301-1; 301-2; 302-1; 302-2; 302-4 303-2; 303-3; 303-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 307-1
Principle 9: encourage the development and diffusion of environmentally friendly technologies	3.1 The sustainability strategy 3.2 Product and process research & development 3.2.1 The Blossom line 3.4 Integrated management systems & certifications 4.3 Energy management 4.4 Waste management 4.5 Water resources 6.1 Supply chain 6.4 New products and technologies	44 45 - 46 46 47 - 48 56 57 - 58 59 73 - 74 77	301-1; 301-2; 302-1; 302-2; 302-4 303-2; 303-3; 303-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5; 307-1
ANTI-CORRUPTION			
Principle 10: work against corruption in all its forms, including extortion and bribery	2.3 Policies and guidelines 3.5 The sustainability strategy 6 Our business 6.1 Supply chain 6.3 Competition and corruption	35 - 36 49 - 50 71 - 72 73 - 74 76	2-23; 205- 3+B14:K19K17B15:K19B13:K19B14: K19

(Translation from the Italian original which remains the definitive version)

Guala Closures S.p.A.

Sustainability report as at and for the year ended 31 December 2022

(with independent auditors' report thereon)

KPMG S.p.A.

28 April 2023

KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the sustainability report

To the board of directors of Guala Closures S.p.A.

We have been engaged to perform a limited assurance engagement on the 2022 Sustainability report (the "sustainability report") of the Guala Closures Group (the "group").

Directors' responsibility for the sustainability report

The directors of Guala Closures S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Methodological note" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1 analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;

2. comparing the financial disclosures presented in the sustainability report with those included in the group's consolidated financial statements;

3 understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

   Specifically, we held interviews and discussions with the parent's management personnel and personnel of Guala Closures Deutschland GmbH and Guala Closures Bulgaria A.D.. We also performed limited procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
  a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
  b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited, including remotely, Guala Closures S.p.A. (Spinetta Marengo and Magenta sites), Guala Closures Deutschland GmbH (Worms site) and Guala Closures Bulgaria A.D. (Kazanlak site), which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 Sustainability report of the Guala Closures Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the "Methodological note" section of the sustainability report.

Turin, 28 April 2023

KPMG S.p.A.

(signed on the original)

Fabio Monti
Director of Audit