2021

2021 ANNUAL REPORT

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

Guala Closures Group

2021 GROUP HIGHLIGHTS

1954 Establishment	**30** Production sites	**4,859** Employees	**660M €** Turnover 2021	**6** R&D Centres Italy, Bulgaria, Luxembourg, Mexico, Ukraine, UK
18bn Closures per year	**300+** Closure models	**3** Product lines: safety, roll-on and luxury	**170+** Active patents	**100** Countries where we have strong customer partnerships

NET REVENUE BY GEOGRAPHICAL AREA

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA	GROUP
€381.6m	€144.2m	€76.6m	€35.6m	€21.9m	€659.8m
57.8%	*21.9%*	*11.6%*	*5.4%*	*3.3%*	*100.0%*

NET REVENUE BY PRODUCT

SAFETY	LUXURY	ROLL-ON	OTHER REVENUE	GROUP
€252.7m	€41.1m	€343.1m	€22.9m	€659.8m
38.3%	*6.2%*	*52.0%*	*3.5%*	*100.0%*

NET REVENUE BY DESTINATION

SPIRITS	WINE	WATER	NON-ALC. BEVERAGES	OLIVE OIL & CONDIMENTS	OTHER REVENUE	GROUP
€422.8m	€124.0m	€52.1m	€14.6m	€14.4m	€31.8m	€659.8m
64.1%	*18.8%*	*7.9%*	*2.2%*	*2.2%*	*4.8%*	*100.0%*

Letter to stakeholders

Dear stakeholders,

the year 2021 saw a first progressive, although not yet complete, exit from the social and economic emergency caused by the Covid-19 pandemic, while elements of residual uncertainty remain.

In this context, which has seen the progressive reopening of activities in the sectors in which our group operates, Guala Closures Group has been able and able to resume the growth path interrupted in 2020 due to the virus.

The growth was significant, compared to the previous year, so much so that 2021 marked an increase in net sales of 15.3%, reaching €660 million, thanks to the contribution of substantially all the Group's Business Units.

Adjusted EBITDA amounted to €115 million, +17.5% compared to 2020. The 2021 financial year was also characterized by a significant and unexpected increase in raw material and energy costs, which the Group was able to cope with by limiting its negative impacts on profitability and growth.

Excellence, innovation and sustainability are the 3 key pillars of the Development Strategy of the Guala Closures Group, aimed at creating value for shareholders, generating safety and well-being for its employees, demonstrating social responsibility and a strong focus on reducing our environmental impact.

2021 also marked a major change in corporate structure. The Luxembourg company Special Packaging Solutions Investments S.à.r.l. ("SPSI"), a company indirectly controlled by the private equity fund Investindustrial VII L.P., has acquired, also as a result of the "Sell Out" and "Squeeze Out" procedures, the entire share capital of Guala Closures S.p.A., which has therefore become a single-member company.

Borsa Italiana has consequently ordered the withdrawal of trading in the shares of Guala Closures S.p.A. from the regulated market, with effect from July 20, 2021.

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

President	Benedetta Navarra
Standing auditor	Massimo Gallina
Standing auditor	Fioranna Vittoria Negri
Substitute auditor	Ugo Marco Luca Maria Pollice
Substitute auditor	Mariateresa Salerno

INDEPENDENT AUDITORS

KPMG S.p.A.

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GENERAL INFORMATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENT OF FINANCIAL POSITION

DIRECTORS'

REPORT

Guala Closures Group

1.1 Introduction

€ 659.8 MLN
2021 NET REVENUE

SALES NETWORK IN OVER **100 COUNTRIES**

Around **18 BILLION CLOSURES** PRODUCED IN 2021

3 **PRODUCT** CATEGORIES

OVER **170** INTELLECTUAL PROPERTY RIGHTS

30 FACILITIES & **3 SALES OFFICES**

4,859 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 also active on a marginal basis in the field of production of closures for PET plastic preforms and bottles.

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 2021, the group produced and sold around 18 billion closures in 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.

The parent, Guala Closures S.p.A., was listed on the STAR segment of the Milan stock exchange from August 2018 to July 2021.

Vision and mission

Guala Closures Group promotes 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 objective 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

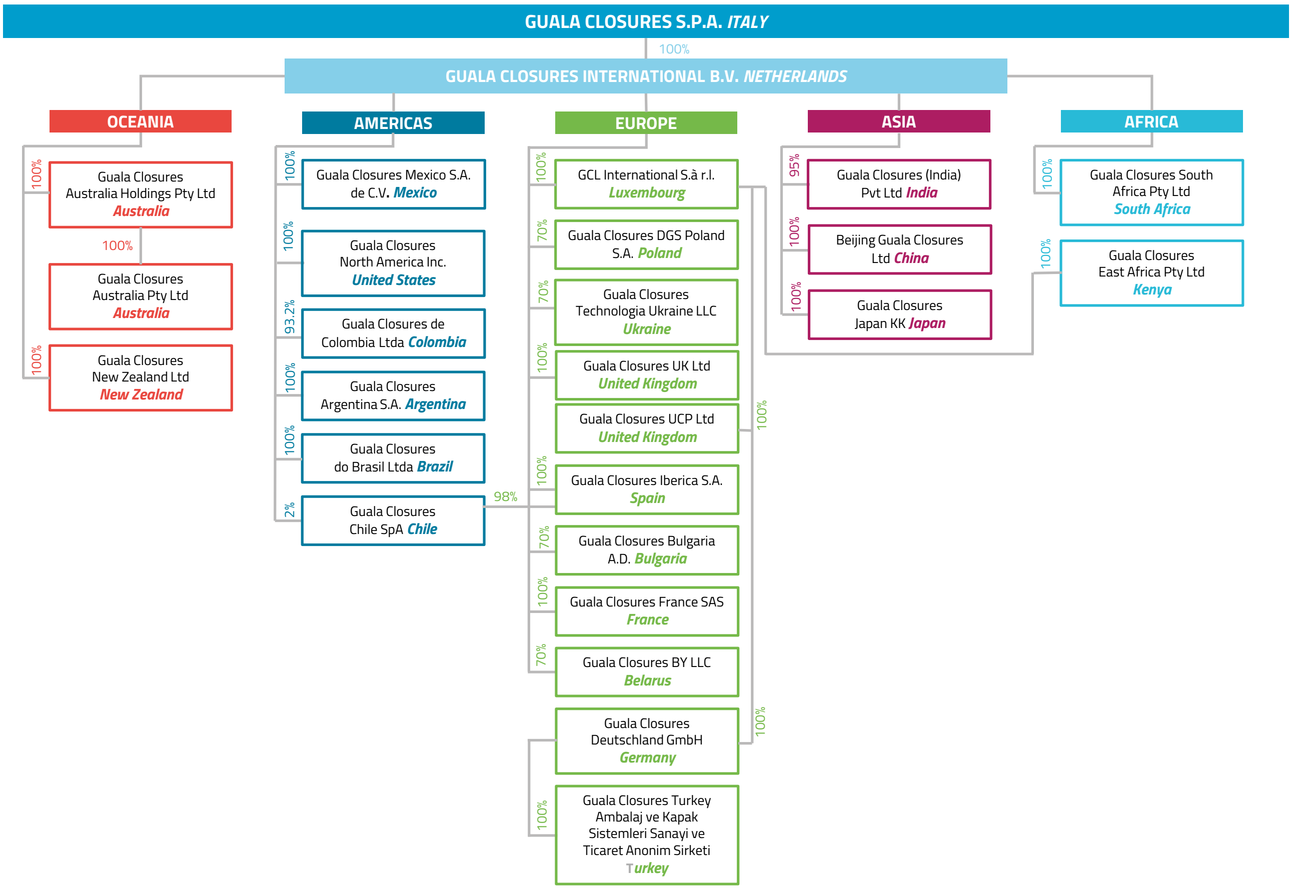
Professionalism: personnel training and growth in the pursuit of continuous and ongoing development;

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 all 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, 2021 (companies consolidated on a line-by-line basis):

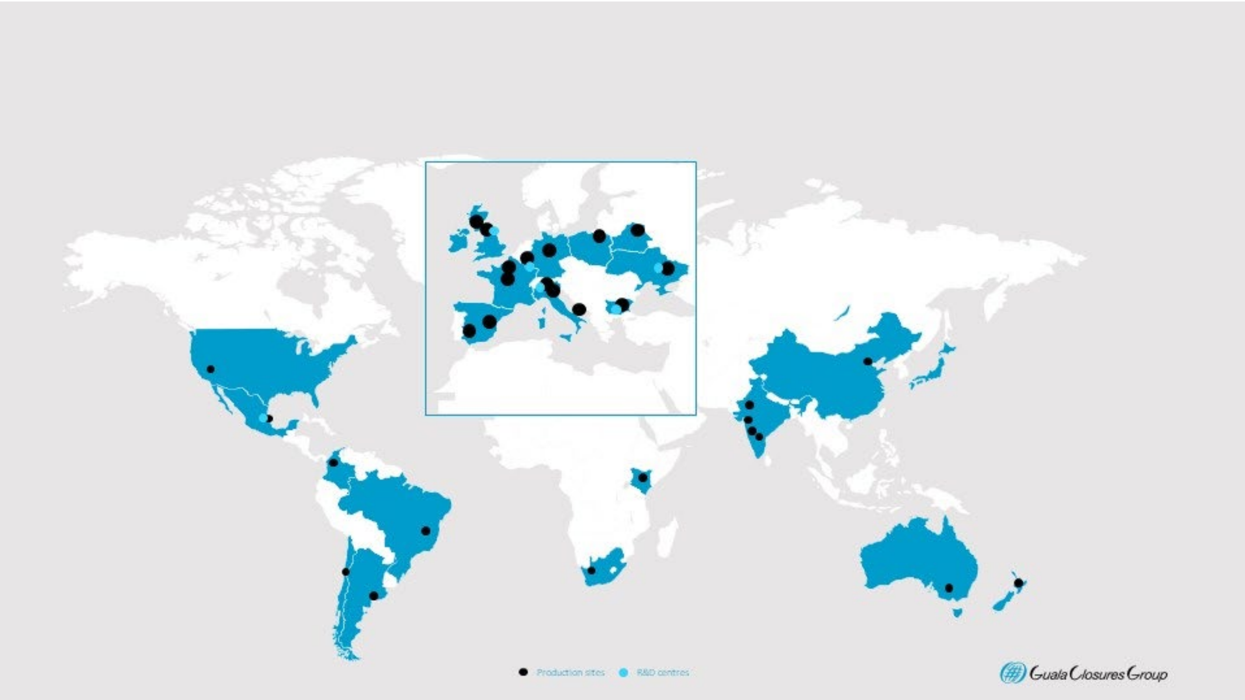


The group structure changed in 2021 as follows:

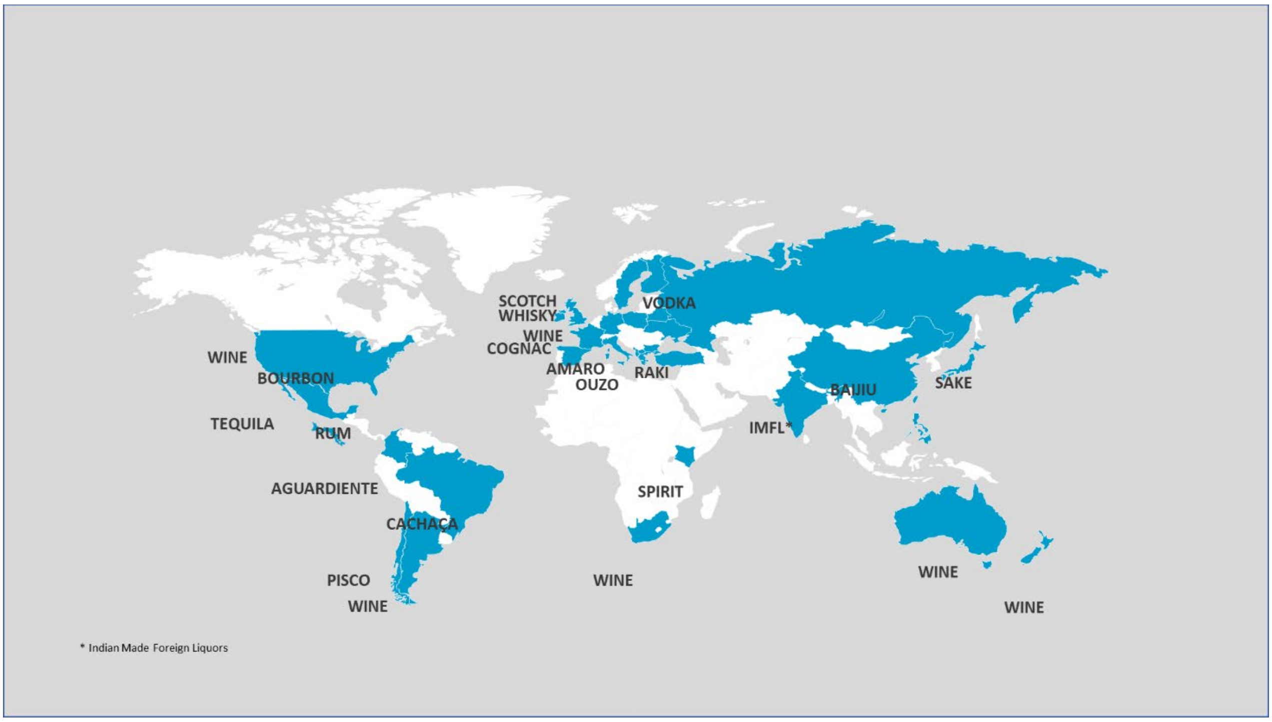
- in February 2021, the Luxembourg subsidiary GCL International S.à r.l. subscribed a capital increase of SharpEnd Partnership Ltd., an innovative technology services agency based in London, increasing its investment from 20% to 30% of the associate's fully diluted capital. As this is an associate, it is not included in the consolidation scope, but consolidated with equity method;
- in December 2021, Guala Closures Servicios Mexico S.A. de C.V. merged into Guala Closures Mexico S.A. de C.V.

1.3 International footprint

The Guala Closures Group is a multinational group with 30 facilities and six research and innovation centres (in Italy, Luxembourg, United Kingdom, Ukraine, Bulgaria and Mexico).



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



1.4 Product lines and destination markets

In 2021, the group produced and sold around 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 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 2021. 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 the understanding of 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 oil-based recycling.

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.

A milestone of 2021 was the International Sustainability and Carbon Certification (ISCC) Plus certification, which allows the use of certified polymers under the mass balance approach for the production of closures at the Spinetta Marengo plant. This means Guala Closures can produce circular packaging and bio-circular packaging closures, i.e., certified sustainable closures thanks to a control system spanning the entire procurement chain from the raw materials to finished goods.

Our partnership with Oceanworks continued throughout 2021. All recycled materials provided by this company come from locations near oceans that do not have effective waste collection and recycling systems. The materials tested include plastics from old fishing nets recovered from port areas.

The materials that have been successfully tested during the year and are ready to be incorporated into industrial processes include PPs (polypropylene) and ABSs (acrylonitrile-butadiene-styrene) derived from both post-consumption and post-industrial mechanical recycling. This ensures a large decrease in the emissions associated with the production of the closures that use them.

Also in 2021, some research activities were activated focused on transformation processes that can allow the combined use of virgin materials (necessary for the food contact aspect) and recycled materials (not suitable for food contact). This activity also stems from the results related to the scouting activity on the effective availability of post-consumer recycled materials suitable for food contact: in fact only rPET (currently not very useful in the Group's processes) is available in significant quantities, while HDPE and PP (materials for massive use) are in fact not available at the moment and will not yet be available for the next 2-3 years.

The technologies to be used are based on the concepts of co-injection and bi-injection (or even tri-injection) and also presuppose a new design method .

Still on the topic of transformation processes, in 2021 activities began on the processability of bioplastics, materials that have different behaviours from traditional plastics, and which must therefore be thoroughly tested and approved before being launched on the market.

1.8 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**, the acquisition of new customers and growth in market segments in which we are under-represented;
- developing the **packaging digitisation** process with the launch of closures incorporating new near field technology **(NFC)** or **QR Codes**;
- **optimising production processes and the supply chain** by sharing best practices within the group in order to improve the profitability of plants;
- **constantly improving the new product offering** by developing innovative, technological and increasingly attractive products to meet its customers' brand promotion needs.

In 2021, despite the effects of the pandemic, we worked intensely on the development of new products. The ongoing projects reflected the two biggest current market trends:

- **sustainability**
- **brand promotion**

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 extensive since there is no global solution. However, there is a need for solutions that are consistent with local recycling systems and consumer habits and sensitivity.

In addition to materials, research increasingly focuses on product structure: for instance, projects are underway to move away from removable pieces that could therefore become litter. 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 2021, the group showed considerable resilience, ensuring continuity in the production and development of new solutions, as demonstrated by the numerous **re-packaging** projects requested by some of our best known international spirits producers. 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.

Financial performance

2.1 Group performance

Key figures

	Reported figures		Like-for-like basis [1]
(€ mln)	**2020**	**2021**	**2021**
Net revenue [2]	**572.0**	**659.8**	**659.6**
% variation		*15.3%*	*15.3%*
Adjusted gross operating profit (Adjusted EBITDA) [2]	**98.0**	**115.1**	**115.7**
% variation		*17.5%*	*18.1%*
Adjusted gross operating profit (Adjusted EBITDA) margin	***17.1%***	***17.4%***	***17.5%***
(€ mln)	**December 31, 2020**	**December 31, 2021**	
Net financial indebtedness [3]	464.2	462.0	
Employees			4,859
Facilities	30 production facilities and 3 sales offices in 25 countries on 5 continents		
Intellectual property rights			over 170

Note:

- *The like-for-like figures have been prepared excluding the acquisition of the Closurelogic business, net of GCL Pharma figures sold in April 2020.*
- *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.*
- *Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as financial assets.*

The key economic and financial indicators of the Group in 2021 show a positive trend with revenue up 15.3% compared to 2020 and an Adjusted EBITDA margin of 17.4%, improving compared to the 17.1% margin of the previous year. On a like-for-like basis the adjusted EBITDA margin in 2021 would have been 17.5%.
Revenue growth was driven by a mix of volumes recovery from 2020-Covid impacted year, business development and increase in selling price. The 2021 performance was due to a double digit growth in Europe, Americas, Asia and Africa.

The increase in adjusted gross operating profit (adjusted EBITDA) in 2021 compared to 2020 was achieved thanks to the contribution from the additional sales volume/mix, from the selling price increases and other mix and cost variances, partially offset by the negative impacts from the increase in raw materials costs.

Net financial indebtedness at December 31, 2021 (€462.0 million) is lower than the value at December 31, 2020 (€464.2 million).

Significant events of the year

The main events which affected the Guala Closures Group in 2021 are summarised below:

MERGERS & ACQUISITIONS:

Subscription of SharpEnd Partnership Ltd. capital

On February 26, 2021, the Luxembourg subsidiary GCL International S.à r.l. subscribed a capital increase of the associate SharpEnd Partnership Ltd. for the equivalent of GBP1.4 million (€1.6 million) increasing the group's investment to 30% of the associate's fully diluted capital (including the option for the issue of stock options).

Collection of the second instalment of the consideration for the sale of GCL Pharma S.r.l.

After the sale of 100% of GCL Pharma S.r.l. finalised on April 15, 2020, the Group collected the second and last instalment of €2.0 million of the agreed consideration of €9.3 million on April 16, 2021.

CHANGE IN CONTROL AND DELISTING:

Special Packaging Solutions Investments S.à r.l. public tender offer and share delisting and market warrant

Following the purchase of ordinary shares and market warrants carried out by Special Packaging Solutions Investments S.à r.l. ("**SPSI**") on December 8, 2020 and March 25, 2021 - as well as following the purchases of ordinary shares made by SPSI (both on and off the market) between December 8, 2020 and March 25, 2021 - SPSI holds 33,493,940 Guala Closures ordinary shares (equal to 47.8% of the share capital). Therefore, as better described in the press release issued pursuant to art. 102 of the Consolidated Finance Act ("TUF") from SPSI on March 25, 2021, SPSI promoted:

- a mandatory tender offer (the "**Mandatory Offer**") out of a maximum of 36,534,714 ordinary shares of Guala Closures, representing approximately 52.2% of the share capital of Guala Closures, with a consideration of Euro 8.20 per ordinary share; and
- a voluntary tender offer (the "**Voluntary Offer**", in conjunction with the Mandatory Offer together, the "**Offers**") on a maximum of 12,598,053 market warrants issued by Guala Closures, equal to approximately 65.0% of the market warrants issued by Guala Closures, for consideration Euro 0.30 per market warrant.

Following the publication – on May 8, 2021 – of the offer document relating to the Offers (the "**Offer Document**"), as well as the dissemination of the issuer's press release approved by the Board of Directors of Guala Closures on May 17, 2021, on May 18, 2021, the period of adhesion to the Offers began, a period that ended on June 7, 2021.

At the end of the period of participation in the Offers, SPSI held a total of: (i) 66,478,903 Guala Closures ordinary shares, equal to approximately 94.9% of the share capital of Guala Closures and (ii) 16,809,156 market warrants, equal to approximately 86.8% of the market warrants issued by Guala Closures. In light of the results of the Mandatory Offer, on June 11, 2021 SPSI communicated to the market the occurrence of the legal conditions for the promotion by SPSI of a sell-out procedure pursuant to art. 108, paragraph 2, of the TUF, i.e. a procedure by which any shareholder of Guala Closures who had requested it could have sold its ordinary shares to SPSI for the same consideration as the Mandatory Offer (i.e. Euro 8.20 per ordinary share). As a result of the sell-out procedure as of July 13, 2021, SPSI held 69,241,588 Guala Closures ordinary shares (equal to 98.88% of the share capital of Guala Closures). Having therefore achieved a stake in the share capital of Guala Closures equal to at least 95%, the legal conditions existed for the exercise by SPSI of the right to purchase pursuant to art. 111 of the TUF with reference to all the ordinary shares still outstanding (the squeeze-out procedure).

On July 20, 2021, SPSI ended the squeeze-out procedure, purchasing all Guala Closures S.p.A. ordinary shares still outstanding on that date and becoming the sole shareholder of the company.

In light of the above, Borsa Italiana S.p.A. has ordered the withdrawal from listing of the ordinary shares and market warrants issued by Guala Closures with effect from July 20, 2021.

Conversion of special class C shares into ordinary shares

As provided for in the parent's by-laws and in accordance with the commitments, all the 812,500 class C shares, which did not have voting rights, have been converted into 3,656,250 ordinary shares at a ratio of one class C share to 4.5 ordinary shares.

Following the application dated March 29, 2021, the stockbrokers confirmed the cancellation of the class C shares from the MTX platform on April 6, 2021 (necessary to be able to issue the related ordinary shares for the conversion). On April 7, 2021, the ordinary shares were placed on the MTX platform. The parent filed the related information with the company registrar and Consob as well as making it available to the market on April 12, 2021.

As a result of this conversion, the parent's subscribed and paid-in share capital was €68,907 thousand, consisting of 70,028,654 shares, of which 65,706,216 ordinary shares and 4,322,438 class B multiple-vote shares.

Conversion of class B shares into ordinary shares

As provided for in the parent's by-laws, all the 4,322,438 class B multiple-vote shares have been converted into 4,322,438 ordinary shares.
Following the application dated June 1, 2021, the stockbrokers confirmed the cancellation of the class B shares from the MTX platform on June 1, 2021.
As a result of this conversion, the parent's subscribed and paid-in share capital was €68,907 thousand, consisting of 70,028,654 ordinary shares.

Appointment of new directors

In their ordinary meeting of April 30, 2021, the shareholders approved the 2020 separate financial statements and appointed new directors and statutory auditors who will remain in office until the shareholders' meeting called to approve the separate financial statements as at and for the year ending December 31, 2023.

Two directors (Marco Giovannini and Chiara Arisi) appointed in the shareholder's meeting held in April, resigned in September and October 2021 and were replaced by Francesco Bove and Giovanni Casali.

Termination agreements signed with the Group CFO and with the Chief Marketing Officer (CMO) and M&A Group Director

In June and July 2021 Mr. Anibal Diaz Diaz (Group CFO) and Mr. Paolo Ferrari (Group CMO and M&A Director) signed a termination agreement with the Group with effect from December 31, 2021.

Cancellation of committees

On September 8, 2021, following the delisting, the Board of Directors dissolved and revoked the Control, risk and sustainability committee and the Appointment and remuneration committee.

BUSINESS:

Reorganisation of Guala Closures Australia

On March 29, 2021, Guala Closures Australia informed its employees that it intends to reorganise its business to align its costs with the changed market conditions that have had an adverse effect on its sales volumes. This trend was caused by the slowdown in the domestic wine market, the steady increase in exports of bulk wine and the reduction in exports of wine to China. These latter factors have curtailed demand leading to a glut in supply with the consequent effects of greater competition and the related pressure on sales prices.

The reorganisation included the elimination of some positions, which was agreed with the trade unions. This project's cost was approximately €0.3 million.

Reorganisation of GCL International S.à r.l.

On May 10, 2021, GCL International S.à r.l. informed its employees about the reorganization of its administrative office, keeping in Luxembourg only its Research and Development centre. Some people have been transferred to other locations with a project's cost of approximately €0.3 million.

Reorganisation of Guala Closures Turkey

On May 31, 2021, the production plant in Turkey was closed and a commercial office was opened in Ankara on June 5, 2021. The related decommissioning costs were entirely provided for in 2020.

Merger of Guala Closures Servicios Mexico S.A. de C.V.

All the labour force occupied in Guala Closures Mexico S.A. de C.V. had a labour relation with the Guala Closures Servicios Mexico S.A. de C.V., who was acting as service supplier for Guala Closures Mexico S.A. de C.V..

Due to the change in the Mexican legislation, that does not allow anymore the existence of service companies providing labour force to other companies, it has been decided to merge the company Guala Closures Servicios Mexico S.A. de C.V. into Guala Closures Mexico S.A. de C.V., which remained the sole Mexican entity of the Group.

As a result of such merger, the employees of Guala Closures Servicios Mexico S.A. de C.V. became employees of Guala Closures Mexico S.A. de C.V.

Such merger has been effective from December 2021.

REFINANCING:

Group refinancing

In 2021, the Group refinanced both of RCF and the Notes.

Specifically, in connection with the Offers, on July 7, 2021, Guala Closures fully redeemed the outstanding aggregate principal amount of its €455 million floating rate senior secured notes due 2024 (the "**2024 Notes**"), including accrued interest thereon, using a portion of the proceeds from the issuance of €500 million in aggregate principal amount of 3¼% Senior Secured Notes due 2028 (the "**2028 Notes**") issued under an indenture dated July 7, 2021 among, *inter alios*, 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, Paragraph 3, of the Italian Civil Code (the "**2028 Notes Indenture**").

The 2028 Notes bear interest at a rate of 3.25% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2021, 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 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 to us, dispose of its assets, merge or consolidate with other entities, and impair the security interests for the benefit of the holders of the Notes.

Guala Closures used a portion of the proceeds of the 2028 Notes to repay amounts outstanding under the €80 million revolving credit facility agreement it entered into on July 20, 2018 (the "**2024 RCF**"). The 2024 RCF was cancelled and replaced by new €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 is available in an amount up to €80.0 million, with 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) + 2.5%, which, in each case, will be subject to a decreasing leverage-based margin ratchet as set out in the 2028 RCF. The 2028 RCF will expire January 7, 2028.

A non-recurring financial expense of €7.7 million due to unamortised transaction costs was recognised in June and July 2021 following the issue of the notice of redemption for the 2024 Notes and the 2024 RCF.

Estimated transaction costs for the refinancing described above amounted to around €17 million.

Financial performance

ANALYSIS OF THE FINANCIAL PERFORMANCE

The table below summarises the financial performance of the Guala Closures Group for 2020 and 2021. It should be noted that for the purposes of comparing the results between the two periods, the results relating to 2020 do not fully include the effect of the consolidation of Closurelogic's business (as Closurelogic's activities in Germany were acquired in February 2020 and those in Turkey in September 2020), while they include the results of the Italian company GCL Pharma for the first quarter 2020, which was sold in the second quarter 2020.

Statement of profit or loss	**2020 (*)**		**2021**	
	(€'000)	***% of net revenue***	***(€'000)***	***% of net revenue***
Net revenue	**572,035**	***100.0%***	**659,799**	***100.0%***
Change in finished goods and semi-finished products	1,791	*0.3%*	3,848	*0.6%*
Other operating income	4,444	*0.8%*	5,383	*0.8%*
Internal work capitalised	5,437	*1.0%*	5,165	*0.8%*
Costs for raw materials	(249,614)	*(43.6%)*	(308,883)	*(46.8%)*
Costs for services	(98,425)	*(17.2%)*	(114,053)	*(17.3%)*
Personnel expense	(129,873)	*(22.7%)*	(137,153)	*(20.8%)*
Other operating expense	(9,794)	*(1.7%)*	(8,469)	*(1.3%)*
Impairment losses	(3,378)	*(0.6%)*	(2,349)	*(0.4%)*
Gains on sales of equity investments	2,830	*0.5%*	-	-
Gross operating profit (EBITDA)	**95,452**	***16.7%***	**103,289**	***15.7%***
Amortisation and depreciation	(64,734)	*(11.3%)*	(54,409)	*(8.2%)*
Operating profit (EBIT)	**30,719**	***5.4%***	**48,880**	***7.4%***
Financial income	12,838	*2.2%*	15,484	*2.3%*
Financial expense	(47,992)	*(8.4%)*	(46,920)	*(7.1%)*
Net financial expense	**(35,154)**	***(6.1%)***	**(31,436)**	***(4.8%)***
Profit (loss) before taxation	**(4,435)**	***(0.8%)***	**17,444**	***2.6%***
Income taxes	(1,483)	*(0.3%)*	(9,450)	*(1.4%)*
Profit (loss) for the period	**(5,918)**	***(1.0%)***	**7,994**	***1.2%***
Attributable to:				
- the owners of the parent	(14,546)	*(2.5%)*	(782)	*(0.1%)*
- non-controlling interests	8,627	*1.5%*	8,776	*1.3%*

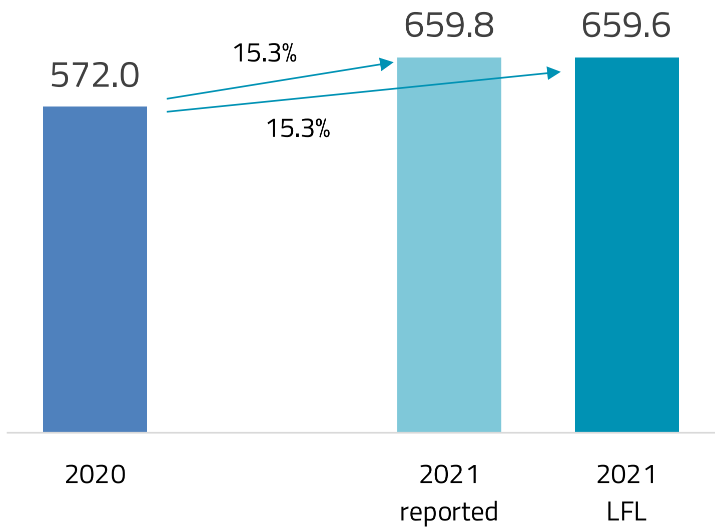
Adjusted gross operating profit (Adjusted EBITDA)	**97,972**	***17.1%***	**115,098**	***17.4%***

Note:

- *2020 figures have been reclassified in order to be consistent with 2021 classification*
- *For information on the calculation of the adjusted gross operating profit reference should be made to page 48.*

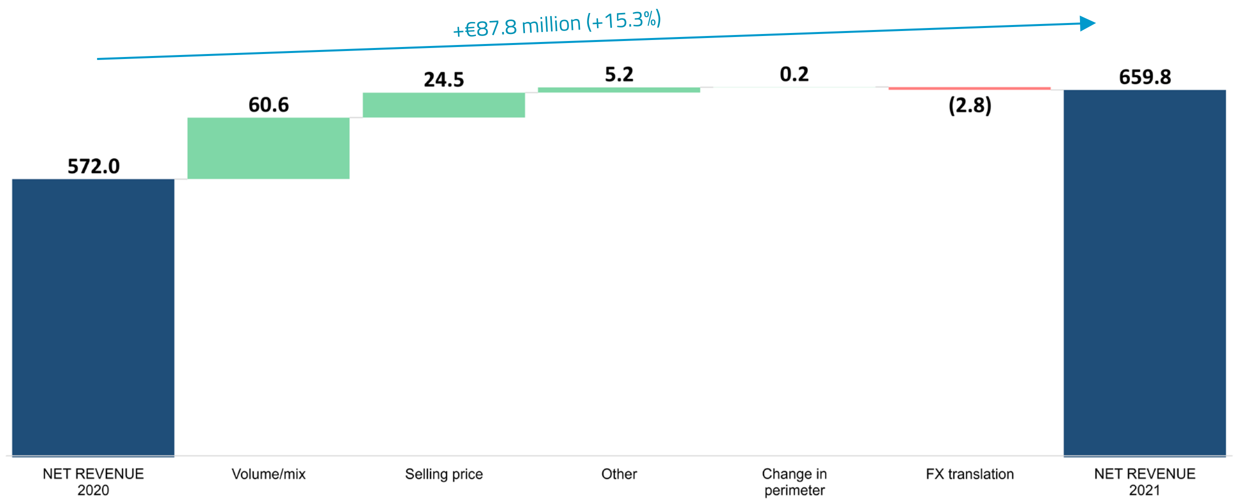
NET REVENUE

The following chart illustrates the 2021 trend in revenue compared to 2020.



In 2021, consolidated net revenue totalled €659.8 million, up €87.8 million (+15.3%) on 2020. On a like-for-like (LFL) basis, net revenue would have been €659.6 million, up €87.6 million (+15.3%) on 2020, as the positive contribution coming from the acquisition of Closurelogic's business has been compensated by the sale of GCL Pharma in April 2020.

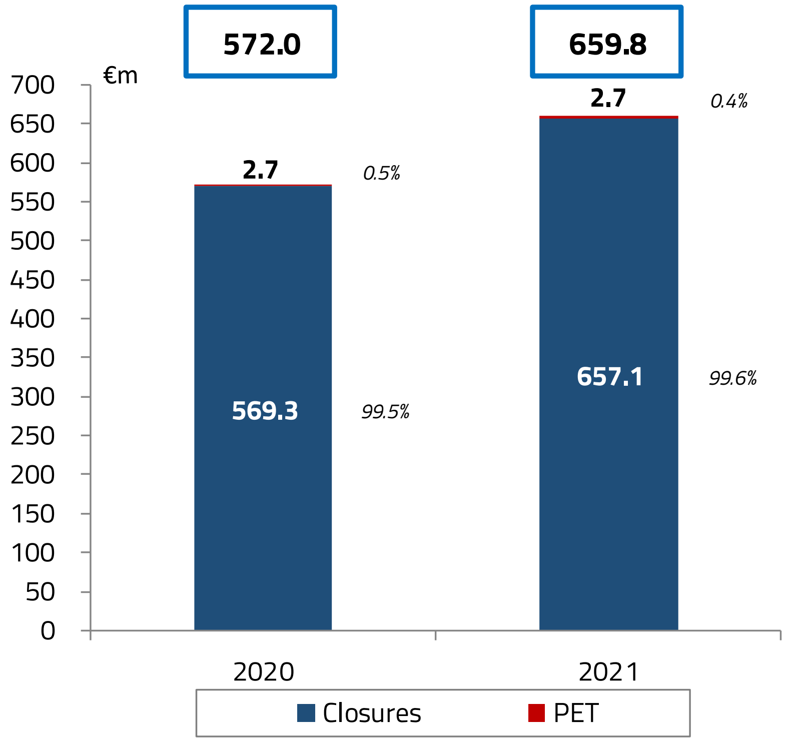
The chart below shows the main drivers of the increase in net revenue 2021 compared to 2020:



The Group reported in 2021 an increase in volumes/mix of €60.6 million and a benefit of €24.5 million deriving from the price increase.
Net revenue increased in almost all the regions in which the Group operates with a double-digit growth except Oceania which is suffering for the decline in the Australian wine sector.

NET REVENUE BY DIVISION

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



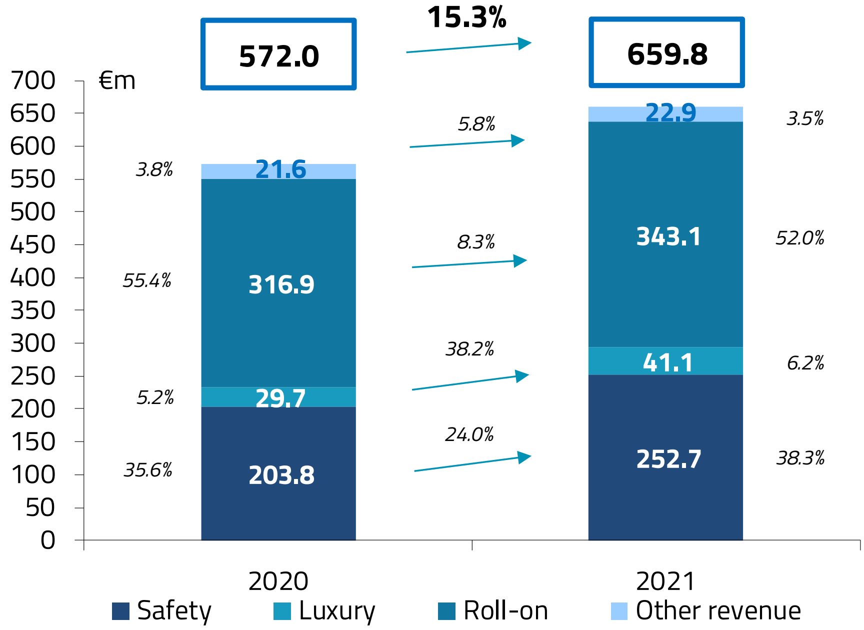
As the group's core business, the "Closures" division accounts for over 99% of net revenue in 2021. It is specialised in the production of safety, customised luxury and roll-on closures.

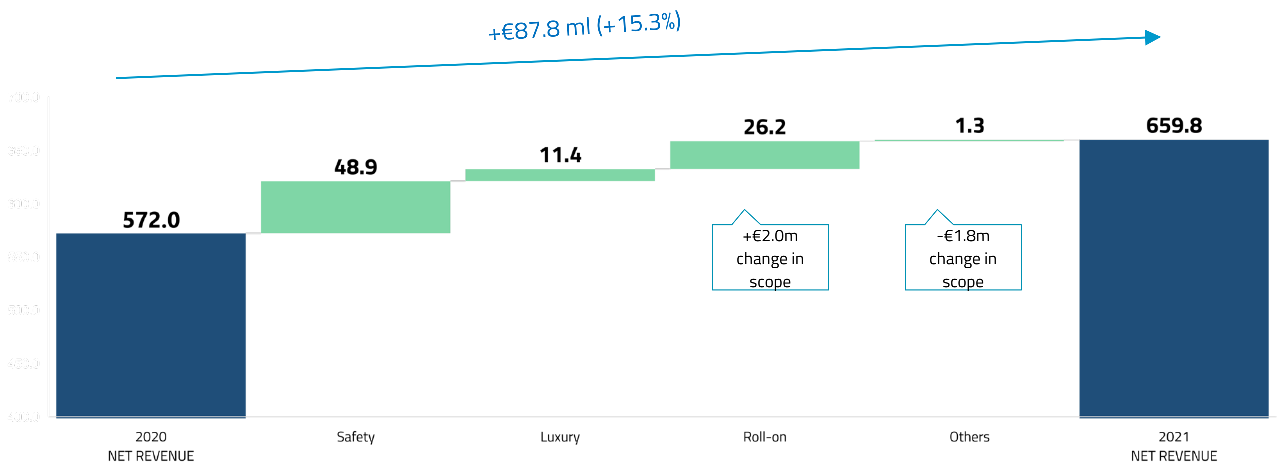
The net revenue of the Closures division increased by €87.8 million (+15.4%) in 2021 from €569.3 million in 2020 to €657.1 million in 2021.

The "PET" division, active in the production of PET bottles and miniatures, is no longer considered a core business for the group. 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 segments with safety closures driven the growth.

Revenue from **safety** closures increased by €48.9 million from €203.8 million in 2020 (35.6% of net revenue) to €252.7 million in 2021 (38.3%). The growth is a mix of volume recovery in the spirit market from 2020–Covid impacted year and average price increase due to sales mix and raw material impact.

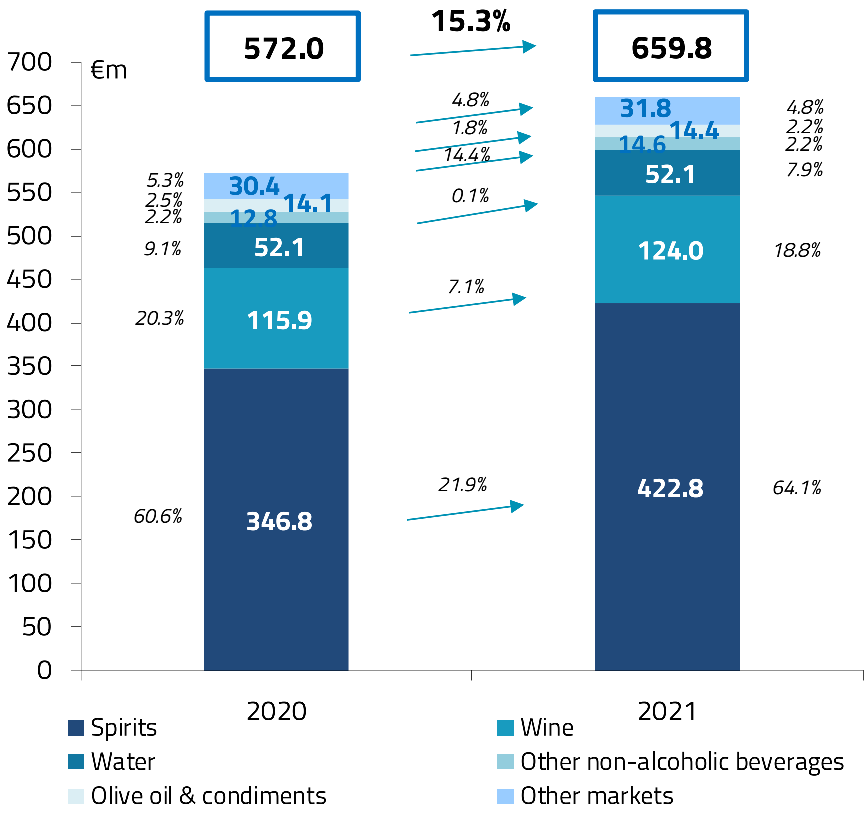
Revenue from **luxury** closures increased by €11.4 million from €29.7 million in 2020 (5.2% of net revenue) to €41.1 million in 2021 (6.2%), due to the recovery in the sale of closures for the spirit market pushed by the growth in tequila and craft brands and premiumisation brands.

Revenue from **roll-on** closures increased by €26.2 million from €316.9 million in 2020 (55.4% of net revenue) to €343.1 million in 2021 (52.0%). This increase was due to the recovery in the spirit, wine and other non-alcoholic beverages markets and includes €2.0 million coming from change in scope.

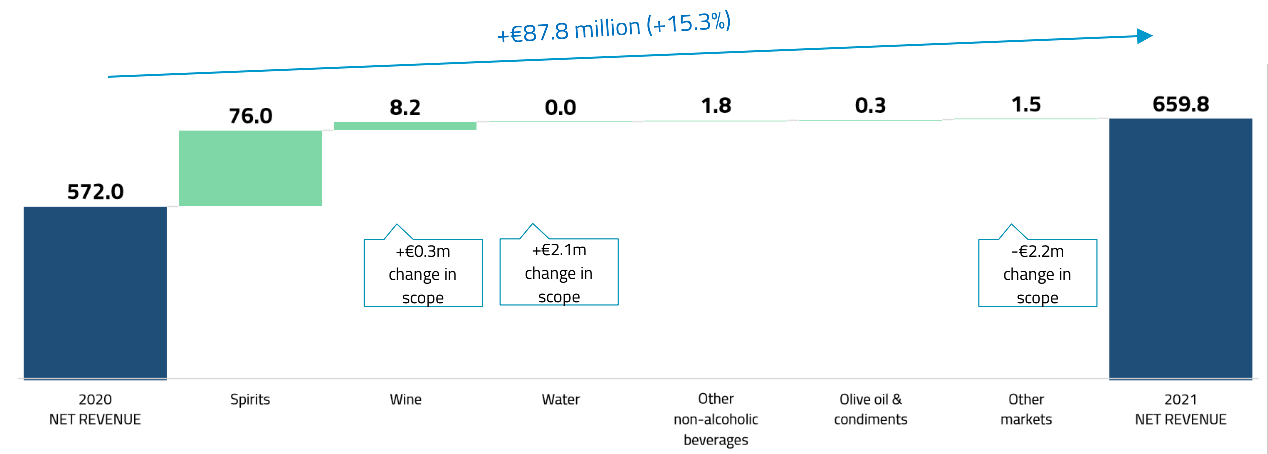
Other revenue increased by €1.3 million from €21.6 million in 2020 (3.8% of net revenue) to €22.9 million in 2021 (3.5%). Other revenue includes sale of closures for the pharmaceutical sector, PET and other revenue not included in the previous categories.
In 2021, other revenue was impacted by -€1.8 million from the change in scope due to the sale of Pharma business occured in April 2020.

NET REVENUE BY DESTINATION MARKET

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



Source: *Internal data*



The increase in 2021 net revenue was mainly due to the spirit market which is the Group main destination market.

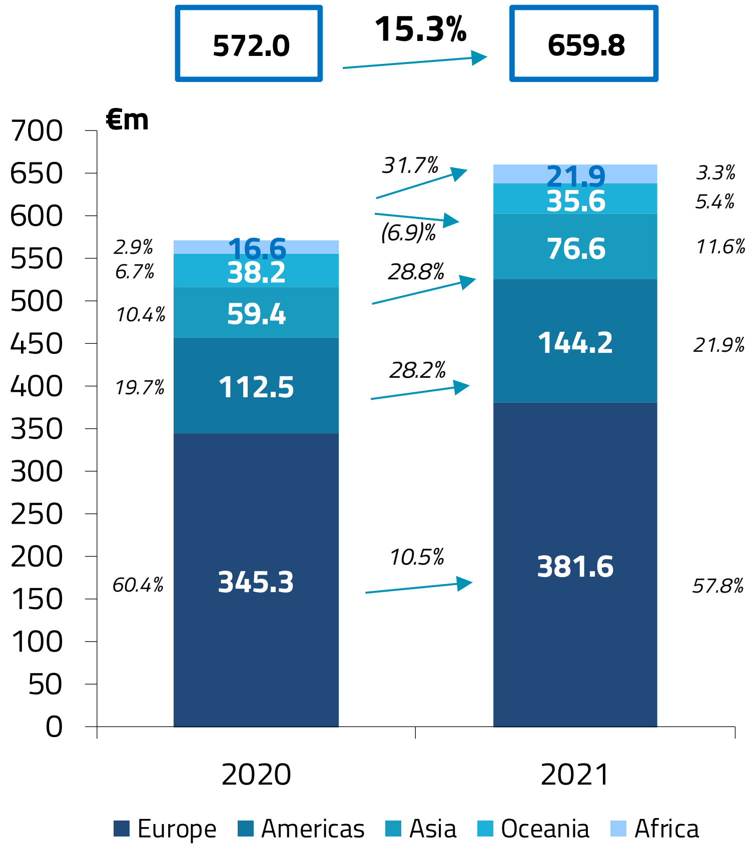
Net revenue in the **spirits market** increased by €76.0 million from €346.8 million in 2020 (60.6% of net revenue) to €422.8 million in 2021 (64.1%). The increase is mainly due to the recovery in volumes due to the re-opening of on-trade and duty-free business which have increased the demand for our customers.

The **wine market** is the group's second largest destination market and generated 18.8% of net revenue in 2021. Revenue from the sale of wine closures rose €8.2 million from €115.9 million in 2020 (20.3% of net revenue) to €124.0 million in 2021 (18.8%). The growth was driven by the upgrade in sales mix.
Sales increased mainly in Italy, UK, Poland, India, Mexico, North America and South Africa.

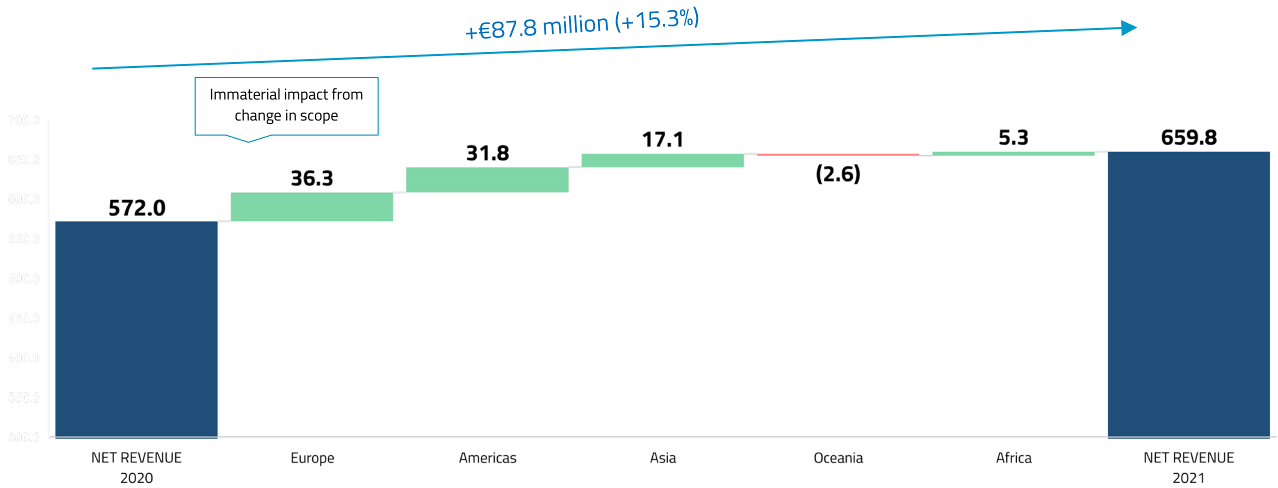
The **Water market** is stable compared to 2020 as it's the most affected by the suspension of commercial activities caused by the Covid-19 pandemic whereas **Non-alcoholic beverages market** increased compared to 2020 due to some customers growth in specialty beverages.

NET REVENUE BY GEOGRAPHICAL SEGMENT

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



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



The sales growth in 2021 was driven by a double-digit growth in all the regions except Oceania which is suffering for the decline in the Australian wine sector.

Net revenue from operations in **Europe** increased by €36.3 million from €345.3 million in 2020 (60.4% of net revenue) to €381.6 million in 2021 (57.8%).
The increase is mainly due to the good performance of Italy, UK and Poland thanks to higher selling price.
The impact of the change in scope in the region was immaterial as the consolidation of Closureslogic's business has been compensated by the disposal of Pharma business.

Net revenue from operations in the **Americas** increased by €31.8 million from €112.5 million in 2020 to €144.2 million in 2021 (impacts of 19.7% and 21.9% of net revenue, respectively) due to both higher volumes and selling price increase.

Net revenue from operations in **Asia** went from €59.4 million in 2020 (10.4% of net revenue) to €76.6 million in 2021 (11.6%). This increase is mainly due to the sales recovery in both India and China, mainly for the Spirits market.

Net revenue from operations in **Oceania** decreased by €2.6 million from €38.2 million in 2020, or 6.7% of net revenue, to €35.6 million in 2021, or 5.4% due to the drop in volumes in Australia after the slow-down of the domestic wine market, the steady increase in exports of bulk wine and the reduction in wine exports to China.

Net revenue from operations in **Africa** increased by €5.3 million from €16.6 million in 2020 (2.9% of net revenue) to €21.9 million in 2021 (3.3%) driven by the increase in South Africa which was heavily impacted by the lockdown in Q2 2020 and the development in East Africa.

The group is not exposed to significant geographical risks other than normal business risks, with the exception of what is stated in paragraph 3.1 Analysis and management of risks and opportunities.

OTHER OPERATING INCOME

Other operating income increased by €1.0 million from €4.4 million in 2020 to €5.4 million in 2021 (incidence unchanged to 0.8% of net revenue).

INTERNAL WORK CAPITALISED

This caption decreased by €0.2 million from €5.4 million in 2020 (1.0% of net revenue) to €5.2 million in 2021 (0.8%). 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 €59.3 million from €249.6 million in 2020 (43.6% of net revenue) to €308.9 million in 2021 (46.8%), due to the increase in the cost of strategic raw materials (plastic and aluminium) even though the increase in aluminium price was partially mitigated in 2021 by the positive contribution of hedges entered in 2020 and by the increase in selling price.

COSTS FOR SERVICES

Costs for services increased by €15.6 million from €98.4 million in 2020 (17.2% of net revenue) to €114 million in 2021 (17.3%). Compared to 2020, the increase is mainly due to higher production volumes while the incidence on net revenue was almost stable.

PERSONNEL EXPENSE

Personnel expense increased by €7.3 million from €129.9 million in 2020 to €137.2 million in 2021, due to increased activities in 2021 compared to last year heavily impaired by the Covid-19 pandemic, while the incidence on net revenue decreased from 22.7% in 2020 to 20.8% in 2021.

OTHER OPERATING EXPENSE

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

(€'000)	2020	2021	diff.
Accruals to provisions	2,074	2,240	167
Taxes and duties	2,993	2,042	(951)
Use of third-party assets	1,964	1,763	(201)
Impairment losses on trade receivables and contract assets	791	248	(543)
Other charges	1,972	2,176	204
Total	**9,794**	**8,469**	**(1,325)**

Other operating expense decreased by €1.3 million from €9.8 million in 2020 (1.7% of net revenue) to €8.5 million in 2021 (1.3%), mainly due to the lower taxes and duties.

IMPAIRMENT LOSSES

They decreased by €1.0 million from €3.4 million in 2020 (0.6% of net revenue) to €2.3 million in 2021 (0.4%). Impairment losses in 2021 mainly included €1.8 million for the impairment losses on the group's proprietary patents (€3.4 million in 2020) and €0.5 million for the impairment losses on industrial and commercial equipment of Guala Closures S.p.A..

GAINS ON SALES OF EQUITY INVESTMENTS

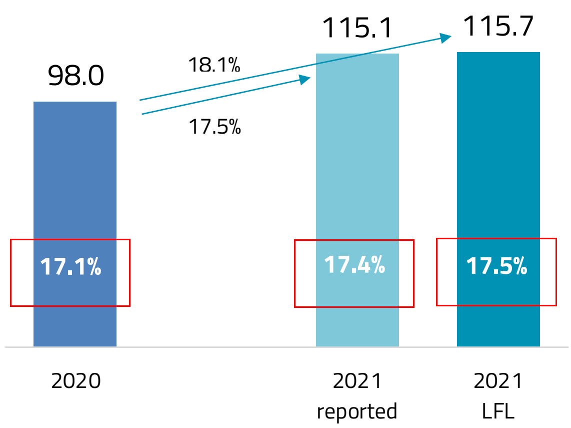
In 2021 this caption amounts to zero (no investments sold), while in 2020 was €2.8 million, relating to the gain realised in April 2020 on the sale of the investment in GCL Pharma S.r.l..

ADJUSTED GROSS OPERATING PROFIT

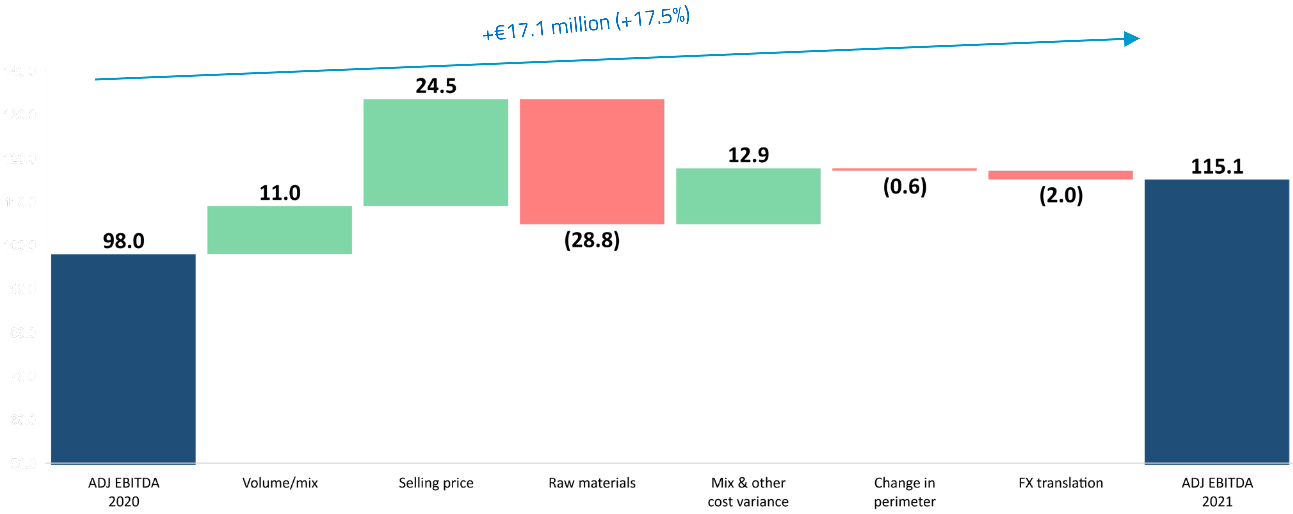
In 2021, the adjusted gross operating profit (adjusted EBITDA) was €115.1 million, up €17.1 million (+17.5%) on 2020 (€98.0 million), thanks to the positive impact of the sales volume/mix, the selling price increase and other mix and cost variance, partially offset by the negative impact of the increase in raw materials costs.

Adjusted gross operating profit margin increased from 17.1% in 2020 to 17.4% in 2021 or 17.5% on a like-for-like basis.

The following chart shows the trend in the adjusted gross operating profit (adjusted EBITDA) in 2021 compared to 2020. The figures restated on a like-for-like basis include +€0.6 million effect of change in consolidation perimeter.



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



The "**Volume/mix effect**" includes the variations due to the change in volume/mix of products sold and to the currency effect. It is calculated according to the following definitions:

- Volume/mix effect: it includes the volume/mix effect on sales plus/minus the volume/mix effect on costs, calculated applying the previous year impact (%) of production costs on current year net sales plus the change in inventories of finished goods and semi-finished products.
- Currency effect: it is generated by the sales and purchases in 2021 accounted for in a currency other than the local reporting currency, recalculated based on the exchange rates for 2020.

The volume/mix effect was positive in 2021, totalling €11.0 million, mainly because of the group's higher sale volumes.

The "**Selling price effect**" is generated by the price effect calculated on sales.

The "**Raw materials effect**" is calculated by each subsidiary as the difference in the average purchase price of the current period versus the previous year, applied to the production volumes of the reporting year.
At group level, only the core business materials (plastic, aluminium and aluminium components) have been considered in the raw materials effect. The effect of other raw materials costs is included in "Mix & other cost variance".

"**Mix & other cost variance** " reflects the efficiency/inefficiency effect and the impact of the change in the purchase price of raw materials not considered as materials for the core business and the hyperinflation on the revaluation of the Argentinian peso following the application of IAS 29.

The "**Change in perimeter**" shows the adjusted gross operating profit from the consolidation of Closurelogic's assets acquired in February and September 2020 and the sale of GCL Pharma in April 2020.

The "**Translation effect**" is generated at consolidation level following the translation into Euros of the adjusted gross operating profit or loss in local currency reported by subsidiaries.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased by €10.3 million from €64.7 million in 2020 (11.3% of net revenue) to €54.4 million in 2021 (8.2%).
Such decrease was due to the following change in useful life done in 2021:
- some categories of tangible assets were subject to a technical analysis in order to assess the consistency of the useful life adopted in light of the level of extraordinary maintenance expenditures incurred in the previous years and, as a consequence, the useful life of moulds, machineries (assembly and decoration), punching and injection mould machines, lithography machineries was extended with an effect of lower depreciation for the year for an amount of €2.3 million;
- the customer relationship was subject to analysis in order to assess the consistency of the useful life adopted in light of the effective churn-rate that confirm the reliance of the customer relationship of the Group. Based on the analysis, the useful life of the customer relationship was extended starting from 2021 with an effect of lower depreciation for the year for an amount of €2.4 million;
- Guala Closures Trademark was subject to a qualitative and quantitative analysis to review the residual useful life in order to make it more consistent with the Group strategy of the new management team and in line with the assumption and the expenditure underlined in the plans of Group and therefore provide stakeholders with a consequent representation of the economic, equity and financial situation of the Group in the financial statement disclosure. Based on the analysis it was considered reasonable to give the Guala Closures Trademark 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 with an effect of lower depreciation for the year for an amount of €3.8 million.

FINANCIAL INCOME AND EXPENSE

The following table breaks down financial income and expense by nature in 2020 and 2021:

(€'000)	2020	2021	diff.
Net interest expense	(20,384)	(19,489)	895
Non-recurring financial expense for refinancing	-	(7,720)	(7,720)
Net fair value losses on financial liabilities to non-controlling investors	(2,074)	(5,387)	(3,313)
Net exchange losses	(9,064)	(4,233)	4,831
Net fair value gains (losses) on market warrants	(2,092)	5,961	8,053
Net fair value gains on currency derivatives	308	(0)	(308)
Other net financial expense	(1,849)	(568)	1,281
Net financial expense	**(35,154)**	**(31,436)**	**3,718**

Net financial expense decreased by €3.7 million from €35.1 million in 2020 to €31.4 million in 2021.
This decrease is mainly due to the €8.1 million positive effect of the change in the fair value of market warrants due to the decrease in their market price, which went from €0.31 at December 31, 2020 to €0.0002 at July 7, 2021, when these instruments were delisted from the Italian Stock Exchange, together with the ordinary company's share, the €4.8 million decrease in net exchange losses, the €0.9 million decrease in net interest expense and the €1.3 million decrease of the other net financial expense, partially offset by the €7.7 million extraordinary financial expense for refinancing and by the €3.3 million negative effects of the change in fair value of financial liabilities to non-controlling investors.
The extraordinary financial expense for refinancing refers to the unamortised transaction costs reversal as a consequence of the Group's refinancing occurred in July 2021.

INCOME TAXES

The following table compares the income taxes in 2020 and 2021:

(€'000)	2020	2021	diff.
Current taxes	(17,257)	(17,553)	(296)
Deferred taxes	15,774	8,102	(7,672)
Total income taxes	**(1,483)**	**(9,450)**	**(7,967)**

Income taxes increased by €8.0 million from €1.5 million in 2020 (0.3% of net revenue) to €9.5 million in 2021 (1.4%), mainly due to lower deferred taxes.

PROFIT (LOSS) FOR THE YEAR

The profit for 2021 amounts to €8.0 million, up €13.9 million on the loss of €5.9 million for the previous year. The increase in 2021 is mainly due to the increase in the gross operating profit (€7.8 million), the reduction in amortisation and depreciation (-€10.3 million), the decrease in net financial expense (-€3.7 million), which have been partly offset by higher taxes (+€8.0 million).

Reclassified statement of financial position

The following table shows the reclassified financial position of the Guala Closures Group as at December 31, 2021 with comparative figures as at December 31, 2020:

(€'000)	December 31, 2020	December 31, 2021
Intangible assets	830,239	823,518
Property, plant and equipment	220,793	219,292
Right-of-use assets	16,516	15,525
Net working capital	123,806	139,083
Investment in associates	1,028	2,536
Net derivative assets	634	68
Employee benefits	(9,631)	(8,913)
Other net liabilities	(103,215)	(96,206)
Net invested capital	**1,080,170**	**1,094,904**
Financed by:		
Net financial liabilities	476,084	491,497
Financial liabilities - IFRS 16 effects	17,011	16,136
Financial liabilities - non-controlling investors	29,032	34,419
Market warrants	5,965	4
Cash and cash equivalents	(63,882)	(80,032)
Net financial indebtedness	**464,210**	**462,024**
Equity	615,959	632,880
Sources of financing	**1,080,170**	**1,094,904**

INTANGIBLE ASSETS

The €6.7 million reduction in intangible assets compared to December 31, 2020 mainly refers to amortisation of 2021 (approximately €12.7 million) and to the impairment losses (€1.9 million) on the group's proprietary patents to adjust them to their value in use following the update of the estimates of the sales volumes of the products covered by these patents, partially offset by the increase due to the assets acquired (€1.6 million) and by the positive translation effect (€6.3 million).

In 2021, the customer relationship was subject to analysis in order to assess the consistency of the useful life adopted in light of the effective churn-rate of the Group. Based on the analysis, the useful life was extended with an effect of lower depreciation for the year for an amount of €2.4 million.

In 2021, Guala Closures Trademark was subject to a qualitative and quantitative analysis to review the residual useful life in order to make it more consistent with the Group strategy and therefore provide stakeholders with a consequent representation of the economic, equity and financial situation of the company in the financial statement disclosure. Based on the analysis it was considered reasonable to give the Guala Closures Trademark 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 with an effect of lower depreciation for the year for an amount of €3.8 million.

PROPERTY, PLANT AND EQUIPMENT

The €1.5 million reduction in property, plant and equipment compared to December 31, 2020 mainly refers to the 2021 depreciation (€36.7 million), partly offset by the net investments of the year (€29.1 million) and the positive translation effect (€6.5 million).
Net capital expenditure in 2021, totalling €29.1 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 plant and machinery across all five continents where the group operates, with a specific focus on the group's main European facilities in Italy, Poland, Ukraine and Germany, its Indian facilities as well as its Mexican facility.
In 2021, some categories of assets were subject to a technical analysis in order to assess the consistency of the useful life adopted in light of the level of extraordinary maintenance expenditures. Based on the analysis, the useful life was extended with an effect of lower depreciation for the year for an amount of €2.3 million.

RIGHT-OF-USE ASSETS

At December 31, 2021, right-of-use assets amount to €15.5 million and mainly relate to the leases of the facilities where the group operates.
This caption decreased by €1.0 million due to depreciation (roughly €5.0 million), the negative translation effect (approximately €0.7 million), partly offset by the capitalisation of right-of-use assets (around €4.7 million).
Amounts capitalised in the year mostly refer to the renewal of property leases and the rent of new offices in Milan.

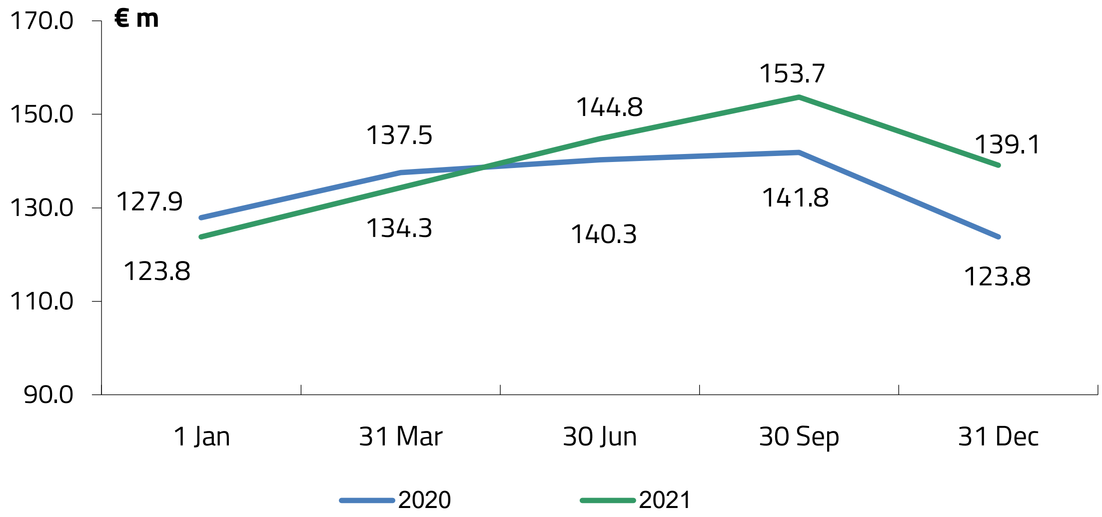
NET WORKING CAPITAL

The table below provides a breakdown of net working capital:

(€'000)	**December 31, 2020**	**December 31, 2021**
Inventories	100,021	120,265
Trade receivables	92,620	119,532
Trade payables	(68,835)	(100,714)
Net working capital (*)	**123,806**	**139,083**

(*) 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.
The above net working capital includes certain reclassifications compared to the consolidated format. A reconciliation schedule is attached as Annex B) to this report

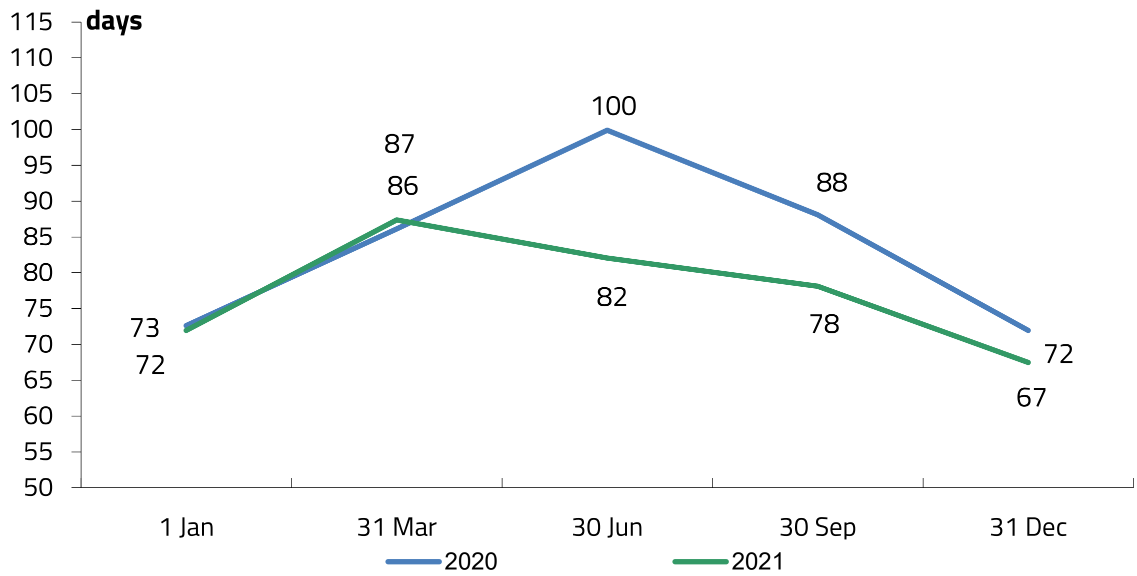
The chart below refers to the historical trend in net working capital by quarter:



Net working capital at December 31, 2021 amounts to €139.1 million, up €15.3 million on December 31, 2020, mainly due to the growth of the business turnover.

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

Days	**December 31, 2020**	**December 31, 2021**
Inventories	58	58
Trade receivables	54	58
Trade payables	(40)	(49)
Net working capital days	**72**	**67**



Compared to December 31, 2020, net working capital days decreased by five days at the end of the year.

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, 2021 amounts to €37.2 million, compared to €26.7 million at December 31, 2020. 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 decreased from 87 days at the end of 2020 to 86 days at the end of 2021.

OTHER NET LIABILITIES

Other net liabilities amount to €96.2 million at December 31, 2021, compared to €103.2 million at December 31, 2020. This caption mainly includes the net impact of deferred tax assets (€29 million) and liabilities (€96.0 million, mainly related to the increase in the group's identified assets as per the PPA procedure following the corporate reorganisation in 2018), €2.8 million provisions and €26 million other net liabilities.

(€'000)	December, 31 2020	December 31, 2021
Deferred tax assets	24,501	29,029
Deferred tax liabilities	(97,750)	(95,979)
Net impact of DTA/(DTL)	**(73,249)**	**(66,950)**
Provisions	(2,539)	(2,817)
Other assets/(liabilities)	(27,426)	(26,439)
Total net other liabilities	**(103,215)**	**(96,206)**

EQUITY

The table below shows a breakdown of equity:

(€'000)	December 31, 2020	December 31, 2021
Equity attributable to the owners of the parent	577,817	590,894
Equity attributable to non-controlling interests	38,143	41,985
Equity	**615,959**	**632,880**

The increase in equity is due to the profit for the year (€8.0 million) and to the change in the translation reserve which increased by €15.8 million in 2021, partially offset by the distribution of dividends to non-controlling investors (€6.8 million). 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, 2020	December 31, 2021
Net financial liabilities to third parties	476,084	491,497
Financial liabilities - IFRS 16 effects	17,011	16,136
Financial liabilities to non-controlling investors	29,032	34,419
Market warrants	5,965	4
Cash and cash equivalents	(63,882)	(80,032)
Net financial indebtedness	**464,210**	**462,024**

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 2021, net financial indebtedness decreased by €2.2 million from €464.2 million at December 31, 2020 to €462.0 million at December 31, 2021, mainly as the result of cash flows generated by operating activities (€68.7 million), partially offset by the cash flows used in investing activities (€31.0 million) and in financing activities (€35.5 million). This change is €3.9 million lower than the increase recorded in 2020 (+€1.7 million) thanks to lower cash flows used for investing activities (€6.9 million) and for financing activities (€5.5 million), partially offset by €8.5 million lower cash flow generated by operating activities.

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

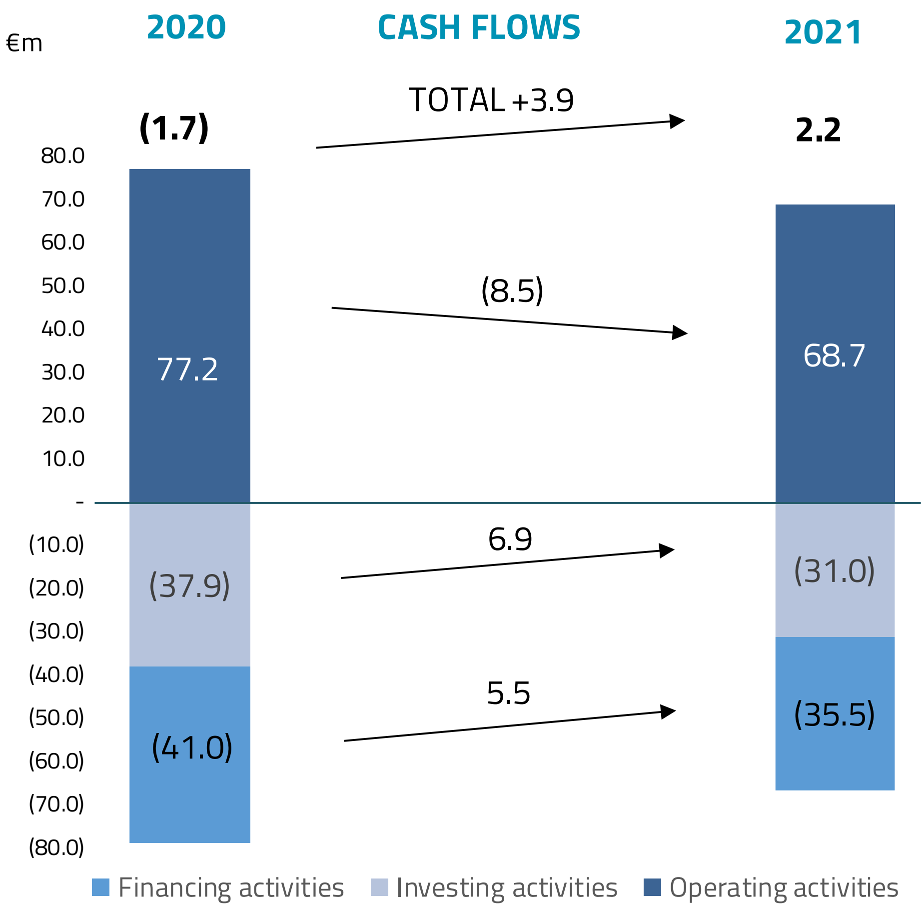
RECLASSIFIED STATEMENT OF CHANGES IN NET FINANCIAL INDEBTEDNESS

The reclassified statement of changes in net financial indebtedness for 2021, compared with 2020, is given below.

(€'000)	2020	2021
A) Opening net financial indebtedness	**(462,511)**	**(464,210)**
Gross operating profit	95,452	103,289
Gain on bargain purchase of closurelogic (Turkey)	(487)	-
Gains on sales of equity investments	(2,830)	-
Net gains on sale of non-current assets	(166)	(439)
Change in net working capital	(4,950)	(11,618)
Other operating items	5,956	(3,447)
Taxes	(15,782)	(19,098)
B) Net cash flows from operating activities	**77,193**	**68,687**
Capex	(31,751)	(31,410)
Acquisition of Closurelogic's business (Germany)	(12,187)	-
Acquisition of Closurelogic's business (Turkey)	(171)	-
Acquisition of non-controlling interest in SharpEnd (UK)	(897)	(1,608)
Sales of GCL Pharma S.r.l. (net of cash transferred)	7,088	2,000
C) Cash flows used in investing activities	**(37,917)**	**(31,018)**
Increases in right-of-use assets	(4,386)	(4,684)
Effects of initial application of IFRS 16 FTA on Closureslogic	(1,312)	-
Lease liabilities transferred as part of the sale of GCL Pharma S.r.l.	264	-
Transaction costs not yet paid on Bond issued in 2021	-	486
Net interest expense	(22,201)	(20,057)
Exceptional financial expense due to transaction costs on 2024 Notes and 2024 RCF	-	(7,720)
Dividends paid	(6,930)	(7,378)
Change in financial liabilities for put options	(2,074)	(5,387)
Fair value gains (losses) on market warrants	(2,092)	5,961
Derivatives and other financial items	(616)	642
Effect of exchange fluctuation	(1,629)	2,654
D) Change in net financial indebtedness due to financing activities	**(40,976)**	**(35,483)**
E) Total change in net financial indebtedness (B+C+D)	**(1,699)**	**2,186**
F) Closing net financial indebtedness (A+E)	**(464,210)**	**(462,024)**

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 2021, compared with 2020:



Net cash flows from operating activities

Net cash flows from operating activities total €68.7 million, down €8.5 million on 2020 (€77.2 million) despite the increase in the gross operating profit (EBITDA) (€7.8 million), which was offset by the higher absorption of the changes in net working capital (€6.7 million), by the higher cash out for taxes (€3.3 million) and by the difference in other operating items (€9.4 million).
The increase in cash out for taxes is mainly due to the higher payment of taxes in the UK as they were deferred from 2020 to 2021 due to the Covid-19 pandemic.
The difference in other operating items mainly includes €3.0 million impact of the recognition of some accrued amounts to the previous management of the Group, €1.0 million difference attributable to the impairment of some assets and €0.7 million of reduction in German employee benefits due to change in legislation.

Cash flows used in investing activities

Cash flows used in investing activities were €31.0 million, down €6.9 million on 2020 (€37.9 million).
Such decrease is due to lower M&A activities (€6.6 million) and lower capital expenditure (€0.3 million).
In relation to M&A activities, 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. In 2020, the Group paid €12.4 million to acquire Closurelogic's business (in Germany and in Turkey) and €0.9 million to acquire 20% in the UK company SharpEnd, while it collected €7.1 million for the sale of GCL Pharma.

Change in net financial indebtedness due to financing activities

The change in net financial indebtedness due to financing activities in 2021 amounts to €35.5 million, down €5.5 million on 2020 (€41.0 million).

Such decrease refers to the following main positive effects:

- positive impact of the change in fair value on the market warrants (€8.0 million);
- positive effect of exchange rate fluctuation (€4.3 million);
- lower net interest expense (€2.1 million);
- effect of the first-time adoption of IFRS 16 by the German company (-€1.3 million in 2020 compared to nil in 2021);
- effects of other financial items (€1.3 million);

partially offset by the following negative 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);
- increase in fair value losses on non-controlling investors' put options (€3.3 million).

KEY FINANCIAL AND OTHER INDICATORS

Financial indicators

	2020	2021
Adjusted gross operating profit (€ mln)	98.0	115.1
Gross operating profit margin as a percentage of revenue (Adjusted gross operating profit/net revenue)	17.1%	17.4%
ROS (Adjusted operating profit/Net revenue)	5.8%	9.2%
ROE (Profit/Equity)	(1.0)%	1.3%
ROCE (Adjusted gross profit/(Current assets - liabilities, net of current financial liabilities))	2.6%	4.7%
ROI (Adjusted operating profit/Net invested capital)	3.1%	5.5%
Gearing ratio (Net financial indebtedness/Equity)	0.75	0.73
NWC days (Net working capital/Turnover of last quarter)	72	67

***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:

	December 31, 2020			December 31, 2021		
	Men	Women	TOTAL	Men	Women	TOTAL
Managers	214	56	270	232	64	296
White collars	738	324	1,062	721	319	1,040
Blue collars	2,782	738	3,520	2,766	757	3,523
Total	**3,734**	**1,118**	**4,852**	**3,719**	**1,140**	**4,859**

In addition, the Group also employed 841 temporary workers as at December 31, 2021 (728 as at December 31, 2020).

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, the effects on the period of the PPA and related effects on the fair value measurement of inventories and other costs, such as expense related to the SPSI public tender offer, reorganisation costs, expenses on mergers and acquisitions activities (M&A), change in inventory valuation policy, 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 period to exclude the effect of taxation, net financial expense, the effects on the period of the PPA and related effects on the fair value measurement of inventories and other costs, such as expense related to the SPSI public tender offer, reorganisation costs, expenses on mergers and acquisitions activity (M&A), change in inventory valuation policy, 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:

Adjusted gross operating profit

(€'000)	2020	2021
Profit/(loss) for the period	(5,918)	7,994
Income taxes	1,483	9,450
Profit/(loss) before tax	**(4,435)**	**17,444**
Net financial expense	35,154	31,436
Amortisation and depreciation	64,734	54,409
Gross operating profit	**95,452**	**103,289**
Adjustments:		
Public tender offer expenses	-	941
Purchase price allocation - fair value gains on inventories	273	-
Reorganisation costs	1,228	2,923
Change in inventory valuation policy	-	6,245
Merger and acquisition expenses	298	(657)
Gain from the bargain purchase of Guala Closures Turkey	(487)	
Change in equity-accounted investments	160	208
Gains on sales of equity investments	(2,830)	-
Non-recurring accruals	500	-
Impairment losses	3,378	2,150
Adjusted gross operating profit	**97,972**	**115,098**

Adjusted operating profit

(€'000)	2020	2021
Profit/(loss) for the period	(5,918)	7,994
Income taxes	1,483	9,450
Profit/(loss) before tax	**(4,435)**	**17,444**
Net financial expense	35,154	31,436
Operating profit	**30,719**	**48,880**
Adjustments:		
Public tender offer expenses	-	941
Purchase price allocation - fair value gains on inventories	273	-
Reorganisation costs	1,228	2,923
Change in inventory valuation policy	-	6,245
Merger and acquisition expenses	298	(657)
Gain from the bargain purchase of Guala Closures Turkey	(487)	
Change in equity-accounted investments	160	208
Gains on sales of equity investments	(2,830)	
Non-recurring accruals	500	
Impairment losses	3,378	2,150
Adjusted operating profit	**33,238**	**60,690**

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 and samples production;
- 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 2020 and 2021:

Statement of profit or loss Guala Closures S.p.A.	2020 (*)		2021	
	(€'000)	*% of net revenue*	(€'000)	*% of net revenue*
Net revenues	**137,106**	***100.0%***	**153,596**	***100.0%***
Change in finished goods and semi-finished products	1,227	*0.9%*	(457)	*(0.3%)*
Other operating income	26,066	*19.0%*	28,283	*18.4%*
Internal work capitalised	2,380	*1.7%*	2,555	*1.7%*
Costs for raw materials	(86,171)	*(62.8%)*	(104,400)	*(68.0%)*
Costs for services	(34,674)	*(25.3%)*	(33,189)	*(21.6%)*
Personnel expense	(28,927)	*(21.1%)*	(30,591)	*(19.9%)*
Other operating expense	(2,530)	*(1.8%)*	(2,079)	*(1.4%)*
Losses from the sale of equity investments	(2,144)	*(1.6%)*	-	-
Impairment losses	(10)	*(0.0%)*	(908)	*(0.6%)*
Gross operating profit	**12,322**	***9.0%***	**12,809**	***8.3%***
Amortisation and depreciation	(16,603)	*(12.1%)*	(10,873)	*(7.1%)*
Operating profit (loss)	**(4,281)**	***(3.1%)***	**1,936**	***1.3%***
Financial income	11,719	*8.5%*	18,938	*12.3%*
Financial expense	(24,575)	*(17.9%)*	(28,310)	*(18.4%)*
Gains on equity investments	22,000	*16.0%*	15,500	*10.1%*
Net financial income	**9,144**	***6.7%***	**6,128**	***4.0%***
Profit before taxation	**4,864**	***3.5%***	**8,064**	***5.3%***
Income taxes	6,282	*4.6%*	1,666	*1.1%*
Profit for the year	**11,146**	***8.1%***	**9,730**	***6.3%***

Adjusted gross operating profit (Adjusted EBITDA)	**15,104**	***11.0%***	**16,316**	***10.6%***

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

Net revenue

During 2021, the company recognised **net revenue of €153.6 million**, up €16.5 million on 2020, due to both-the growth in sales of closures and semi-finished products in aluminium. Value has increased due to volume growth and value rise linked to sales price surge implemented to offset raw material purchase price inflation.
Export sales represented around 73% of turnover in 2021. Such exports mainly went to Great Britain, Germany, Spain, Mexico, the US, Sweden, Netherlands and France.

Other operating income

Other operating income increased by €2.2 million from €26.1 million in 2020 (19.0% of net revenue) to **€28.3 million** in 2021 (18.4%).

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 (**€12.9 million**);
b) **royalties** charged to other group companies to use the Guala Closures trademark (**€9.1 million**);
c) charging of **transport costs** (**€1.4 million**);
d) charging of **insurance costs** (**€0.7 million**);
e) recharging of **fees** (**€1.1 million**);
f) recharging of **personnel expense** (**€0.6 million**);

Internal work capitalised

Internal work capitalised increased from €2.4 million in 2020 (1.7% of net revenue) to **€2.5 million** in 2021 (1.7%).
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 €86.2 million in 2020 (62.8% of net revenue) to **€104.4 million** in 2021 (68.0%). 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), to volumes increase for closures sales compared to previous year and to significant raw material price increases, both for plastics and resins and aluminum experienced starting Q2 (plastic and resins) and Q3 (aluminum).

Costs for services

Costs for services decreased from €34.7 million in 2020 (25.3% of net revenue) to **€33.2 million** in 2021 (21.6%), mainly due positive impact of gain over previous years energy costs and over previous year accruals and furthermore to cost control actions. With reference to the Covid-19 emergency, the company still take all steps necessary to ensure the safety of workers and work areas by purchasing personal protective equipment and sanitising and updating work spaces for the required social distancing.

Personnel expense

Personnel expense increased from €28.9 million in 2020 to **€30.6 million** in 2021 following the company's actions in 2021.
Personnel expense increase by 5.8% on 2021. As a percentage of net revenue, it decreased from 21.1% of net revenue in 2020 to 19.9% in 2021. The increase is partially due to relocation of managers from former holding company based in Luxembourg to the italian legal entity following the takeover of SPSI (Investindustrial).
Personnel expense includes part of the accrual for the long-term incentive plan for key managers (€0.2 million).

The average number of employees in the year is 444 (460 in 2020), including 16 managers, 156 white collars and 272 blue collars.

Other operating expense

Other operating expense decreased from €2.5 million in 2020 (1.8% of net revenue) to **€2.1 million** in 2021 (1.4%) following costs control actions and savings.

Impairment losses

Impairment losses mainly related to moulds and machines utilized to produce closures not longer sold to customers and previously capitalised development expenditure and increased from €10 thousand in 2020 to **€0.9 million** in 2021.

Adjusted gross operating profit

The **gross operating profit** amounts to **€12.8 million** in 2021 (€12.3 million in 2020).

In 2021, the gross operating profit was impacted by the decrease in operating income from subsidiaries for recharges under the Service Agreement (-€2.2 million), increase in royalties (+€1.9 million), by the improvement in the operating performance of the aluminum and litho production and positive impact of gains linked to previous years accruals for energy costs and other expenses.

In 2020, gross operating profit was impacted by non-recurring costs of €2.1 million loss deriving the sale of the investment in GCL Pharma S.r.l., €0.5 million from penalties accrual and €0.1 million for other expense on non-recurring transactions.

In 2021, gross operating profit was impacted by non-recurring costs of €2.1 million loss deriving from inventory impairment, € 1.2 million loss related to costs for public tender offer and reorganisation costs and € 0.7 million to assets impairment for discontinued business.
Excluding the above costs, the adjusted gross operating profit for the 2021 would be €16.3 million, compared to €15.1 million in 2020.

Amortisation and depreciation

Amortisation and depreciation decreased from €16.6 million in 2020 (12.1% of net revenue) to **€10.9 million** in 2021 (7.1%) even 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.

Such decrease was due to the following change in useful life done in 2021:
- some categories of tangible assets were subject to a technical analysis in order to assess the consistency of the useful life adopted in light of the level of extraordinary maintenance expenditures incurred in previous years and, as a consequence, the useful life of moulds, machineries (assembly and decoration), punching and injection mould machines, lithography machineries was extended with an effect of lower depreciation for the year for an amount of €1 million;
- the customer relationship was subject to analysis in order to assess the consistency of the useful life adopted in light of the effective churn-rate that confirm the reliance of the customer relationship of the Group. Based on the analysis, the useful life of the customer relationship was extended starting from 2021 with an effect of lower depreciation for the year for an amount of €0.3 million;
- Guala Closures Trademark was subject to a qualitative and quantitative analysis to review the residual useful life in order to make it more consistent with the Group strategy of the new management team and in line with the assumption and the expenditure underlined in the plans of the Group and therefore provide stakeholders with a consequent representation of the economic, equity and financial situation of the company in the financial statement disclosure. Based on the analysis it was considered reasonable to give the Guala Closures Trademark 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 with an effect of lower depreciation for the year for an amount of €3.8 million.

Net financial income

Net financial income went from €9.1 million in 2020 to **€6.1 million** in 2021.

This €3.0 million decrease was mainly due to the following negative effects: a) reduction of €6.5 million of dividends paid by related companies; b) €7.7 million related to unamortized transactions costs reversal. These negative factors were only partially offset by the following positive effects: a) positive effect of net exchange gains (€2.2 million) and b) positive effect of the net fair value gain on market warrants (€8.1 million).

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

(€'000)	2020	2021
Net exchange gains (losses)	(953)	1,202
Net impact on profit or loss of aluminium and currency derivatives	316	(0)
Net income from equity investments	22,000	15,500
Net fair value gains (losses) on market warrants	(2,092)	5,961
Net interest expense - third parties	(20,448)	(19,576)
Non recurring financial expense for refinancing	-	(7,720)
Net interest income - related parties	10,320	10,761
Net financial expense	**9,144**	**6,128**

Net interest expense - third parties decreased by €0.9 million on the previous year mainly due to the impact of refinancing occurred in July 2021 with a decrease of fixed interest rate from 3.5% to 3.25% and minor use of the revolving credit facility.
Net interest income - related parties increased by €0.4 million on the previous year, mainly due to finance subsidiaries needs with some increases of intragroup loans granted by Guala Closures S.p.A.
The non-recurring financial expense for refinancing of €7.7 million refers to the unamortized transactions costs reversal as a consequence of the Group's refinancing occurred in July 2021.
The fair value of market warrants at December 2021 is close to 0 due to the delisting from Italian stock exchange occurred in July; due to this the value at December 2021 is accounted as P&L gains with positive impact.

Income taxes

Income taxes decreased from €6.3 million (4.6% of net revenue) in 2020 to **€1.7 million** (1.1%) in 2021, mainly due to the adjustment of the provision made in deferred tax assets, linked to the tax losses of € 54.8 million which is expected to be used in the period 2022 - 2024 with effect in the statement of profits and other components of the comprehensive income for € 13.1 million.

Profit for the year

The **profit for the year** shows a decrease, going from €11.1 million (8.1% of net revenue) in 2020 to **€9.7 million** (6.3%) in 2021, mainly due to lower positive financial impact and lower gains coming from taxes income.

Reclassified statement of financial position

The following table shows the reclassified financial position as at December 31, 2021 of Guala Closures S.p.A. with comparative figures as at December 31, 2020:

(€'000)	December, 31 2020	December 31, 2021
Intangible assets	153,055	150,284
Property, plant and equipment	54,403	51,997
Right-of-use assets	1,778	3,036
Non-current assets held for sale	2,042	-
Net working capital	28,256	30,123
Investments	658,030	658,030
Derivative assets (liabilities)	637	68
Employee benefits	(3,567)	(3,504)
Other liabilities, net	(32,128)	(31,105)
Net invested capital	**862,506**	**858,929**
Financed by:	-	
Net financial liabilities to third parties	468,673	484,908
Financial liabilities - IFRS 16 effects	1,822	3,024
Market Warrants	5,965	4
Financial assets - related parties	(260,948)	(278,522)
Cash and cash equivalents	(19,538)	(26,248)
Net financial indebtedness	**195,974**	**183,166**
Equity	**666,532**	**675,763**
Sources of financing	**862,506**	**858,929**

Source: reclassified data

Note:
The above reclassified statement of financial position includes certain reclassifications compared to the statement of financial position presented in the financial statements. A reconciliation schedule is attached as Annex E) to this report.

Intangible assets

The decrease in intangible assets compared to December 31, 2020 is mainly the net effect of amortisation of the year, totalling approximately €3.1 million, losses impairment €0.5 million and capex of €0.9 million.

In 2021, the business relationship was subject to analysis in order to assess the consistency of the useful life adopted in light of the effective churn-rate of the Company.

Property, plant and equipment

Property, plant and equipment decreased by €2.4 million from €54.4 million at December 31, 2020 to €52.0 million at December 31, 2021.
This decrease is due to reduced investment and impairment of some assets and equipment related to some ended business.

Equity investments

These mainly refer to the equity investment in the Dutch subsidiary Guala Closures International B.V. (€657.9 million). They also include equity investments in other companies of negligible amounts.

Net working capital

The table below provides a breakdown of net working capital:

(€'000)	December, 31 2020	December 31, 2021
Inventories	18,134	17,881
Trade receivables	12,285	15,818
Trade receivables - related parties	23,373	36,945
Trade payables	(23,301)	(38,798)
Trade payables - related parties	(2,235)	(1,723)
Net working capital	**28,256**	**30,123**

Note:
The above net working capital includes certain reclassifications compared to the separate financial statements format. A reconciliation schedule is attached as Annex E) to this report.

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

Days	December, 31 2020	December 31, 2021
Inventories	50	38
Trade receivables	34	33
Trade receivables - related parties	65	78
Trade payables	(64)	(82)
Trade payables - related parties	(6)	(4)
Net working capital days	**78**	**64**

Net working capital went from €28.3 million at December 31, 2020 to **€30.1 million** at December 31, 2021, mainly due to the increase in trade receivables- with related parties, coming from the higher sales. In terms of net working capital days, they reduced from 78 to 64 days, mainly because of the increase in trade payables - third parties and inventory control.

Other assets and liabilities

Net other liabilities total **-€31.1 million** at December 31, 2021, compared to -€32.1 million at December 31, 2020. This caption mainly consists of deferred taxes and, in particular, the decrease is due to reduction of deferred tax liabilities (-€1.0 million) and the increase in deferred tax assets (+€2.2 million), partly offset by the decrease in other current assets third parties (-€1,4 million) and the increase in other current liabilities third parties (+€1.3 million).

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness:

(€'000)	December, 31 2020	December 31, 2021
Net financial liabilities – third parties	468,673	484,908
Financial liabilities – IFRS 16 effects	1,822	3,024
Market Warrants	5,965	4
Net financial assets - related parties	(260,948)	(278,522)
Cash and cash equivalents	(19,538)	(26,248)
Net financial indebtedness	**195,974**	**183,166**

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

Net financial indebtedness decreased by €12.8 million from €196.0 million at December 31, 2020 to **€183.2 million** at December 31, 2021.

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 2020 and 2021:

('000)	2020	2021
A) Opening net financial indebtedness	**(219,343)**	**(195,974)**
Gross operating profit	12,322	12,809
Losses from the sale of equity investments	2,144	-
Net gains on sale of non-current assets	(90)	(289)
Change in net working capital	4,226	(1,867)
Other operating items	(102)	1,188
Taxes	(1,864)	(1,436)
B) Net cash flows from operating activities	**16,636**	**10,405**
Net investments	(8,872)	(5,902)
Change in liabilities for investments	598	(961)
Sale of the investment in GCL Pharma S.r.l.	7,284	2,000
C) Cash flows used in investing activities	**(990)**	**(4,863)**
Increase (decrease) in lease liabilities	(896)	371
Net interest expense	(10,128)	(8,815)
Other operating - TS costs not yet paid	-	486
Exceptional financial expense due to transaction costs on 2024 Notes and 2024 RCF	-	(7,720)
Fair value gains (losses) on market warrants	(2,092)	5,961
Derivatives and other financial items	(362)	243
Dividends from Guala Closures International B.V.	22,000	15,500
Effect of exchange fluctuation	(800)	1,240
D) Change in net financial indebtedness due to financing activities	**7,722**	**7,267**
E) Total change in net financial indebtedness (B+C+D)	**23,369**	**12,808**
F) Closing net financial indebtedness (A+E)	**(195,974)**	**(183,166)**

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 financial statements separate".

This indicator is provided in order 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

	2020	2021
Adjusted gross operating profit (Adjusted EBITDA) (€ mln)	15.1	16.3
EBITDA margin (Adjusted gross operating profit/Net revenue)	11.0%	10.6%
ROS (Adjusted operating profit/Net revenue)	(1.1%)	3.5%
ROCE (Adjusted gross profit/(Current assets - liabilities, net of current financial liabilities))	(0.1%)	0.5%
ROI (Adjusted operating profit/Net invested capital)	(0.2%)	0.6%
Gearing ratio (Net financial indebtedness/Equity)	0.29	0.27
NWC days (Net working capital/Turnover of last quarter)	78	64

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, 2020			December 31, 2021		
	Men	Women	TOTAL	Men	Women	TOTAL
Managers	16	2	18	16	3	19
White collars	115	40	155	116	41	157
Blue collars	266	27	293	256	26	282
Total	**397**	**69**	**466**	**388**	**70**	**458**

With reference to the legislative requirements related to the protection of personal data (Regulation (EU) 2016/679), the company updated its privacy manual in 2021. 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, loss on the sale of equity investments, non-recurring accruals 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 , loss on the sale of equity investments, non-recurring accruals 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)	2020	2021
Profit from continuing operations	11,146	9,730
Income taxes	(6,282)	(1,666)
Profit before taxation	**4,864**	**8,064**
Net financial expense	(9,144)	(6,128)
Amortisation and depreciation	16,603	10,873
Gross operating profit	**12,322**	**12,809**
Adjustments:		
Change in inventory valuation policy	-	1,561
Merger and acquisition ("M&A") expenses	127	-
Public tender offer expenses	-	941
Reorganisation costs	-	296
Loss on the sale of equity investments	2,144	-
Non-recurring accruals	500	-
Impairment losses	10	710
Adjusted gross operating profit	**15,104**	**16,316**

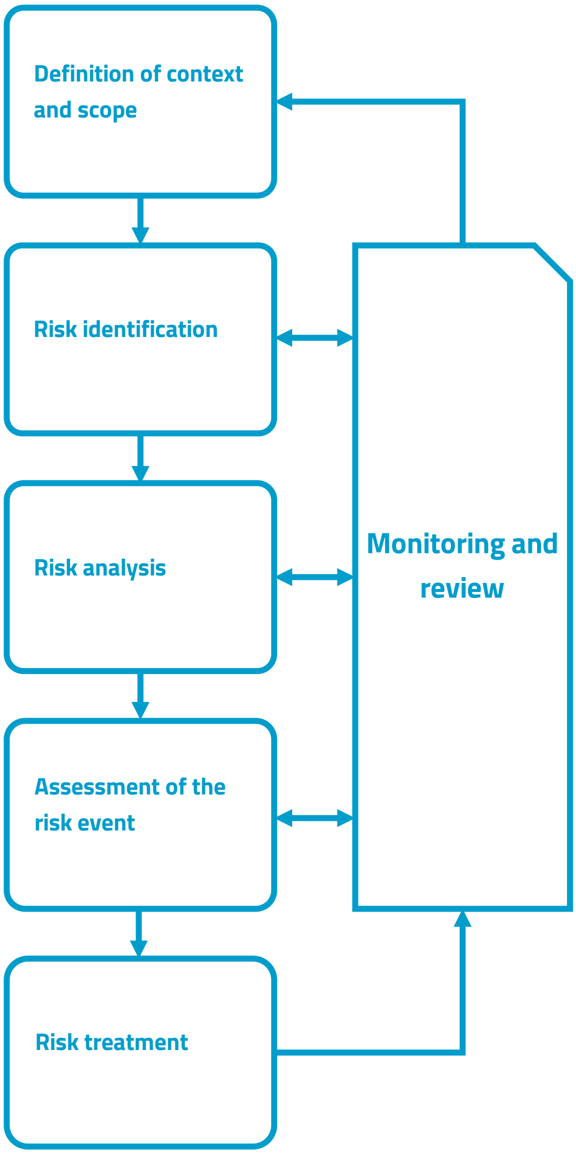
Adjusted operating profit

(€'000)	2020	2021
Profit from continuing operations	11,146	6,847
Income taxes	(6,282)	(1,666)
Profit before taxation	**4,864**	**8,064**
Net financial expense	(9,144)	(6,128)
Operating profit (loss)	**(4,281)**	**1,936**
Adjustments:		
Change in inventory valuation policy	-	1,561
Merger and acquisition ("M&A") expenses	127	-
Public tender offer expenses	-	941
Reorganisation costs	-	296
Loss on the sale of equity investments	2,144	-
Non-recurring accruals	500	-
Impairments	10	710
Adjusted operating profit (loss)	**(1,499)**	**5,442**

Other information

3.1 Analysis and management of risks and opportunities

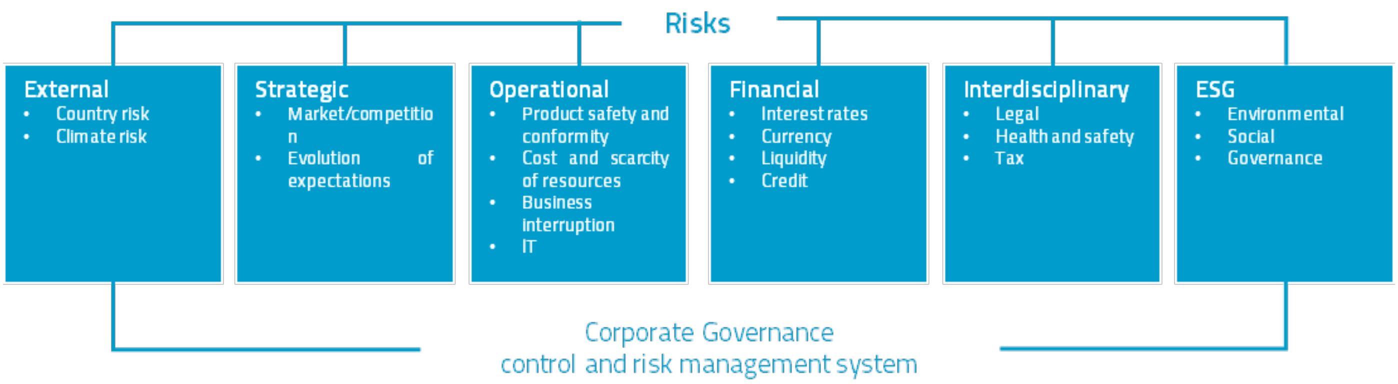
The aim of the Guala Closures Group's internal control and risk management system is to contribute to sound and correct management in line with the short and medium/long-term goals set by the board of directors. This system is designed both to identify, measure, manage and monitor significant risks, 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 the risk	Risk management
Pandemic risk (Covid-19)	
The international scenario of 2021 was characterised by the evolution of the Covid-19 pandemic, which initially began to spread internationally in 2020, along with the consequent restrictive measures implemented by the public authorities of the affected countries to contain it. Although progressively less significant in terms of impacts and limitations, the situation generated by the continuation of the public health emergency and the uncertainty it casts on the short-term outlook will potentially continue to affect general economic performance and consumption and investments, reinforcing/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 have worked successfully to date. The Group's priority is and will remain ensuring the safety of its employees and business continuity. Specific business continuity plans were prepared in 2020 with some of the Group's main customers and, in addition to the Covid-19 prevention measures, the Group has taken out a Covid-19 insurance policy with AON, a leading insurance company, 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 recent conflict between Russia and Ukraine has had a tangible impact on the business continuity of the Ukrainian subsidiary with repercussions both at infra-group level and on business with third parties.	Where appropriate, the Group adopts a local-for-local strategy, creating production plants 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.
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 Working together for sustainable growth 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 a contraction in the alcoholic beverage sector, 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.
Evolution of expectations	
Anticipating customer preferences in terms of technological and product development requires major investments. Product and process/plant innovation requires a considerable financial and organisational commitment in research and development and in the monitoring of trends.	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 the management of product end-of-life (recycling).

Nature of the 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 plant, in accordance with the legal requirements in force and voluntary certification standards with ever higher safety and performance objectives.
Cost and scarcity of resources 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.	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 cost-cutting initiatives.
Business interruption 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) 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, viruses, equipment failures, work or connectivity disruptions, programming errors or illegal conduct by third parties.	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 and company data management solutions.
Interest rate risk The Group is exposed to interest rate risk limited to the revolving facility agreement since it provides for the payment of financial charges on the basis of variable rates subject to short-term re-pricing.	Currently the revolving credit line is not used, therefore the risk is not applicable. The Group monitors, in any case, the conditions on the interest rate market which to date are slightly increasing as a result of the instability of the markets resulting from the recent conflict initiated by Russia against Ukraine.
Currency risk 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 ongoing effects of the Covid-19 pandemic and 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 re-financing risk. The Group mitigates its liquidity risk through supplier financing lines made available by its main customers, effectively discounting part of its receivables without recourse.

Nature of the risk	Risk management
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.	Most of the Group' customers are multinational companies with an outstanding rating, therefore the risk is limited. For the other companies, the Group generally asks for credit rating or anticipated payments if the client is new or the rating is low in order to reduce credit risk. 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 evolution 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.
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, more generally, to guarantee and preserve the health and safety of workers 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 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 structure (both at corporate and subsidiary level) which uses specific procedures to monitor occupational safety and compliance with the regulations in force in the individual countries in which the Group operates.
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 and governance topics and 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. is a related party of Guala Closures S.p.A. as it owns 100% of the share capital of Guala Closures S.p.A.. An advisory service agreement contract with Investindustrial (owner of Special Packaging Solutions Investments S.à r.l.) has been signed for €70 thousand in respect of the refinancing.

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.

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.

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, 2021.

At December 31, 2021, there were no free allocations of shares to employees.

Reference should be made to note 40) 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 2021, the group invested (net of divestments) €31.4 million (€31.8 million in 2020) to support future growth. The main capex of 2021 was incurred in the group's main European facilities in Italy, Poland, Ukraine and Germany, its Indian facilities as well as its Mexican facility. For additional information reference should be made to note 23) Property, plant and equipment.

During 2021 the costs for research and development activities amounted to approximately €4.3 million, of which approximately €1.6 million capitalized in the year.

Outlook

The first months of the 2022 financial year, in the markets in which Guala Closures Group operates, show signs of improvement both from a quantitative point of view and in terms of customers' search for premium and innovative solutions, a sector to which our company is dedicated. The combination of these factors is offering interesting growth opportunities for our Group.

The positive expectations, however, are mitigated by important elements of uncertainty and turbulence, due to the continuous increase in the costs of raw materials and energy, which require a continuous commitment both on sales prices and on production efficiency, in order to mitigate the impacts on our Profit or loss.

It should also be noted that the serious situation resulting from the armed conflict that has been going on since the end of February 2022 in Ukraine has forced us to suspend production activities at the Sumy sites in Ukraine and Minsk, in Belarus.

This also confirms our commitment to social responsibility, which focuses on the safety of our employees and remains the Group's priority.

In order to reduce the impact of the aforementioned production stoppages, alternative sources of supply have been promptly activated through our global production footprint and supplies to our customers are progressively resuming.

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

April 28, 2022

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 consolidate financial statements – financial income and expense

(€'000)

Classification in reclassified financial income and expense	2020	2021	Classification in the notes to the condensed interim consolidated financial statements (notes 14-15)
Net exchange losses	10,772	7,081	Exchange gains
Net exchange losses	(19,836)	(11,313)	Exchange losses
Net fair value gains (losses) on market warrants	-	5,961	Fair value gains on market warrants
Net fair value gains (losses) on market warrants	(2,092)	-	Fair value losses on market warrants
Net fair value gains on currency derivatives	346	-	Fair value gains on currency derivatives
Net fair value gains on currency derivatives	(38)	-	Fair value losses on currency derivatives
Fair value losses on financial liabilities to non-controlling investors	(2,074)	(5,387)	Financial expense on financial liabilities to non-controlling investors
Net interest expense	284	144	Interest income
Net other financial expense	1,436	2,298	Other financial income
Net interest expense	(20,668)	(19,632)	Interest expense
Other net financial expense	(3,284)	(2,867)	Other financial expense
Non-recurring financial expense for refinancing	-	(7,720)	Non-recurring financial expense for refinancing
Total net financial expense	**(35,154)**	**(31,436)**	

Annex B)

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

(€'000)

Classification in the reclassified statement of financial position	December 31, 2020	December 31, 2021	Classification in the financial statements
Net working capital	92,620	119,532	Trade receivables
Net working capital	100,021	120,265	Inventories
Net working capital	(68,835)	(100,714)	Trade payables
Total net working capital	**123,806**	**139,083**	
Net derivative assets	634	127	Derivative assets
Net derivative liabilities	0	(58)	Derivative liabilities
Net derivative assets/(liabilities)	**634**	**68**	
Other net liabilities	4,201	5,831	Current direct tax assets
Other net liabilities	10,992	10,151	Current indirect tax assets
Other net liabilities	6,417	7,541	Other current assets
Other net liabilities	195	153	Contract costs
Other net liabilities	24,501	29,029	Deferred tax assets
Other net liabilities	410	394	Other non-current assets
Other net liabilities	(5,514)	(6,563)	Current direct tax liabilities
Other net liabilities	(11,827)	(9,990)	Current indirect tax liabilities
Other net liabilities	(2,298)	(2,594)	Current provisions
Other net liabilities	(626)	(985)	Contract liabilities
Other net liabilities	(29,267)	(32,939)	Other current liabilities
Other net liabilities	(97,750)	(95,979)	Deferred tax liabilities
Other net liabilities	(241)	(223)	Non-current provisions
Other net liabilities	(2,407)	(32)	Other non-current liabilities
Total net other liabilities	**(103,215)**	**(96,206)**	
Net financial liabilities - third parties	(74)	(165)	Current financial assets
Net financial liabilities - third parties	(458)	(394)	Non-current financial assets
Net financial liabilities - third parties	9,905	6,165	Current financial liabilities
Market warrants	5,965	4	Current financial liabilities
Financial liabilities - IFRS 16 effects	3,645	3,639	Current financial liabilities
Net financial liabilities - third parties	466,711	488,112	Non-current financial liabilities
Non controlling investors' put option	29,032	34,419	Non-current financial liabilities
Financial liabilities - IFRS 16 effects	13,366	10,276	Non-current financial liabilities
Cash and cash equivalents	(63,882)	(80,032)	Cash and cash equivalents
Total net financial indebtedness	**464,210**	**462,024**	

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

(€'000)

	December 31, 2020	December 31, 2021
Total change in net financial indebtedness	**(1,699)**	**2,186**
Increase in right-of-use assets	4,386	4,684
Proceeds from new borrowings and bonds	22,484	500,114
Repayment of borrowings and bonds	(16,530)	(475,801)
Repayment of finance leases	(9,051)	(5,646)
Translation effect on foreign currency assets and liabilities	(1,491)	705
Net fair value gains on non-controlling investors' put options	2,074	5,387
Change in liabilities for financial expense	6,325	962
Paid transaction costs on bond issued in 2021	-	(16,414)
Change in financial assets	326	(27)
Total change in financial assets and liabilities	**8,525**	**13,964**
Total change in cash and cash equivalents	**6,826**	**16,150**

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	2020	2021	Classification in the notes to the separate financial statements (notes 11-13)
Net exchange gains (losses)	1,026	2,214	Exchange gains
Net exchange gains (losses)	(1,979)	(1,013)	Exchange losses
Net impact on profit or loss of aluminium and currency derivatives	349	(0)	Impact of currency derivatives on profit or loss
Net impact on profit or loss of aluminium and currency derivatives	(33)	-	Impact of aluminium and currency derivatives on profit or loss
Net income from equity investments	22,000	15,500	Income from equity investments
Net fair value gains (losses) on market warrants	-	5,961	Fair value gains on market warrant
Net fair value gains (losses) on market warrants	(2,092)	-	Fair value losses on market warrant
Net interest expense - third parties	24	1	Interest income - third parties
Net interest expense - third parties	(20,008)	(19,246)	Interest expense
Net interest expense - third parties	(464)	(331)	Other financial expense
Non recurring financial expenses for refinancing	-	(7,720)	Non recurring financial expenses for refinancing
Net interest income - related parties	10,320	10,761	Financial income - related parties
Total net financial expense	**9,144**	**6,128**	

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, 2020	December 31, 2021	Classification in the statement of financial position
Net working capital	12,285	15,818	Trade receivables - third parties
Net working capital	23,373	36,945	Trade receivables - related parties
Net working capital	18,134	17,881	Inventories
Net working capital	(23,301)	(38,798)	Trade payables - third parties
Net working capital	(2,235)	(1,723)	Trade payables - related parties
Total net working capital	**28,256**	**30,123**	
Financial derivative assets/liabilities	637	127	Financial derivative assets
Financial derivative assets/liabilities	-	(58)	Financial derivative liabilities
Total financial derivative assets/liabilities	**637**	**68**	
Other assets/liabilities	143	193	Current direct tax assets
Other assets/liabilities	1,615	1,217	Current indirect tax assets
Other assets/liabilities	2,060	694	Other current assets - third parties
Other assets/liabilities	1,592	1,616	Other current assets - related parties
Other assets/liabilities	13,527	15,765	Deferred tax assets
Other assets/liabilities	221	197	Other non-current assets
Other assets/liabilities	(33)	-	Current direct tax liabilities
Other assets/liabilities	(936)	(767)	Current indirect tax liabilities
Other assets/liabilities	(1,357)	(1,296)	Current provisions
Other assets/liabilities	(7,999)	(9,286)	Other current liabilities
Other assets/liabilities	(123)	(62)	Other current liabilities - related parties
Other assets/liabilities	(409)	-	Other non-current liabilities - third parties
Other assets/liabilities	(40,204)	(39,170)	Deferred tax liabilities
Other assets/liabilities	(224)	(207)	Non-current provisions
Total other assets/liabilities	**(32,128)**	**(31,105)**	
Net financial liabilities - third parties	(36)	(100)	Non-current financial assets - third parties
Net financial assets - third parties	9,933	1,446	Current financial assets - third parties
Net financial assets - third parties	458,777	487,427	Non-current financial assets - third parties
Net financial assets - IFRS 16	1,822	-	Non-current financial assets - third parties
Market Warrants	5,965	(836)	Non-current financial assets - third parties
Net financial liabilities - related parties	(3,468)	(5,451)	Current financial assets - related parties
Net financial liabilities - related parties	(257,480)	(273,071)	Non-current financial assets - related parties
Cash and cash equivalents	(19,538)	(26,248)	Cash and cash equivalents
Total financial assets	**195,974**	**183,166**	

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, 2020	December 31, 2021
Total change in net financial indebtedness	**23,369**	**12,808**
Proceeds from new borrowings and bonds	22,896	502,131
Repayment of borrowings and bonds	(15,000)	(474,838)
Repayment of finance leases	(3,864)	(929)
FX translation effect on foreign currency assets and liabilities	(694)	602
Impatto sul debito adozione IFRS 16	(896)	371
Change in liabilities for financial expense	6,103	62
Transaction costs paid for the Bridge Facility Agreement, new bonds and the Senior Revolving Facility	-	(16,414)
Change in financial assets	(26,839)	(17,082)
Total change in financial assets and liabilities	**(18,294)**	**(6,097)**

Total change in cash and cash equivalents	**5,074**	**6,711**

Consolidated financial statetments as at and for the year ended December 31, 2021

Statement of profit or loss

(€'000)	2020 (*)	2021	Note
Net revenue	**572,035**	**659,799**	6
Change in finished goods and semi-finished products	1,791	3,848	
Other operating income	4,444	5,383	7
Internal work capitalised	5,437	5,165	8
Costs for raw materials	(249,614)	(308,883)	9
Costs for services	(98,425)	(114,053)	10
Personnel expense	(129,873)	(137,153)	11
Other operating expense	(8,843)	(8,013)	12
Impairment losses on trade receivables and contract assets	(791)	(248)	
Impairment losses	(3,378)	(2,349)	25-27
Gains on sales of equity investments	2,830	-	
Amortisation and depreciation	(64,734)	(54,409)	25-26-27
Financial income	12,838	15,484	14
Financial expense	(47,992)	(46,920)	15
Share of loss of equity-accounted investees, net of the tax effect	(160)	(208)	
Profit (loss) before taxation	**(4,435)**	**17,444**	
Income taxes	(1,483)	(9,450)	17
Profit (loss) for the period	**(5,918)**	**7,994**	
Attributable to:			
- the owners of the parent	(14,546)	(782)	
- non-controlling interests	8,627	8,776	

Statement of profit or loss and other comprehensive income

(€'000)	2020 (*)	2021
Profit (loss) for the period	**(5,918)**	**7,994**
Other comprehensive income (expense):		
Actuarial gains on defined benefit plans	(683)	414
Taxes on items that will not be reclassified to profit or loss	90	(63)
Items that will not be reclassified to profit or loss:	***(592)***	***351***
Foreign currency translation differences for foreign operations	(37,081)	15,781
Hedging reserve	695	126
Hedging reserve for cash flow hedges reclassified to profit or loss	(58)	(695)
Tax on items that will or may be reclassified subsequently to profit or loss	(188)	168
Items that will or may be reclassified subsequently to profit or loss:	**(36,632)**	**15,380**
Other comprehensive income (expense) for the period, net of tax	**(37,225)**	**15,732**
Comprehensive income (expense) for the period	**(43,143)**	**23,725**
Attributable to:		
- the owners of the parent	(46,347)	13,077
- non-controlling interests	3,204	10,648

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.
The notes on pages 81 to 160 are an integral part of these consolidated financial statements.

Statement of financial position – ASSETS

(€'000)	December 31, 2020	December 31, 2021	Note
ASSETS			
Current assets			
Cash and cash equivalents	63,882	80,032	19
Current financial assets	74	165	
Trade receivables	92,620	119,532	20
Inventories	100,021	120,265	21
Current direct tax assets	4,201	5,831	
Current indirect tax assets	10,992	10,151	
Derivative assets	634	127	
Other current assets	6,417	7,541	
Total current assets	**278,841**	**343,644**	
Non-current assets			
Non-current financial assets	458	394	
Investments in associates	1,028	2,536	22
Property, plant and equipment	220,793	219,292	23
Right-of-use assets	16,516	15,525	24
Intangible assets	830,239	823,518	25
Contract costs	195	153	
Deferred tax assets	24,501	29,029	26
Other non-current assets	410	394	
Total non-current assets	**1,094,139**	**1,090,841**	
TOTAL ASSETS	**1,372,980**	**1,434,485**	

The notes on pages 81 to 160 are an integral part of these consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	December 31, 2020	December 31, 2021	Note
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	19,515	9,808	27
Trade payables	68,835	100,714	28
Contract liabilities	626	985	
Current direct tax liabilities	5,514	6,563	
Current indirect tax liabilities	11,827	9,990	
Current provisions	2,298	2,594	29
Derivative liabilities	-	58	
Other current liabilities	29,267	32,939	30
Total current liabilities	**137,882**	**163,651**	
Non-current liabilities			
Non-current financial liabilities	509,109	532,807	27
Employee benefits	9,631	8,913	31
Deferred tax liabilities	97,750	95,979	26
Non-current provisions	241	223	29
Other non-current liabilities	2,407	32	
Total non-current liabilities	**619,139**	**637,954**	
Total liabilities	**757,021**	**801,605**	
Share capital and reserves attributable to non-controlling interests	29,515	33,209	
Profit for the year attributable to non-controlling interests	8,627	8,776	
Equity attributable to non-controlling interests	**38,143**	**41,985**	**33**
Share capital	68,907	68,907	
Share premium reserve	423,837	423,837	
Legal reserve	1,266	1,824	
Translation reserve	(25,679)	(11,764)	
Hedging reserve	449	48	
Retained earnings and other reserves	123,583	108,826	
Loss for the year	(14,546)	(782)	
Equity attributable to the owners of the parent	**577,817**	**590,894**	**32**
Total equity	**615,959**	**632,880**	
TOTAL LIABILITIES AND EQUITY	**1,372,980**	**1,434,485**	

The notes on pages 81 to 160 are an integral part of these consolidated financial statements.

Statement of cash flows

(€'000)	2020 (*)	2021	Note
Opening cash and cash equivalents	**57,056**	**63,882**	
A) Cash flows from operating activities			
Profit (loss) before taxation	(4,435)	17,444	
Adjustments:			
Amortization and depreciation	64,734	54,409	25-26-27
Financial income	(12,838)	(15,484)	
Financial expense	47,992	46,920	
Impairment losses	3,378	2,349	
Gain from the bargain purchase of Closurelogic Turkey	(487)	-	
Share of loss of equity-accounted investees, net of the tax effect	160	226	
Gains on sales of equity investments	(2,830)	-	
Net gains on sale of non-current assets	(166)	(439)	
Variation:			
Receivables	3,202	(23,851)	20
Payables	(1,730)	30,154	28
Inventories	(6,422)	(17,921)	21
Other operating items	2,418	(6,023)	
VAT and indirect tax assets/liabilities	2,458	(1,013)	
Income taxes paid	(18,240)	(18,085)	
Net cash flows from operating activities	**77,193**	**68,687**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(32,049)	(32,041)	25-26-27
Proceeds from sale of property, plant and equipment and intangible assets	298	631	25-26-27
Acquisition of Closurelogic GmbH's business (Germany)	(12,187)	-	
Acquisition of Closurelogic GmbH's business (Turkey) (net of cash acquired)	(171)	-	
Acquisition of non-controlling interest in SharpEnd (UK)	(897)	(1,608)	
Sale of GCL Pharma S.r.l. (net of cash transferred)	7,088	2,000	
Net cash flows used in investing activities	**(37,917)**	**(31,018)**	
C) Cash flows from financing activities			
Interest received	1,719	2,441	
Interest paid	(21,182)	(22,768)	
Transaction costs paid for bonds issued in 2021	-	(16,414)	
Other financial items	(168)	600	
Dividends paid	(6,930)	(7,378)	
Proceeds from new borrowings and bonds	22,484	500,114	27
Repayment of borrowings and bonds	(16,530)	(475,801)	27
Repayment of leases	(9,051)	(5,646)	
Change in financial assets	327	(27)	
Net cash flows from (used in) financing activities	**(29,331)**	**(24,878)**	
Net cash flows of the period	**9,945**	**12,791**	
Effect of exchange fluctuations on cash held	(3,119)	3,360	
Closing cash and cash equivalents	**63,882**	**80,032**	**19**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

The notes on pages 81 to 160 are an integral part of these consolidated financial statements.

Statement of changes in equity

(€'000)	January 1, 2020	Allocation of profit for 2019	Profit (loss) for the period	Other comprehensive expense	Comprehensive expense for the period	Dividends	Acquisition of non-controlling interests that result in a change of control	Total transactions with owners	December 31, 2020
	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	643	623			-			-	**1,266**
Translation reserve	6,041			(31,720)	**(31,720)**			-	**(25,679)**
Hedging reserve	-			449	**449**			-	**449**
Retained earnings and other reserves	116,249	7,082		(529)	**(529)**		783	**783**	**123,583**
Profit (loss) for the period	7,705	(7,705)	(14,546)		**(14,546)**			-	**(14,546)**
Equity	**623,381**	-	**(14,546)**	**(31,801)**	**(46,347)**	-	**783**	**783**	**577,817**
Non-controlling interests:									
Share capital and reserves	34,726	6,954	-	(5,424)	**(5,424)**	(5,958)	(783)	**(6,740)**	**29,515**
Profit (loss) for the period	6,954	(6,954)	8,627		**8,627**			-	**8,627**
Equity	**41,680**	-	**8,627**	**(5,424)**	**3,204**	**(5,958)**	**(783)**	**(6,740)**	**38,143**
Total equity	**665,060**	-	**(5,918)**	**(37,225)**	**(43,143)**	**(5,958)**	-	**(5,958)**	**615,959**

(€'000)	January 1, 2021	Allocation of 2020 loss	Profit (loss) for the period	Other comprehensive income	Comprehensive income for the period	Dividends	Acquisition of non-controlling interests that result in a change of control	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			-			-	**1,824**
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**			-	**108,826**
Profit (loss) for the period	(14,546)	14,546	(782)		**(782)**			-	**(782)**
Equity	**577,817**	-	**(782)**	**13,860**	**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 (loss) for the period	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)**	**632,880**

The notes on pages 81 to 160 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements at December 31, 2021

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. that prepare the consolidated financial statements on the higher level.

The financial statements were authorised for issue by the directors on April 28, 2022.

On July 20, 2021, SPSI ended the squeeze-out procedure, purchasing all Guala Closures S.p.A. ordinary shares still outstanding on that date (1.12% of the company share capital) and becoming the sole shareholder of the company.

In light of the above, Borsa Italiana S.p.A. has ordered the withdrawal from listing of the ordinary shares and market warrants issued by Guala Closures with effect from July 20, 2021.

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, market warrants 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, 0the 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, 2021

	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
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 Japan KK	Japan	JPY	100,000,000	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 (k) estimated expected credit losses) and allowance for inventory write-down (note 21 inventory estimated recoverability), amortisation/depreciation and impairment of non-current assets (notes (n)), employee benefits (note 31 estimated actuarial assumptions), taxes (note 26 estimated future taxable income), provisions (note 29), market warrants (note 34 estimated fair value of market warrants), 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, 2021, the group's operations in Argentina represented approximately 3% of its revenue, 1% of its operating performance and 1% of its assets.

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	**2020**	**2021**	**December 31, 2020**	**December 31, 2021**
Pound sterling	0.88921	0.86000	0.8990	0.8403
US dollar	1.14128	1.18353	1.2271	1.1326
Indian rupee	84.57954	87.48608	89.6605	84.2292
Mexican peso	24.51176	23.99031	24.4160	23.1438
Colombian peso	4,215.64833	4,427.21750	4,202.3400	4,598.6800
Brazilian real	5.89002	6.38135	6.3735	6.3101
Chinese renmimbi	7.87084	7.63402	8.0225	7.1947
Argentinian peso	103.24940	116.36220	103.2494	116.3622
Polish zloty	4.44318	4.56404	4.5597	4.5969
New Zealand dollar	1.75646	1.67253	1.6984	1.6579
Australian dollar	1.65539	1.57473	1.5896	1.5615
Ukrainian hryvnia	30.81215	32.29588	34.7689	30.9219
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	18.7685	17.4795	18.0219	18.0625
Japanese yen	121.7755	129.8575	126.4900	130.3800
Chilean peso	903.1083	897.6308	872.5200	964.3500
Kenyan shilling	121.6251	129.7269	134.0171	128.1495
Turkish lira	9.2781	10.4670	9.1131	15.2335

(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 (n)). 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 (n) 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.

(I) 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 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 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.

(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.

Warrants

Warrants are recognised in accordance with the conditions set out in the relevant regulations governing their operation.

Warrants with fixed conversion parameter

Some warrants (sponsor warrants and management warrants) have fixed and predetermined subscription prices and exercise ratios at the date of issue within predefined time windows. In these cases, the warrant regulation provides for the number of shares that will be issued and the price (if any) that the holder must pay to the company on the date of exercise of the warrants. These instruments are accounted for by the group as equity instruments.

Warrants with variable conversion parameter

Some warrants (market warrants) have a conversion ratio that varies over time and according to the variability of the market price of the underlying share and other parameters provided for in the relevant regulation. Despite the variability of the conversion ratio, the expiry date of the warrant is brought forward when certain thresholds of the price of the underlying share are achieved (thus representing a cap on its appreciation) with the right to settle the instrument through the delivery of shares or cash to the bearer of the rights or to the issuer. The group recognises these instruments as derivative financial liabilities. Given their characteristics, these instruments are qualified and classified as derivatives in accordance with IFRS 9, and the related fair value gains and losses are taken to profit or loss.

(n) Impairment

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. They are 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'.

(3) Changes to standards

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2021 are set out below.

- Interest rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): the amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or the hedging relationships arising from replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to: changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting. The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by the interest rate benchmark reform by updating the effective interest rate of the financial asset or liability.
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16): in May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to look into whether to extend the time period over which the practical expedient is available for use.

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, 2021 and that are available for early adoption in annual periods beginning on January 1, 2021:

- Reference to Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards (Cycle 2018–2020)
- 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 Insurance contracts
- 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.

(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 2021.

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**	
	2020	**2021**	**2020**	**2021**	**2020**	**2021**
Net revenue	569,313	657,091	2,723	2,708	572,035	659,799
Amortisation and depreciation	(64,495)	(54,162)	(238)	(247)	(64,734)	(54,409)
Financial income	12,838	15,484	-	-	12,838	15,484
Financial expense	(47,992)	(46,920)	-	-	(47,992)	(46,920)
Share of loss of equity-accounted investees, net of the tax effect	(160)	(208)	-	-	(160)	(208)
Profit (loss) before taxation	(4,389)	17,540	(46)	(95)	(4,435)	17,444
Net capex (*)	31,508	31,245	242	164	31,751	31,410

(*) 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, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021
Trade receivables	92,460	119,336	160	196	92,620	119,532
Inventories	99,463	119,543	558	721	100,021	120,265
Trade payables	(68,516)	(100,680)	(319)	(33)	(68,835)	(100,714)
Property, plant and equipment and Right of use assets	236,127	233,641	1,181	1,176	237,308	234,817

Reporting by geographical segment

The Closures segment operates from a network of production facilities in 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)	2020	2021
United Kingdom	95,333	114,487
Italy	67,020	75,438
India	54,079	69,811
Poland	55,273	62,188
Mexico	45,400	57,069
North America	26,824	34,637
Spain	34,562	34,327
Germany	30,477	32,596
Ukraine	31,807	31,273
Australia	26,254	23,045
Argentina	12,432	20,247
South Africa	11,623	16,261
France	13,140	13,590
Other countries	67,813	74,829
Net revenue	**572,035**	**659,799**

	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, 2020**	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**
Italy	581,140	577,220	13,527	15,765
Australia	84,605	84,274	2,255	2,140
India	59,258	59,680	912	1,201
Poland	48,524	49,842	-	-
Spain	39,993	38,634	520	685
Mexico	33,693	34,928	99	50
Ukraine	30,739	31,828	-	-
South Africa	13,865	12,940	672	517
Germany	10,693	11,082	1,541	2,364
New Zealand	11,057	10,959	189	207
Brazil	9,792	9,497	-	-
Chile	8,501	7,395	1,648	1,729
China	7,329	7,444	132	234
Argentina	3,153	4,348	313	533
Other countries	60,616	59,182	1,776	2,484
Consolidation adjustmenst	64,591	59,080	918	1,120
Total	**1,067,547**	**1,058,335**	**24,501**	**29,029**

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

Information about key customers

In the Closures segment, there are two customers that generated over 10% of revenue in 2021: the total turnover of these two customers amounts around €170 million for 2021 (roughly 26% of net revenue).

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

During the period, the group finalised its subscription of a second stake non-controlling interest in SharpEnd Partnership Ltd.

On February 26, 2020, the Luxembourg subsidiary GCL International S.à r.l. subscribed a 20% interest in the fully diluted share capital (including the option for the issue of stock options) of SharpEnd Partnership Ltd, an innovative technology services agency based in London.

Founded in 2015 as the first IoT agency, SharpEnd is a pioneering partner in technological creativity. This company was set up to bridge the gap between products and consumers and its global customers include AB-InBev, PepsiCo, Nestlé, Unilever and Pernod Ricard.
The agreement between SharpEnd and the Guala Closures Group aims to offer innovative turnkey solutions, integrating hardware and software into connected packaging solutions.

On February 26, 2021, the Luxembourg subsidiary GCL International S.à r.l. subscribed an additional capital increase of SharpEnd Partnership Ltd., increasing its investment to 30% of the associate's fully diluted capital (including the option for the issue of stock options) by paying £1.4 million (equivalent to €1.6 million).

The investment in the associate SharpEnd, with a carrying amount of €2.5 million at the reporting date, is periodically adjusted using the equity method.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(6) Net revenue

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

(€'000)	2020	2021
Europe	345,306	381,565
Americas	112,460	144,221
Asia	59,446	76,552
Oceania	38,195	35,565
Africa	16,628	21,896
Total	**572,035**	**659,799**

The table below illustrates net revenue by product:

(€'000)	2020	2021
Safety closures	203,767	252,691
Luxury closures	29,749	41,121
Roll-on closures	316,878	343,084
Other revenue	21,641	22,903
Total	**572,035**	**659,799**

The table below illustrates net revenue by destination market:

(€'000)	2020	2021
Spirits closures	346,833	422,825
Wine closures	115,869	124,047
Water closures	52,081	52,119
Non-alcoholic beverages closures	12,785	14,625
Olive oil & condiments closures	14,100	14,352
Closures for other markets	30,367	31,832
Total	**572,035**	**659,799**

(7) Other operating income

This caption includes:

(€'000)	2020 (*)	2021
Government assistance	1,450	1,296
Sundry recoveries/repayments	1,252	1,269
Insurance refunds	-	1,247
Bargain from Closurelogic (Turkey) acquisition	487	-
Gains on sale of non-current assets	166	439
Other	1,089	1,132
Total	**4,444**	**5,383**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

(8) Internal work capitalised

(€'000)	2020	2021
Internal work capitalised	5,437	5,165
Total	**5,437**	**5,165**

(9) Costs for raw materials

This caption includes:

(€'000)	2020 (*)	2021
Raw materials and supplies	229,962	294,757
Packaging	10,666	13,968
Consumables and maintenance	8,102	9,195
Fuels	349	423
Other purchases	3,834	4,501
Change in inventories	(3,298)	(13,961)
Total	**249,614**	**308,883**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

(10) Costs for services

This caption includes:

(€'000)	2020 (*)	2021
Electricity / heating	25,441	33,519
Transport	25,775	30,575
Maintenance	7,428	8,336
External processing	6,706	7,274
Sundry industrial services	8,146	6,554
Legal and consulting fees	6,409	6,446
Administrative services	2,693	3,363
Insurance	2,749	3,118
Directors' fees	903	2,287
Travel	1,966	2,152
Technical assistance	1,949	1,858
Cleaning service	1,479	1,671
External labour / porterage	1,454	1,431
Commissions	1,050	1,231
Telephone costs	663	617
Security	428	497
Advertising services	332	460
Entertainment expenses	471	365
Commercial services	329	305
Expos and trade fairs	178	88
Other	1,876	1,905
Total	**98,425**	**114,053**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

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

(11) Personnel expense

This caption includes:

(€'000)	2020	2021
Wages and salaries	101,936	108,207
Social security contributions	14,740	15,744
Expense from defined benefit plans	1,723	1,804
Other costs	11,473	11,397
Total	**129,873**	**137,153**

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

At December 31, 2020 and 2021, the group had the following number of employees:

	December 31, 2020	December 31, 2021
Blue collars	3,520	3,523
White collars	1,062	1,040
Managers	270	296
Total	**4,852**	**4,859**

(12) Other operating expense

This caption includes:

(€'000)	2020	2021
Accruals to provisions	2,074	2,240
Taxes and duties	2,993	2,042
Use of third-party assets	1,964	1,763
Other charges	1,812	1,968
Total	**8,843**	**8,013**

The accruals to provisions mainly refer to the provisions for company reorganisations and returns.
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.

(13) Gains on sales of equity investments

In 2021 this caption amounts to zero, in 2020 was €2.8 million relating to the gain realised in April 2020 on the sale of the investment in GCL Pharma S.r.l..

(14) Financial income

This caption includes:

(€'000)	2020	2021
Foreign exchange gains	10,772	7,081
Fair value gains on currency derivatives	346	-
Interest income	284	144
Fair value gains on market warrants	-	5,961
Other financial income	1,436	2,298
Total	**12,838**	**15,484**

(15) Financial expense

This caption includes:

(€'000)	2020	2021
Interest expense	20,668	19,632
Foreign exchange losses	19,836	11,313
Financial expense on financial liabilities to non-controlling investors	2,074	5,387
Non-recurring financial expense for refinancing	-	7,720
Fair value losses on market warrants	2,092	-
Fair value losses on currency derivatives	38	-
Other financial expense	3,284	2,867
Total	**47,992**	**46,920**

Financial expense for refinancing of €7.7 million refers to the reversal of unamortised transaction costs recognised in December 2021 as a consequence of the Group refinancing.

Fair value gains on market warrants depends on the decrease in the official price of these instruments set by Borsa Italiana from January 1, 2021 to the delisting on July 20, 2021 (during 2020 there was an increase in the official price).

Financial expense on non-controlling investors' put options refers to the recognition of the increase in the financial liabilities for these investors' right to exercise a put option if certain conditions are met. The liability was determined as the present value of the put option at its expected time of exercise.

Other financial expense for the year 2021 includes €1,103 thousand related to the application of IFRS 16 (€1,111 thousand in 2020).

(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)	2020	2021
Recognised in profit or loss		
Interest income	284	144
Fair value gains on market warrants	-	5,961
Fair value gains on currency derivatives	346	(0)
Exchange gains	10,772	7,081
Other financial income	1,436	2,298
Total financial income	**12,838**	**15,484**
Interest expense on financial liabilities measured at amortised cost	(20,668)	(19,632)
Exchange losses	(19,836)	(11,313)
Non-recurring financial expense for refinancing	-	(7,720)
Fair value losses on market warrants	(2,092)	-
Fair value losses on currency derivatives	(38)	-
Other financial expense	(5,358)	(8,254)
Total financial expense	**(47,992)**	**(46,920)**
Net financial expense recognised in profit or loss	**(35,154)**	**(31,436)**
Recognised directly in equity in the Hedging reserve		
Effective portion of fair value gains/losses in cash flow hedges	695	126
Net change in fair value of cash flow hedges reclassified to profit or loss	(58)	(695)
Total recognised directly in equity	**637**	**(569)**

(17) Income taxes

This caption includes:

(€'000)	2020	2021
Current taxes	(17,257)	(17,553)
Changes in deferred taxes	15,774	8,102
Total	**(1,483)**	**(9,450)**

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 (€105 thousand), as described in the following table:

Change in deferred tax liabilities recognised directly in OCI

(€'000)	2020	2021
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(188)	168
Taxes on items that will not be reclassified to profit or loss	90	(63)
Total	**(98)**	**105**

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.

(€'000)	2020	2021
Profit before taxation	**(4,435)**	**17,444**
Income tax using Italian tax rate (2020 e 2021: 24%)	**1,064**	**(4,139)**
Effect of tax rates in foreign jurisdictions	1,738	816
Change in Tax rate (reduction/increase)	394	(101)
Non-deductible expenses	(6,519)	(9,165)
Tax-exempt income	3,474	3,312
Tax incentives	216	2,681
Current-year losses for which no deferred tax asset is recognised	320	389
Recognition of previously unrecognised tax losses (Deferred tax asset on losses carried forward not previously recognised)	2,165	1,218
Changes in estimates related to prior years (Including late Adjustment on income tax declaration)	(275)	-
Total increase	1,513	(850)
Effective tax	2,578	(4,989)
IRAP	(33)	-
Other taxes, other than income taxes	(4,028)	(4,462)
Total current taxes for the year	**(1,483)**	**(9,450)**

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, 2021:

(€'000)		Note
Total liabilities at January 1, 2021	**528,624**	
Derivative and similar net assets at January 1, 2021	(634)	
Total liabilities from financing activities at January 1, 2021	**527,990**	
Cash effect (*)		
Proceeds from new borrowings and bonds	504,797	
Repayment of borrowings and bonds	(475,801)	
Repayment of finance leases	(5,646)	
Interest paid	(22,768)	
Payment of transaction costs from new borrowings and Revolving Credit Facility	(16,414)	
Non-cash effect		
Net fair value losses on market warrants	(5,961)	
Interest and other financial expense	20,163	16-17
Translation effect	705	
Net fair value gains on derivatives	566	
Net fair value losses on financial liabilities to non-controlling investors	5,387	29
Transaction costs from new borrowings and Revolving Credit Facility not yet paid	(486)	
Amortisation of transaction costs	10,056	29
Other changes	94	
Total liabilities from financing activities at December 31, 2021	**542,683**	
Derivative and similar net assets at December 31, 2021	(68)	
Total liabilities at December 31, 2021	**542,615**	

(*) In relation to the cash effect, reference should be made to the statement of cash flows.

Statement of financial position

(19) Cash and cash equivalents

Cash and cash equivalents totalled €80,032 thousand at December 31, 2021 (€63,882 thousand at December 31, 2020).

(20) Trade receivables

This caption may be analysed as follows:

(€'000)	**December 31, 2020**	**December 31, 2021**
Trade receivables	95,378	121,731
Loss allowance	(2,758)	(2,199)
Total	**92,620**	**119,532**

The balance of trade receivables reflects the various group companies' use of reverse without-recourse factoring. This impact at December 31, 2021 was €37.2 million, compared to €26.7 million December 31, 2020.

The loss allowance changed as follows:

(€'000)	**December 31, 2021**
Opening balance	2,758
Net exchange losses	(71)
Impairment losses	248
Utilisations/releases of the year	(736)
Closing balance	**2,199**

At December 31, 2021, 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.

(21) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Raw materials, consumables and supplies	52,226	67,977
Allowance for inventory write-down	(1,791)	(4,279)
Work in progress and semi-finished products	24,542	28,401
Allowance for inventory write-down	(856)	(1,058)
Finished products and goods	27,130	30,257
Allowance for inventory write-down	(1,409)	(1,336)
Payments on account	180	303
Total	**100,021**	**120,265**

Changes in 2021 are as follows:

(€'000)	2021
January 1, 2021	100,021
Exchange gains	2,311
Change in raw materials, consumables and supplies	13,961
Change in finished goods and semi-finished products	3,848
Change in payments on account	123
Balance at December 31, 2021	**120,265**

The allowance for inventory write-down changed as follows:

(€'000)	December 31, 2021
Opening balance	4,057
Net exchange gains	24
Accruals	2,593
Closing balance	**6,673**

The increase in stock obsolescence is mainly due to the adoption of a more conservative approach for those items no-moved over one year

(22) Investments in associates

This caption amounts to €2.5 million at December 31, 2021 and is entirely comprised of the investment in SharpEnd Partnership Ltd, an innovative technology services agency based in London (UK).

The €1.6 million increase compared to December 31, 2020 is due to the additional payment of GBP1,400 thousand made in the reporting period to acquire an additional 10% of the associate's fully diluted share capital in the form of preference shares. As a result, the group's investment increased to 30%.

The group adjusted its investment by €0.2 million during the period in line with its share of the associate's loss for the year 2021 based on the equity method.

(23) Property, plant and equipment

The following table shows the changes in this caption in 2021:

(€'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, 2020	58,300	203,668	22,295	3,019	13,108	**300,391**
Accumulated depreciation and impairment losses at December 31, 2020	(5,009)	(65,731)	(7,359)	(1,499)	-	**(79,598)**
Carrying amount at December 31, 2020	**53,290**	**137,938**	**14,936**	**1,520**	**13,108**	**220,793**
Net exchange gains	1,083	3,916	306	21	1,205	**6,531**
Increases	103	4,130	-	254	24,779	**29,266**
Disposals	-	-	(107)	-	(12)	**(119)**
Impairments	-	-	(460)	-	-	**(460)**
Reclassifications	3,742	23,062	2,812	442	(30,058)	**0**
Depreciation	(2,212)	(31,028)	(2,924)	(552)	-	**(36,717)**
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**

In 2021, net capex of €29.1 million mainly 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 plant and machinery across all five continents where the group operates, with a specific focus on the group's main European facilities in Italy, Poland, Ukraine and Germany, its Indian facilities as well as its Mexican facility.

In Italy, capex was mainly directed at increasing production capacity, new product development and asset improvement.
In Poland, capex mainly consisted of increasing production capacity.
In Ukraine, capex mainly consisted of increasing production capacity, plant safety and extraordinary plant maintenance.
In Germany, capex mainly consisted of increasing production capacity and plant safety.

In Asia, capex targeted, in particular, the Indian facilities for extraordinary plant maintenance and new product development.

In Latam-US, the main capex focused on the Mexican facility with projects mainly for plant safety, extraordinary maintenance and new product development. Smaller investments were also made in all the other facilities across the region.

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

In 2021, some categories of assets were subject to a technical analysis in order to assess the consistency of the useful life adopted in light of the level of extraordinary maintenance expenditures. Based on the analysis, the useful life was extended with an effect of lower depreciation for the year for an amount of €2.3 million.

None of the group's property, plant and equipment has been pledged as collateral at year end, 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 2021:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2020	19,083	2,997	2,893	3,155	**28,128**
Accumulated depreciation and impairment losses at December 31, 2020	(7,037)	(1,669)	(1,423)	(1,485)	**(11,613)**
Carrying amount at December 31, 2020	**12,047**	**1,329**	**1,470**	**1,670**	**16,516**
Net exchange gains/(losses)	(488)	(354)	(36)	194	**(684)**
Increases	3,375	271	422	616	**4,684**
Depreciation of right-of-use assets	(3,242)	(99)	(748)	(902)	**(4,990)**
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**

The main increases in right-of-use assets relate to land and buildings, specifically the buildings of Guala Closures East Africa Ltd used for its operations and the rent of new offices of Guala Closures S.p.A..

(25) Intangible assets

The following table shows the changes in this caption in 2021:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2020	3,809	133,813	505,224	235,505	2,677	**881,028**
Accumulated depreciation and impairment losses at December 31, 2020	(1,818)	(25,769)	-	(23,201)	-	**(50,788)**
Carrying amount at December 31, 2020	**1,991**	**108,045**	**505,224**	**212,303**	**2,677**	**830,240**
Net exchange gains (losses)	(238)	386	(0)	6,575	(390)	**6,333**
Increases	582	32	-	13	953	**1,580**
Disposals	-	-	-	-	(47)	**(47)**
Impairments	(65)	(1,798)	-	-	(25)	**(1,888)**
Reclassifications	1,005	(250)	-	(28)	(727)	**0**
Amortisation	(841)	(4,551)	-	(7,310)	-	**(12,702)**
Historical cost at December 31, 2021	5,195	133,397	505,224	242,264	2,440	**888,521**
Accumulated depreciation 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**

This caption decreased by €6.7 million from December 31, 2020 due to the amortisation for the period of €12.7 million and €1.9 for impairments, partially offset by the positive translation effect of €6.3 million and the net increases of the period (€1.5 million).

Licences and patents mainly refer to the Guala Closures Trademark and the group's proprietary patents that have been impaired for an amount of €1.9 million due to the underlined market condition of related closures, and the line "Other assets" mostly refers to customer relationships.

In 2021, the customer relationship was subject to analysis in order to assess the consistency of the useful life adopted in light of the effective churn-rate of the Group.

Based on the analysis, the useful life was extended with an effect of lower depreciation for the year for an amount of €2.4 million.

Goodwill 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, 2021.

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 2022 and projecting the financials for the following two years (2023-2024) ("**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.
As a consequence of the macroeconomic uncertainties Group's management evaluated to adopt the above model instead of a five year model as per last year.

The discounted cash flow model is based on the Projections approved by the board of directors on April 28,2022 which envisages a CAGR of net revenue and EBITDA of 7% and 9%, 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 2021 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 7.7%;
- long-term growth rate "g": a value of 2.7% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2021) 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% at a market interest rate of 2.6%.

The division's estimated recoverable amount exceeds the carrying amount by €257 million (2020: €343 million). The lower headroom compared to the previous year mainly derives from the change in the projected period (3 years 2021 versus 5 years in 2020) impacting the cash flows and 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, 2021 are 8.8% and 1.5%, respectively.

In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €69 million, while a reduction in the growth rate of 0.5% would lead to a reduction in headroom of €64 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.

In 2021 Guala Closures Trademark was subject to a qualitative and quantitative analysis to review the residual useful life in order to make it more consistent with the strategy and the forecast of the new management and therefore provide stakeholders with a consequent representation of the economic, equity and financial situation of the company in the financial statement disclosure.

Based on the analysis it was considered reasonable to give the Guala Closures Trademark 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 with an effect of lower depreciation for the year for an amount of €3.8 million.

Guala Closures Trademark was successfully 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, 2021 with a fair value exceeding the carrying amount for an amount of approximately €70 million.
The Royalty utilised 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.

In 2021 valuation, the following assumptions were used:

- Trademark revenues are based on Projections approved by the board of directors on April 28, 2022 which envisages a CAGR of net revenue and EBITDA of 7% and 9%, 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" 2.7% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2021) 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, 2021 are 16.9% and -7.1%, respectively.
In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €4.9 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, 2020 and 2021:

Thousands of Euros	Assets		Liabilities		Net balance	
	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021
Allowance for inventory write-down	846	1,236	(56)	(76)	790	1,160
Taxed allowance for receivables impairment	3,090	3,800	-	-	3,090	3,800
Provisions	270	397	-	-	270	397
Other	1,528	1,856	(1,060)	(1,031)	468	825
Losses carried forward	16,411	17,923	-	(132)	16,411	17,791
Derecognition of intragroup profit on inventories	246	643	-	-	246	643
Intragroup gains	-	627	-	-	-	627
Leases	454	388	(446)	(525)	8	(137)
Property, plant and equipment and intangible assets	351	1,094	(95,969)	(93,951)	(95,618)	(92,857)
Employee benefits	1,307	1,066	(30)	(227)	1,276	838
Derivatives	(1)	(1)	(188)	(37)	(189)	(38)
Exchange rate gains/(losses)	-	-	(0)	(1)	(1)	(1)
TOTAL	**24,501**	**29,029**	**(97,750)**	**(95,979)**	**(73,249)**	**(66,950)**

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

Thousands of Euros	December 31, 2020	Changes in profit and loss	Changes in equity	Exchange rate gains/losses	December 31, 2021
Allowance for inventory write-down	790	367	-	4	1,160
Taxed allowance for receivables impairment	3,090	888	-	(178)	3,800
Provisions	270	127	-	-	397
Other	468	444	-	(87)	825
Losses carried forward	16,411	1,330	-	51	17,791
Derecognition of intragroup profit on inventories	246	397	-	-	643
Intragroup gains	-	627	-	-	627
Leases	8	(160)	-	15	(137)
Property, plant and equipment and intangible assets	(95,618)	4,332	-	(1,571)	(92,857)
Employee benefits	1,276	(250)	(63)	(125)	838
Derivatives	(189)	-	168	(18)	(38)
Exchange rate gains/(losses)	(1)	-	-	-	(1)
TOTAL	**(73,249)**	**8,102**	**105**	**(1,909)**	**(66,950)**

Deferred taxes mainly relate to the Guala Closures Group's business combination on July 31, 2018.
Specifically, deferred tax liabilities were recognised on the revaluation of the group's assets as part of the PPA procedure following their recognition at fair value. Indeed, these revaluations are neutral for tax purposes.
The higher deferred tax liabilities recognised in respect of the business combination of Guala Closures Group relates to the revaluation of the following assets:

- intangible assets and, specifically, Trade relationships with customers, Guala Closures trademark and Patents;
- property, plant and equipment and, specifically, plant and equipment.

In the year, the parent Guala Closures S.p.A. recognised deferred tax assets of €1.6 million based on the most recent estimates of taxable income forecast in the 2022-2024 three-year plan, which will make it possible to use deferred tax assets on prior year tax losses. The parent's deferred tax assets on tax losses that it may carry forward total €13 million and account for most of the consolidated deferred tax assets on tax losses.

Tax losses that may be carried forward at December 31, 2021 amount to €185,222 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 €159,776 thousand and refer to Guala Closures S.p.A., Guala Closures Chile SpA, Guala Closures France SAS, Guala Closures North America Inc., Guala Closures UK Ltd. and Guala Closures UCP Ltd.
Based on the most recent estimates of future taxable income, the group recognised deferred tax assets on tax loss carryforwards of €17,791 thousand, corresponding to estimated future taxable income of €63,323 thousand, which is considered probable based on the group's tax planning.
Therefore, tax loss carryforwards not included in the calculation of deferred tax assets recognised in the group's statement of financial position at December 31, 2021 total €121,900 thousand, corresponding to potential deferred tax assets of €28,788 thousand (including €25,562 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.

In 2021, the Group refinanced both of RCF and the Notes.

Specifically, in connection with the Offers, on July 7, 2021, Guala Closures fully redeemed the outstanding aggregate principal amount of its €455 million floating rate senior secured notes due 2024 (the "**2024 Notes**"), including accrued interest thereon, using a portion of the proceeds from the issuance of €500 million in aggregate principal amount of 3¼% Senior Secured Notes due 2028 (the "**2028 Notes**") issued under an indenture dated July 7, 2021 among, *inter alios*, 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, Paragraph 3, of the Italian Civil Code (the "**2028 Notes Indenture**").

The 2028 Notes bear interest at a rate of 3.25% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2021, 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 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 to us, 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 used a portion of the proceeds of the 2028 Notes to repay amounts outstanding under the €80 million revolving credit facility agreement it entered into on July 20, 2018 (the "**2024 RCF**"). The 2024 RCF was cancelled and replaced by new €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 is available in an amount up to €80.0 million, with 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) + 2.5%, which, in each case, will be subject to a decreasing leverage-based margin ratchet as set out in the 2028 RCF. The 2028 RCF will expire January 7, 2028.

A non-recurring financial expense of €7.7 million due to unamortised transaction costs was recognised in June and July 2021 following the issue of the notice of redemption for the 2024 Notes and the 2024 RCF.

Estimated transaction costs for the refinancing described above amounted to around €17 million.

Financial liabilities at December 31, 2020 and 2021 are shown below:

(€'000)	December 31, 2020	December 31, 2021
Current financial liabilities		
Bonds	3,406	722
Bank loans and borrowings	6,497	5,443
Other financial liabilities	9,611	3,643
	19,515	***9,808***
Non-current financial liabilities		
Bonds	446,454	485,123
Bank loans and borrowings	20,258	768
Other financial liabilities	42,398	46,916
	509,109	***532,807***
Total	**528,624**	**542,615**

The interest rates and maturity dates of the financial liabilities at December 31, 2020 and 2021 are shown below:

				Nominal Amount				
					Current	Non-current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 2020	Within one year	Between one and five years	More than five years	Total non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	Euribor 3M + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2021	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(8,546)	-	(8,546)	-	(8,546)
TOTAL FRSSN 2024 bonds - Guala Closures S.p.A.				**449,860**	**3,406**	**446,454**	**-**	**446,454**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	Euribor/Libor GBP 3M+2.5%	2024	19,235	-	19,235	-	19,235
Transaction costs	€	n.a.	2024	(453)	-	(453)	-	(453)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**18,782**	**-**	**18,782**	**-**	**18,782**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2021	67	67	-	-	-
Yes Bank loan and facilities (India)	INR	8.95%	2021	469	469	-	-	-
Handlowy S.A. / Millennium S.A. facilities (Poland)	PLN	Wibor 1M (*)	n.a.	4,064	4,064	-	-	-
Banco Chile loan (Chile)	CLP	3.48%	2023	328	144	183	-	183
Santander loan and facilities (Brazil)	BRL	n.a.	2021	18	16	2	-	2
Advances on receivables (Argentina)	ARS	n.a.	n.a.	(0)	-	(0)	-	(0)
Bancomer loans (Mexico)	USD	n.a.	2023	3,027	1,736	1,290	-	1,290
TOTAL bank loans and borrowings				**26,755**	**6,497**	**20,258**	**-**	**20,258**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	5,965	5,965	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	17,011	3,645	13,366	-	13,366
Non-controlling investors' put options	€	n.a.	n.a.	29,032	-	-	29,032	29,032
Other liabilities	€	n.a.	n.a.	1	1	-	-	-
TOTAL other financial liabilities				**52,009**	**9,611**	**13,366**	**29,032**	**42,398**
TOTAL				**528,624**	**19,515**	**480,077**	**29,032**	**509,109**

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

(€'000)	Currency	Nominal interest rate	Year of maturity	Nominal amount				
					Current	Non- current		
				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.	2021	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.	2021	130	130	-	-	-
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.	2021	2	2	(0)	-	(0)
Bancomer loans (Mexico)	USD	n.a.	2023	2,958	1,236	1,722	-	1,722
TOTAL bank loans and borrowings				**6,211**	**5,443**	**1,735**	**(966)**	**768**
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
Non-controlling investors' put options	€	n.a.	n.a.	34,419	-	-	34,419	34,419
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"

Other financial liabilities include the market warrants, which have a fair value of €4 thousand and €5,965 thousand at December 31, 2021 and December 31, 2020 respectively. The fair value gain for the period was recognised as a financial income in profit or loss (€5,961 thousand). This gain is attributable to the decrease in the market price of the market warrants, which went from €0.31 at December 31, 2020 to €0.0002 at July 7, 2021, when these instruments were delisted from the Italian Stock Exchange, together with the ordinary company's shares.

On June 14, 2021, SPSI completed the Offers, consisting, among the other, of the Voluntary Offer in respect of the Issuer's market warrants listed on the Italian Stock Exchange (Mercato Telematico Azioniario) (net of the market warrants already held by SPSI) for a consideration of €0.30 per market warrant, pursuant to article 102 of the Consolidated Finance Act. As a result, as of June 14, 2021, SPSI held a total of 16.809.156 market warrants, representing 86.8% of the Issuer's total market warrants. Following completion of the sell-out, Guala's market warrants were delisted from the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A. and market warrants will no longer be exercisable by their respective holders, except in case of re-listing of the Issuer's ordinary shares on the Italian Stock Exchange within 2023.

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, 2021 is shown in the table below:

Facility	Available amount (€'000)	Amount used at December 31, 2021	Residual available amount at December 31, 2021	Repayment date
Revolving Credit Facility due 2028	80,000	-	80,000	final repayment 07/01/2028
Total	**80,000**	**-**	**80,000**	

(28) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Suppliers	68,278	99,937
Payments on account	557	776
Total	**68,835**	**100,714**

At December 31, 2021, trade payables may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Other	Total
Trade payables	58,212	9,610	8,934	23,958	**100,714**

Other currencies include trade payables in the following local currencies:

(€'000)	December 31, 2021
Indian rupee	5,130
Polish zloty	4,462
Ukrainian hryvnia	3,565
Australian dollar	3,428
Mexican peso	1,822
Argentinian peso	1,012
Chinese renminbi	730
Kenyan shilling	719
Brazilian real	704
Bulgarian lev	697
New Zealand dollar	507
Other	1,182
Total	**23,958**

(29) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2020	December 31, 2021
Provision for company reorganisations	686	1,027
Provision for returns	896	1,151
Provision for contingencies	701	346
Other provisions	16	70
Total current provisions	**2,298**	**2,594**

The provision for company reorganisations includes:

- €270 thousand for the reorganisation of the company in Luxembourg.
- €285 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.
- €193 thousand for Guala Closures Deutschland and, specifically, the early retirement of administrative staff.

The provision for returns reflects the calculation for customer claims received based on the negotiations in place at the reporting date.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2021
Opening balance	2,298
Exchange losses	(13)
Accruals	2,198
Utilisations	(1,890)
Closing balance	**2,594**

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

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2020	December 31, 2021
Provision for legal disputes	85	77
Provision for agents' termination indemnity	156	146
Total non-current provisions	**241**	**223**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2021
Opening balance	241
Exchange losses	(1)
Accruals	42
Utilisations	(59)
Closing non-current provisions	**223**

(30) Other current liabilities

This caption may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Amounts due to employees	11,004	12,930
Social security charges payable	3,429	3,459
Liabilities for investments	4,286	3,196
Liabilities for dividends	822	-
Liabilities for transaction costs on 2028 Bonds	-	486
Other liabilities	9,725	12,867
Total	**29,267**	**32,939**

(31) Employee benefits

These may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Post-employment benefits - Guala Closures S.p.A.	3,567	3,504
Other	6,064	5,409
Total	**9,631**	**8,913**

Changes in Employee benefits are as follows:

(€'000)	December 31, 2020	December 31, 2021
Balance at January 1	6,599	9,631
Business combination	2,155	-
Exchange gains/(losses)	(134)	55
Change recognised in profit or loss - personnel expense	1,832	1,859
Change recognised in profit or loss - other (income)/expense	207	(606)
Change recognised in OCI	561	(351)
Benefits paid	(1,589)	(1,675)
December 31	**9,631**	**8,913**

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

(€'000)	December 31, 2020	December 31, 2021
January 1	3,754	3,567
Interest	12	4
Change recognised in OCI	32	99
Benefits paid	(231)	(166)
December 31	**3,567**	**3,504**

Actuarial parameter baseline:

	December 31, 2020	December 31, 2021
Average inflation rate	0.80% p.a.	1.75% p.a.
Discount rate	(0.02%) p.a.	0.44% p.a.
Annual rate of increase in post-employment benefits	2.10% p.a.	2.81% p.a.

For valuations at December 31, 2021, an annual fixed discount rate of 0.44% was used based on the value of Iboxx indexes AA corporate duration 7- 10 observed at December 31, 2021, as per the requirements of IAS 19.

The group expects to pay around €0.4 million of benefits to its defined benefit plan in 2022.

Sensitivity analysis:

Reasonably possible changes at the reporting date, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2021 by the amounts shown below:

	Defined benefit obligation	
(€'000)	Increase	Decrease
Turnover rate (1% variation)	(24)	26
Average inflation rate (0.25% variation)	38	(37)
Discount rate (0.25% variation)	(60)	62

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 caption "other" (€5.4 million as at December 31, 2021) includes the defined benefit plan of Guala Closures Deutschland for an amount of €2.6 million and other plans for various group companies.

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, 2020	December 31, 2021
January 1	2,956	3,353
Interest	133	136
Past service cost/Settlements		(506)
Change recognised in OCI	264	(326)
Benefits paid		(16)
December 31	**3,353**	**2,640**

Actuarial parameter baseline:

	December 31, 2020	December 31, 2021
Discount rate at period-end	0.60%	1.00%
Future salary increases	2.25%	2.25%
Future pension increases ('Average' rate)	1.80%	1.50%

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, 2021 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, 2021 (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.
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:

(€'000)	December 31, 2020	December 31, 2021
Present value of the obligations	(74,018)	(70,204)
Fair value of plan assets	89,916	91,906
Total	**15,898**	**21,702**

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, 2020**	**December 31, 2021**
January 1	16,843	15,898
Net exchange gains/(losses)	(903)	1,219
Service cost	(31)	(38)
Interest on defined benefit obligation	(1,336)	(947)
Interest on plan assets	1,658	1,155
Administration expenses	(198)	(326)
Net actuarial gains	(135)	4,741
December 31	**15,898**	**21,702**

Changes in the present value of the obligations:

(€'000)	**December 31, 2020**	**December 31, 2021**
January 1	(71,569)	(74,018)
Exchange gains/(losses)	3,945	(5,046)
Interest on plan assets	(31)	(38)
Administration expenses	(1,336)	(947)
Contribution by plan participants	(3)	(5)
Benefits paid	3,309	3,374
Actuarial losses	(8,332)	6,476
December 31	**(74,018)**	**(70,204)**

Changes in the fair value of plan assets:

(€'000)	**December 31, 2020**	**December 31, 2021**
January 1	88,412	89,916
Exchange gains/(losses)	(4,848)	6,266
Interest on plan assets	1,658	1,155
Administration expenses	(198)	(326)
Contribution by plan participants	3	5
Benefits paid	(3,309)	(3,374)
Actuarial losses	8,198	(1,735)
December 31	**89,916**	**91,906**

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

	December 31, 2020	**December 31, 2021**
Equities	10%	10%
Bonds	37%	35%
Gilts	53%	54%
Cash	0%	1%

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

Actuarial parameter baseline:

	December 31, 2020	December 31, 2021
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.05% p.a.	3.05% p.a.
Average inflation rate	2.95% p.a.	3.45% p.a.
Discount rate	1.25% p.a.	1.90% p.a.

The group does not expect to pay any further contributions in 2022 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, 2021 by the amounts shown below:

(€'000)	Impact on present value of the obligations	Impact on fair value of plan assets
Life expectancy (+1 year)	(2,790)	-
Average inflation rate (-0.1% p.a.)	(225)	-
Discount rate (+0.1% p.a.)	963	-

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, 2020 was €68,907 thousand, divided into 67,184,904 shares, of which 62,049,966 class A ordinary shares, 4,322,438 special class B shares with multiple votes (class B special shares entitle the holders to three votes per share and upon any transfer of the class B special shares to a third-party, the class B special shares voting rights will be reduced from three votes per share to one vote per share) and 812,500 class C special shares without voting rights but convertible into ordinary shares at a conversion ratio of 4.5 ordinary shares for each C share.

The paid-up and subscribed share capital of Guala Closures S.p.A. at December 31, 2021 remained unchanged compared to December 31, 2020. However there is a change in the share composition based on the following events:

- On March 29, 2021 all the 812,500 class C shares, which do not have voting rights, were converted into 3,656,250 ordinary shares at a ratio of one class C share to 4.5 ordinary shares. Following the application date, the class C shares were removed from the MXT platform and replaced by the related ordinary shares.
- On June 1, 2021 all the 4,322,438 class B multiple-vote shares were converted into 4,322,438 ordinary shares at a ratio of one class B share to one ordinary share. Following the application date, the class B shares were removed from the MXT platform and replaced by the related ordinary shares.

As a result of these conversions, the parent's subscribed and paid-in share capital of €68,907 thousand consists of 70,028,654 ordinary shares.

In addition to the shares, there were 19,367,393 market warrants, n. 2,500,000 sponsor warrants and 1,000,000 management warrants.

For market warrants, make reference to section 27) Current and non-current financial liabilities.

The sponsor warrants were previously attached to the special shares. Each sponsor warrant gives its holder the right to subscribe an exchange share if the share's official price is equal to or higher than Euro 13 for at least one day in the exercise period, which is the period between the first trading date after the relevant transaction's effective date and the tenth anniversary of this date (August 2028).
Sponsor warrants will no longer be exercisable by their respective holders, except in case of re-listing of the Issuer's ordinary shares on the Italian Stock Exchange and irrevocably become ineffective after the exercise period.

Management warrants have been waived by GCL Holdings S.à r.l. on September 8, 2021 and have been consequently cancelled by the Company.

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) Key events of the period 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, 2020	non-controlling interests (%) at December 31, 2021	Balance at December 31, 2020	Balance at December 31, 2021
Guala Closures Technologia Ukraine LLC	30.0%	30.0%	13,441	14,798
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,044	3,385
Guala Closures de Colombia Ltda	6.8%	6.8%	628	536
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,895	2,549
Guala Closures DGS Poland S.A.	30.0%	30.0%	17,948	20,433
Guala Closures BY LLC	30.0%	30.0%	186	284
Total			**38,143**	**41,985**

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.

December 31, 2021

(€'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	49,842	31,876	6,810	60,980		
Current assets	46,319	34,718	5,227	28,886		
Non-current liabilities	(6,418)	(3,148)	(1,273)	(8,774)		
Current liabilities	(21,634)	(14,120)	(2,265)	(13,395)		
Equity	**68,109**	**49,327**	**8,498**	**67,697**		
Equity attributable to non-controlling interests	**20,433**	**14,798**	**2,549**	**3,385**	821	**41,985**
Total revenue (third parties + related parties)	**112,635**	**64,424**	**12,026**	**72,322**		
Profit for the year	17,593	8,282	1,114	9,836		
Other comprehensive income/(expense)	(309)	5,977	-	4,275		
Comprehensive income/(expense)	**17,284**	**14,259**	**1,114**	**14,110**		
Profit (loss) allocated to non-controlling interests	5,278	2,485	334	492	188	**8,776**
OCI allocated to non-controlling interests	(93)	1,793	-	214	(42)	**1,872**
Comprehensive income (expense) allocated to non-controlling interests	**5,185**	**4,278**	**334**	**706**	**146**	**10,648**
Cash flows from operating activities	19,070	10,249	1,212	12,101		
Cash flows used in investing activities	(6,320)	(2,488)	(955)	(4,609)		
Cash flows used in financing activities (including dividends to NCI)	(11,876)	(9,565)	(2,335)	(7,038)		
Net increase (decrease) in cash and cash equivalents	**875**	**(1,804)**	**(2,079)**	**454**		
Dividends to non-controlling interests	3,421	2,810	680	348	119	**7,378**

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, 2020 and December 31, 2021. 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, 2020		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			634			**634**		634		**634**
		-	**634**	-	-	**634**	-	**634**	-	**634**
Financial assets not measured at fair value (*)										
Trade receivables	20			92,620		**92,620**				**-**
Financial assets				532		**532**				**-**
Investments in associates	22			1,028		**1,028**		-		**-**
Cash and cash equivalents	19			63,882		**63,882**				**-**
		-	-	**158,062**	-	**158,062**	-	-	-	**-**
Financial liabilities measured at fair value										
Market warrants	27	(5,965)				**(5,965)**	(5,965)			**(5,965)**
Non-controlling investors' put options	27	(29,032)				**(29,032)**		-	(29,032)	**(29,032)**
		(34,997)	-	-	-	**(34,997)**	**(5,965)**	-	**(29,032)**	**(34,997)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	27				(4,534)	**(4,534)**		(4,534)		**(4,534)**
Secured bank loans	27				(21,876)	**(21,876)**		(22,001)		**(22,001)**
Unsecured bank loans	27				(345)	**(345)**		(345)		**(345)**
Secured bond issues	27				(449,860)	**(449,860)**		(469,328)		**(469,328)**
Lease liabilities (IFRS 16)	27				(17,011)	**(17,011)**		-		**-**
Trade payables	28				(68,835)	**(68,835)**		-		**-**
Other financial liabilities	27				(1)	**(1)**		-		**-**
		-	-	-	**(562,462)**	**(562,462)**	-	**(496,208)**	-	**(496,208)**

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	20			119,532		**119,532**				**-**
Financial assets				559		**559**				**-**
Investments in associates	22			2,536		**2,536**		-		**-**
Cash and cash equivalents	19			80,032		**80,032**				**-**
		-	-	**202,659**	-	**202,659**	-	-	-	**-**
Financial liabilities measured at fair value										
Market warrants	27	(4)				**(4)**			(4)	**(4)**
Aluminium derivatives used for trading			(58)			**(58)**		(58)		**(58)**
Non-controlling investors' put options	27	(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	27				(3,921)	**(3,921)**		(3,921)		**(3,921)**
Secured bank loans	27				(2,122)	**(2,122)**		(3,088)		**(3,088)**
Unsecured bank loans	27				(168)	**(168)**		(168)		**(168)**
Secured bond issues	27				(485,845)	**(485,845)**		(499,745)		**(499,745)**
Lease liabilities (IFRS 16)	27				(16,136)	**(16,136)**				**-**
Trade payables	28				(100,714)	**(100,714)**				**-**
		-	-	-	**(608,906)**	**(608,906)**	-	**(506,923)**	-	**(506,923)**

(*) 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 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 applicabile.

Even though secured bond issues are quoted on the OTC market like the Euro-MTF in Luxembourg, no relevant transactions were recorded during the period 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 are not included as their carrying amount is a reasonable approximation of fair value.

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 period 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 exercizable by their respective holders, except in 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 done 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 (€62 million); • inflation data about Ukraine, Bulgaria, Poland and the USA, used to calculate risk-free rates (1.8%-2.2%); • 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, 2020 and 2021 are shown below:

(€'000)	
December 31, 2020	29,032
Included in "financial expense" Net fair value loss (unrealised)	5,387
Market warrant reclassification from Level 1 to Level 3	4
Balance at December 31, 2021	**34,423**

Sensitivity analysis

Reasonably possible changes at December 31, 2021 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%	3,865
	(1%)	(5,014)
Growth rate	1%	(1,571)
	(1%)	943
Expected date of put option exercise	+ 1 anno	2,252
	- 1 anno	(2,475)

(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, 2020 and 2021, trade receivables may be analysed by geographical segment as follows:

(€'000)	December 31, 2020	December 31, 2021
Europe	50,032	56,467
Asia	12,548	17,563
Latin America	15,534	26,287
Oceania	3,980	3,409
Rest of the world	10,526	15,806
	92,620	**119,532**

At December 31, 2021, trade receivables may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2021	Impairment losses December 31, 2021	Net amount December 31, 2021
Not past due	97,337	(84)	97,253
0-30 days past due	13,296	(68)	13,229
31-90 days past due	6,872	(44)	6,828
More than 90 days past due	4,225	(2,003)	2,222
Total	**121,731**	**(2,199)**	**119,532**

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, 2021, trade receivables may be analysed by original currency as follows:

(€'000)	EUR	USD	INR	GBP	Other	Total
Trade receivables	42,219	23,019	15,030	6,545	32,717	**119,532**

Other currencies include trade receivables in the following local currencies:

(€'000)	December 31, 2021
Ukrainian hryvnia	5,491
Polish zloty	5,413
Mexican peso	5,164
Argentinian peso	3,069
South Africa rand	2,365
Australian dollar	1,996
Chilean peso	1,933
Brazilian real	1,854
Kenyan shilling	1,677
New Zealand dollar	1,294
Colombian peso	1,200
Chinese renminbi	780
Other	482
Total	**32,717**

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

(€'000)	December 31, 2021
- Four or more years' trading history with the group	82,265
- From one to four years' trading history with the group	11,177
- Less than one year' trading history with the group	8,049
- Residual (not classified)	18,041
Total	**119,532**

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	34,419	-	-	(62,077)	(62,077)
Bank overdrafts	3,921	(3,921)	-	-	(3,921)
Secured bank loans	2,122	(1,916)	(4,442)	(992)	(7,349)
Unsecured bank loans	168	(155)	(13)	-	(168)
Secured bond issues	485,845	(16,476)	(65,903)	(524,027)	(606,406)
Market warrants	4	(4)	-	-	(4)
Finance lease liabilities	16,136	(3,639)	(10,276)	(2,221)	(16,136)
Trade payables	100,714	(100,714)	-	-	(100,714)
Total	**643,329**	**(126,825)**	**(80,634)**	**(589,316)**	**(796,775)**
Derivative financial assets					
Trading aluminium derivatives	(68)	-	-	-	-
Total	**(68)**	**-**	**-**	**-**	**-**

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 2021	Total 12/31/21	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.	722	722	-	-	-	-
Transaction costs	n.a.	(14,877)	(14,877)	-	-	-	-
TOTAL SSN 2028 bonds - Guala Closures S.p.A.		**485,845**	**485,845**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Senior Revolving Credit Facility - Guala Closures S.p.A.	2.50%	-	-	-	-	-	-
Transaction costs	n.a.	(966)	(966)	-	-	-	-
Total Senior Revolving Credit Facility - Guala Closures S.p.A.		**(966)**	**(966)**	**-**	**-**	**-**	**-**
Other accrued expenses - Guala Closures S.p.A.	n.a.	130	130	-	-	-	-
Millennium S.A. facilities (Poland)	0.70%	3,921	3,921	-	-	-	-
Banco Chile loan (Chile)	3.48%	166	166	-	-	-	-
Santander loan (Brazil)	n.a.	2	2	-	-	-	-
Bancomer loans (Mexico)	n.a.	2,958	2,958	-	-	-	-
TOTAL bank loans and borrowings		**6,211**	**6,211**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Market warrants	n.a.	4	4	-	-	-	-
Leases (IFRS 16)	n.a.	16,136	16,136	-	-	-	-
Non-controlling investors' put options	n.a.	34,419	34,419	-	-	-	-
TOTAL other financial liabilities		**50,559**	**50,559**	**-**	**-**	**-**	**-**
TOTAL		**542,615**	**542,615**	**-**	**-**	**-**	**-**

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 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, 2021 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**	
2021	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
USD (10% change)	1,682	1,682	(1,377)	(1,377)
GBP (10% change)	846	846	(692)	(692)
AUD (10% change)	(139)	(139)	114	114
INR (10% change)	1,773	1,773	(1,451)	(1,451)
UAH (10% change)	345	345	(282)	(282)
PLN (10% change)	(70)	(70)	57	57

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, 2021 Positive/(negative) fair value (€'000)
February 2022	200	2,675	23
March 2022	200	2,675	23
April 2022	100	2,875	(6)
April 2022	150	2,650	21
May 2022	100	2,875	(6)
May 2022	150	2,650	21
June 2022	150	2,950	(19)
June 2022	100	2,875	(6)
June 2022	150	2,800	0
July 2022	150	2,950	(20)
July 2022	150	2,800	0
July 2022	250	2,650	33
August 2022	150	2,950	(20)
August 2022	150	2,975	(24)
August 2022	150	2,800	(0)
August 2022	200	2,640	28
August 2022	250	2,650	32
September 2022	150	2,990	(26)
September 2022	150	2,800	(1)
September 2022	150	2,650	19
October 2022	150	2,990	(27)
October 2022	200	2,900	(20)
October 2022	150	2,975	(25)
October 2022	100	2,750	3
October 2022	200	2,635	27
November 2022	150	2,990	(28)
November 2022	200	2,900	(22)
November 2022	100	2,828	(4)
November 2022	100	2,750	2
December 2022	200	2,900	(23)
December 2022	100	2,828	(5)
December 2022	100	2,750	2
December 2022	100	2,549	20
January 2023	150	2,975	(29)
Total Forward	**5,200**		**(58)**

Expiry date	Option	Hedged amount (tons)	Strike Costs (US$/ton)	December 31, 2021 Positive/(negative) fair value (€'000)
February 2022	CALL	100	15,000	4
February 2022	CALL	100	16,100	5
March 2022	CALL	100	15,000	7
March 2022	CALL	100	16,100	7
April 2022	CALL	100	15,000	11
April 2022	CALL	100	16,100	8
May 2022	CALL	100	15,000	11
May 2022	CALL	100	16,100	11
February 2022	PUT	200	(15,000)	12
February 2022	PUT	200	(16,100)	13
March 2022	PUT	200	(15,000)	8
March 2022	PUT	200	(16,100)	11
April 2022	PUT	200	(15,000)	6
April 2022	PUT	200	(16,100)	6
May 2022	PUT	200	(15,000)	4
May 2022	PUT	200	(16,100)	3
Total CALL/PUT				**127**

(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 to secure Guala Closures' €500 million 3¼% Senior Secured Notes due in 2028 issued on July 7, 2021 (the "2028 Notes") and its new €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.

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 "Guarantors").

In addition, on December 17, 2021, Guala Closures' obligations and the guarantee obligations of each other 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..

The other commitments of the group companies at December 31, 2021 are as follows:

(€'000)	December 31, 2021
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:

(€'000)	Costs recognised in the period							Accrual for post-employment benefits at December 31, 2021	Other liabilities at December 31, 2021	Cash flows for the period
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other remunerations	Total			
Total key management personnel	1,019	2,054	1,748	19	332	1,054	**6,226**	1	2,212	7,247

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..

An advisory service agreement contract with Investindustrial (owner of Special Packaging Solutions Investments S.à r.l.) has been signed for €70 thousand in respect of the refinancing.

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).

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

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 INR 400 million (€4.6 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 Chile

In the month of October, the Chilean subsidiary had to stop its production activities, in order to undergo the procedure to get a new license. Following to some changes in the facility, the company has undertaken the relevant authorization process.
Having fulfilled the relevant intermediary requirements, the competent authority (Direcciones de Obras Municipales) positively carried of the final inspection.
The company is currently operating on the basis of a temporary authorization, while the definitive one is expected in the month of June.

Guala Closures UK Ltd

The lease agreements concerning the premises where Guala Closures UK Limited operates will expire on June 2022 and has not been renewed yet. The Landlord served to Guala Closures UK Limited a notice to quit, requiring to remove from the premises on or before June 19, 2022.
In spite of such notice, the negotiations with the landlord to renew the lease are ongoing.

Beijing Guala Closures

The lease agreement concerning the premises where Beijing Guala Closures Ltd operates will expiring in February 2022.
Before such date the company obtained an agreement with the landlord to extend the lease agreement for at least one more year (i.e. expiring on February 2023).

(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	**125**	**125**	**62**	**122**

(€'000)	*Provider*	*Beneficiary*	*2021 fees*
Audit fees	KPMG S.p.A.	Parent	329
	KPMG (*)	Foreign subsidiaries	1,091
	Other independent auditors	Foreign subsidiaries	48
			1,468
Other services provided			
Limited assurance engagement on the Sustainability report	KPMG S.p.A.	Parent	50
			50
Total			**1,518**

(39) Events after the reporting period

Russia – Ukraine conflict

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 (Northeast of Ukraine, 50 km from the Russian border). All the employees were evacuated and are safe and in line with our social responsibility commitment, the safety of our employees remains our priority. No damage is suffered in relation to the asset of the company.

The group immediately reacted supporting the humanitarian efforts in Ukraine through donations to Red Cross, the organization of humanitarian transports of food, medicine and other essential supplies and the hosting of some families of GC Ukraine employees.

On business perspectives GC Ukraine realized in 2021 revenues for an amount of approximately €65 million and an EBITDA of approximately €17 million with a net asset of €49 million. About half of the annual turnover of the company is realized with 3rd parties of which 50% with customers located in Ukraine and Russia.

Intragroup sales are mainly realized with GC S.p.A., GC North America and GC Belarus with sales of aluminium shells and components.

At December 31, 2021 GC Ukraine had €1.6 million of trade receivables towards Russian customers and €5.6 million towards Ukrainian customers, of which respectively €1.2 million and €2.4 million collected as of the date of this report.

We continue to monitor the situation as it evolves and are implementing contingency plans to mitigate the potential impact on our customers and our group. In particular we started immediately to relocate the productions for international customers in other group plants also considering extraordinary 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 that we are confident to recover in the next months.

Starting from the end of March and now in April the production in Ukraine has started again and increasing with less employees involved due to the evolution of the conflict out of Sumy zone and, at the time of the approval of these consolidated financial statements, Sumy returned under the control of Sumy Regional State Administration and the business activities are restarting.

GC Ukraine have still 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.

GC Belarus revenues are mostly to Russia, selling closures produced from aluminium shells and components purchased from Ukraine. The company realized in 2021 revenues for an amount of approximately €12 million and an EBITDA of approximately €1 million with a net asset of €1 million.
GC Belarus is not operating since March as the lack of supply and the freeze to sales to Russia is generating a loss of orders.

The recent sanctions adopted by EU and USA against Russia are currently not impacting our business.

This event after the reporting period is considered a non-adjusting event for 2021 consolidated financial statements.

Guala Closures Japan KK

The company Guala Closures Japan KK has terminated its liquidation process and was dissolved at the end of March 2022.
Guala Closures Japan KK consisted merely in a representative office in Tokyo.
The former General Manager of Guala Closures Japan KK shall continue his activity of Asia Pacific Development Director and will be based in India.

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 and to seek a settlement with the active member of the UK pension scheme. The wind-up of the Pension Fund's scheme is expected in Q1 2023.

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

April 28, 2022

3. SEPARATE FINANCIAL STATEMENTS

Guala Closures S.p.A. December 31, 2021

Statement of profit or loss

(Euros)	2020 (*)	of which: Related parties	2021	of which: Related parties	Note
Net revenue	**137,106,470**	**70,086,696**	**153,595,830**	**78,157,838**	4
Change in inventories of finished goods and semi-finished products	1,226,569		(457,369)		
Other operating income	26,066,017	25,176,924	28,282,911	26,015,417	5
Work performed by the entity and capitalised	2,379,688		2,554,729		6
Costs for raw materials	(86,171,192)	(9,860,758)	(104,399,847)	(12,091,282)	7
Costs for services	(34,674,340)	(10,420,936)	(33,188,978)	(9,075,329)	8
Personnel expense	(28,926,804)		(30,591,219)		9
Other operating expenses	(2,154,818)		(1,958,664)		10
Impairment losses on trade receivables and contract assets	(375,000)		(120,000)		
Impairment losses	(10,414)		(908,422)		
Losses on sales of equity investments	(2,144,150)		-		13
Amortization and depreciation	(16,602,533)		(10,873,399)		26-27-28
Financial income	11,718,966	10,320,490	18,937,977	10,761,161	11
Financial expense	(24,574,819)	-	(28,309,578)	-	12
Income from equity investments	22,000,000	22,000,000	15,500,000	15,500,000	13
Profit before taxation	**4,863,642**	**107,302,496**	**8,063,971**	**109,267,805**	
Income taxes	6,281,878		1,665,950		15
Profit for the year	**11,145,520**	**107,302,496**	**9,729,921**	**109,267,805**	

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

The notes on pages 168 to 239 are an integral part of the separate financial statements.

Statement of profit or loss and other comprehensive income

(Euros)	2020	2021
Profit for the year	**11,145,520**	**9,729,921**
Items that will never be reclassified to profit or loss:		
Actuarial losses on defined benefit plans	(32,393)	(139,858)
Taxes on items that will not be reclassified to profit or loss	9,579	41,356
	(22,814)	(98,502)
Items that are or may be reclassified subsequently to profit or loss:		
Hedging reserve	694,901	126,250
Net change in fair value of cash flow hedges reclassified to profit or loss	(58,000)	(694,901)
Taxes on items that are or may be reclassified subsequently to profit or loss	(188,332)	168,150
Other	448,569	(400,501)
Other comprehensive income (expense) for the year, net of tax	**425,755**	**(499,003)**
Comprehensive income for the year	**11,571,275**	**9,230,918**

The notes on pages 168 to 239 are an integral part of the separate financial statements.

Statement of financial position

ASSETS

(Euros)	December 31, 2020	of which: Related parties	December 31, 2021	of which: Related parties	Note
ASSETS					
Current assets					
Cash and cash equivalents	19,537,850		26,248,492		16
Current financial assets	3,468,219	3,468,219	5,450,628	5,450,628	17
Trade receivables	35,657,880	23,373,040	52,763,218	36,945,228	18
Inventories	18,134,282		17,881,283		19
Current direct tax assets	142,560		192,893		20
Current indirect tax assets	1,614,700		1,217,387		21
Derivative assets	636,900		126,648		22
Other current assets	3,651,893	1,591,890	2,310,091	1,615,961	23
Assets classified as held for sale	2,042,221		-		24
Total current assets	**84,886,506**	**28,433,149**	**106,190,640**	**44,011,817**	
Non-current assets					
Non-current financial assets	257,516,720	257,480,240	273,171,261	273,070,926	17
Investments	658,029,750	657,885,150	658,029,752	657,885,146	25
Property, plant and equipment	54,402,910		51,997,069		26
Right-of-use assets	1,778,380		3,035,532		27
Intangible assets	153,054,886		150,283,792		28
Deferred tax assets	13,526,960		15,765,342		30
Other non-current assets	221,387		196,853		31
Total non-current assets	**1,138,530,993**	**915,365,390**	**1,152,479,601**	**930,956,072**	
TOTAL ASSETS	**1,223,417,499**		**1,258,670,241**		

The notes on pages 168 to 239 are an integral part of the separate financial statements.

Statement of financial position

LIABILITIES

(Euros)	**December 31, 2020**	of which: Related parties	**December 31, 2021**	of which: Related parties	**Note**
LIABILITIES AND EQUITY					
Current liabilities					
Current Loans and borrowings	9,932,758		1,445,649		32
Trade payables	25,535,860	2,234,890	40,521,263	1,723,491	33
Direct tax liabilities	33,000		-		34
Current indirect tax liabilities	935,607		767,030		35
Current provisions	1,357,401		1,295,549		36
Derivative liabilities	-		58,398		37
Other current liabilities	8,122,854	123,370	9,347,925	61,506	38
Total current liabilities	**45,917,479**	**2,358,260**	**53,435,814**	**1,784,997**	
Non-current liabilities					
Non-current loans and borrowing	466,563,997		486,590,953		32
Other non-current liabilities	408,539		-		39
Employee benefits	3,567,357		3,503,604		40
Deferred tax liabilities	40,204,224		39,170,270		30
Non-current provisions	224,001		206,781		36
Total non-current liabilities	**510,968,119**		**529,471,608**		
Total liabilities	**556,885,598**	**2,358,260**	**582,907,422**	**1,784,997**	
Equity					
Share capital	68,906,646		68,906,646		
Share premium reserve	423,836,890		423,836.890		
Legal reserve	1,266,355		1,823,631	,	
Other reserve	169,650,361		180,238,605		
Hedging reserve	448,569		48,068		
Losses carried forward	(8,722,440)		(8,820,942)		
Profit for the year	11,145,520		9,729,921		
Total equity	**666,531,901**		**675,762,819**		41
TOTAL LIABILITIES AND EQUITY	**1,223,417,499**	**2,358,260**	**1,258,670,241**	**1,784,997**	

The notes on pages 168 to 239 are an integral part of the separate financial statements.

Statement of cash flows

(Euros)	2020	2021	Note
Opening cash and cash equivalents	**14,463,494**	**19,537,850**	
A) Cash flows from operating activities			
Profit before taxation	4,863,642	8,063,971	
Adjustments for:			
Amortisation, depreciation and impairment losses	16,602,533	10,873,399	27-28-29
Income from equity investments	(22,000,000)	(15,500,000)	14
Losses on sales of equity investments	2,144,150	-	
Financial income	(11,718,966)	(18,937,977)	12-13
Financial expense	24,574,819	28,309,578	
Net gains on sale of non-current assets	(90,230)	(288,880)	27-29
Changes in:			
Receivables, payables and inventories	4,225,847	(1,866,872)	19-20-33
Other	(101,709)	1,187,664	
VAT and indirect tax assets/liabilities	(857,040)	228,730	22-36
Income taxes paid	(1,006,760)	(1,665,180)	21-35
Net cash flows from operating activities	**16,636,286**	**10,404,433**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(10,610,722)	(8,551,085)	27-29
Proceeds from sale of property, plant and equipment and intangible assets	2,336,762	1,687,662	27-29
Sale of the investment in GCL Pharma S.r.l.	7,283,880	2,000,000	4
Net cash flows used in investing activities	**(990,080)**	**(4,863,423)**	
C) Cash flow from financing activities			
Interest received	9,848,460	10,577,907	12-13
Interest paid	(17,733,053)	(19,844,586)	12-13
Transaction costs paid for the Bridge Facility Agreement, new bonds and the Senior Revolving facility	-	(16,414,175)	
Other financial items	(385,736)	226,182	
Dividends from GC International	22,000,000	15,500,000	14
Proceeds from new borrowings and bonds	22,896,050	502,130,800	31
Repayment of borrowings and bonds	(15,000,000)	(474,837,725)	31
Repayment of finance leases	(3,864,064)	(929,125)	31
Change in financial assets	(26,839,140)	(17,082,418)	18
Net cash flows used in financing activities	**(9,077,484)**	**(673,140)**	
D) Net cash flow for the year	**6,568,722**	**4,867,869**	
Effect of exchange fluctuations on cash held	(1,494,365)	1,842,774	
E) Closing cash and cash equivalents	**19,537,850**	**26,248,492**	

The notes on pages 168 to 239 are an integral part of the separate financial statements.

Statement of changes in equity

(Euros)	January 1, 2020	Allocations of 2019 profit	Profit for 2020	Other Comprehensive income	Comprehensive income for the year	December 31, 2020
Share capital	68,906,646				-	68,906,646
Share premium reserve	423,836,890				-	423,836,890
Legal reserve	642,596	623,759			623,759	1,266,355
Other reserve	157,798,947	11,851,414			11,851,414	169,650,361
Hedging reserve	-			448,569	448,569	448,569
Losses carried forward	(8,699,626)			(22,814)	(22,814)	(8,722,440)
Profit for the year	***12,475,173***	***(12,475,173)***	***11,145,520***		***(1,329,653)***	***11,145,520***
Total equity	***654,960,626***	***-***	***11,145,520***	***425,755***	***11,571,275***	***666,531,901***

(Euros)	January 1, 2021	Allocations of 2020 profit	Profit for 2021	Other Comprehensive income	Comprehensive income for the year	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***

The notes on pages 168 to 239 are an integral part of the separate financial statements.

Notes to the separate financial statements of Guala Closures S.p.A. at December 31, 2021



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. that prepared the consolidated financial statements at the higher level.

The financial statements were authorised for issue by the directors on 28 April 2022. The directors have the power to amend and reissue the financial statements.

On July 20, 2021, SPSI ended the squeeze-out procedure, purchasing all Guala Closures S.p.A. ordinary shares still outstanding on that date (1.12% of the company share capital) and becoming the sole shareholder of the company.

In light of the above, Borsa Italiana S.p.A. has ordered the withdrawal from listing of the ordinary shares and market warrants issued by Guala Closures with effect from July 20, 2021.

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), customized 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, 2021 are set out below.

- Interest rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): the amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or the hedging relationships arising from replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to: changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting. The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by the interest rate benchmark reform by updating the effective interest rate of the financial asset or liability.
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16): in May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to look into whether to extend the time period over which the practical expedient is available for use.

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, 2021 and that are available for early adoption in annual periods beginning on January 1, 2021:

- Reference to Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards (Cycle 2018–2020)
- 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 Insurance contracts
- 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.

3. Accounting policies

Guala Closures S.p.A.'s separate financial statements at December 31, 2021 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 group'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) estimated actuarial assumptions), taxes (note 20 estimated future taxable income), provisions (note 36), measurement of financial derivatives (notes 22 and 37 estimated interest rates) and market warrants (note 44 estimated fair value of market warrants).

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 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 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 (p) "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.

Leases in which the group is a lessee

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 group 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 ease 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

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 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.

Warrants with fixed conversion parameter
Some warrants (sponsor warrants and management warrants) have fixed and predetermined subscription prices and exercise ratios at the date of issue within predefined time windows. In these cases, the warrant regulation provides for the number of shares that will be issued and the price (if any) that the holder must pay to the company on the date of exercise of the warrants. These instruments are accounted for by the company as equity instruments.

Warrants with variable conversion parameter
Some warrants (market warrants) have a conversion ratio that varies over time and according to the variability of the market price of the underlying share and other parameters provided for in the relevant regulation. Despite the variability of the conversion ratio, the expiry date of the warrant is brought forward when certain thresholds of the price of the underlying share are achieved (thus representing a cap on its appreciation) with the right to settle the instrument through the delivery of shares or cash to the bearer of the rights or to the issuer. The company recognises these instruments as derivative financial liabilities.

(o) Impairment

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) 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. They are 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.

(s) 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.

(t) 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 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 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.

(u) 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 **€75,438 thousand** in 2021.

Net revenue may be analysed by geographical segment as follows:

(€'000)	2020	2021
Europe	55,245	63,376
Asia	2,644	2,674
Latin America	1,051	1,151
Rest of the world	8,079	8,236
Total	**67,020**	**75,438**

A breakdown by type of product is as follows:

(€'000)	2020	2021
Safety	24,364	33,133
Luxury	597	747
Roll on	37,734	37,277
Other revenues	4,325	4,281
Total	**67,020**	**75,438**

A breakdown by destination is as follows:

(€'000)	2020	2021
Spirits closures	37,405	44,683
Wine closures	4,789	6,391
Water	7,488	6,402
Non-alcoholic beverage	53	69
Olive oil & condiment closures	11,354	11,546
Closures for other markets	5,932	6,348
Total	**67,020**	**75,438**

Revenue for 2021, compared to 2020, reflects the recovery after the strong impact of Covid-19, mainly in the spirits market, while water and beverages markets continued to suffer for the reduced activity in the HORECA sector, declined mainly in the first half of the year. Furthermore, turnover reflects the strong actions of sales price recovery that have been put in place to cover the significant price increase for raw materials, experienced starting from March.

Net revenue from subsidiaries amounts to **€78,158 thousand** in 2021.
It accounts for **50.9%** of total net revenue.

(€'000)	2020	2021
Guala Closures UCP Ltd	9,552	15,836
Guala Closures Deutschland GmbH	10,472	14,113
Guala Closures Iberica, S.A.	11,781	10,857
Guala Closures Uk Ltd	12,492	10,239
Guala Closures Mexico, S.A. de C.V.	7,291	9,348
Guala Closures Australia Pty Ltd	2,973	3,172
Guala Closures New Zealand Ltd	2,350	2,907
Guala Closures Chile SpA	3,054	2,663
Guala Closures South Africa Pty Ltd	1,485	2,179
Guala Closures Argentina S.A.	2,282	2,177
Guala Closures Technologia Ukraine LLC	2,562	1,483
Guala Closures France SAS	1,321	1,122
Beijing Guala Closures Ltd.	1,252	532
Guala Closures DGS Poland S.A.	401	525
Guala Closures North America, Inc.	285	472
Guala Closures Bulgaria A.D.	50	166
Guala Closures do Brasil Ltda.	137	100
Guala Closures India Pvt Ltd.	67	95
Guala Closures East Africa Ltd	2	79
Guala Closures Turkey A.S.	-	46
Guala Closures Colombia Ltda	3	44
GCL International Sarl	3	2
GCL Pharma	271	-
Total	**70,087**	**78,158**

Net revenue from related parties may be analysed by geographical segment as follows:

(€'000)	2020	2021
Europe	48,906	54,389
Latin America	12,767	14,333
Oceania	5,323	6,078
Asia	1,319	627
Rest of the world	1,771	2,730
Total	**70,087**	**78,158**

(5) Other operating income

Other operating income - third parties include:

(€'000)	2020 (*)	2021
Other revenue	48	1,278
Customer contributions	663	792
Ordinary prior year items	107	86
Cost recoveries	45	49
Gains	19	59
Rewards from suppliers	-	3
Royalty income	7	-
Total	**889**	**2,267**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

In 2021, **"Other revenue"** amounts to **€1,278 thousand** and mainly refers to insurance reimbursement for storm damage.

Other operating income from subsidiaries amounts to **€26,015 thousand** in 2021 and accounts for **91.98%** 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)	2020	2021
Guala Closures UK Ltd	1,688	1,726
Guala Closures Mexico SA de CV	1,403	1,340
Guala Closures DGS Poland S.A.	1,867	1,294
Guala Closures North America Inc.	474	1,191
Guala Closures (India) Pty Ltd	2,105	1,186
Guala Closures Deutschland GmbH	-	792
Guala Closures UCP Ltd	1,523	777
Guala Closures Technologia Ukraine LLC	869	714
Guala Closures Iberica S.A.	1,183	674
Guala Closures Australia Holdings Pty Ltd	840	505
Guala Closures Argentina S.A.	383	482
Guala Closures New Zealand Ltd	306	357
Guala Closures France SAS	402	342
Guala Closures Chile SpA	277	309
Guala Closures South Africa Pty Ltd	443	296
Guala Closures do Brazil Ltda	349	217
Guala Closures East Africa Ltd	90	205
Guala Closures de Colombia Ltda	322	139
GCL International S.à r.l.	149	133
Beijing Guala Closures Ltd	212	110
Guala Closures Bulgaria AD	136	101
GCL Pharma S.r.l.	66	-
Total	**15,086**	**12,889**

b) recharging of **personnel expense**

(€'000)	2020	2021
Guala Closures North America Inc.	-	253
Beijing Guala Closures Ltd	154	159
Guala Closures Turkey A.S.	54	65
Guala Closures (India) Pvt Ltd	48	49
Guala Closures Mexico SA de CV	15	22
Guala Closures East Africa Ltd	72	9
Guala Closures South Africa Pty Ltd	-	2
Guala Closures Deutschland GmbH	114	-
Total	**458**	**561**

c) recharging of **transport costs**

(€'000)	2020	2021
Guala Closures Mexico SA de CV	269	614
Guala Closures Deutschland GmbH	155	268
Guala Closures Argentina S.A.	97	129
Guala Closures Australia Holdings Pty Ltd	8	96
Guala Closures New Zealand Ltd	6	81
Guala Closures UCP Ltd	287	78
Guala Closures South Africa Pty Ltd	19	60
Guala Closures Chile SpA	63	55
Guala Closures North America Inc.	3	17
Guala Closures France SAS	18	8
Guala Closures de Colombia Ltda	-	4
Beijing Guala Closures Ltd	10	2
Guala Closures do Brazil Ltda	-	2
Guala Closures UK Ltd	5	-
Guala Closures Iberica S.A.	1	-
Total	**942**	**1,413**

d) **gains on the sale of assets**

(€'000)	2020	2021
Guala Closures East Africa Ltd	-	130
Guala Closures Technologia Ukraine LLC	21	43
Guala Closures Iberica S.A.	6	18
Guala Closures Mexico SA de CV	-	17
Guala Closures DGS Poland S.A.	-	16
Guala Closures India Ltd	-	4
Beijing Guala Closures Ltd	-	1
Guala Closures UK Ltd	43	-
Total	**70**	**230**

e) **royalties**

(€'000)	2020	2021
Guala Closures (India) Pty Ltd	1,054	1,281
Guala Closures Mexico SA de CV	961	1,266
Guala Closures DGS Poland S.A.	975	1,138
Guala Closures UCP Ltd	656	836
Guala Closures Deutschland GmbH	-	652
Guala Closures Iberica S.A.	620	623
Guala Closures UK Ltd	440	629
Guala Closures Technologia Ukraine LLC	524	552
Guala Closures Australia Holdings Pty Ltd	526	469
Guala Closures Argentina S.A.	259	344
Guala Closures New Zealand Ltd	283	281
Guala Closures South Africa Pty Ltd	238	247
Guala Closures Chile SpA	127	144
Guala Closures East Africa Ltd	120	139
Guala Closures do Brazil Ltda	82	107
Guala Closures de Colombia Ltda	148	99
Guala Closures Bulgaria AD	-	93
Beijing Guala Closures Ltd	63	91
Guala Closures North America Inc.	60	66
Guala Closures France SAS	28	29
Total	**7,164**	**9,086**

f) **Commissions and other income**

(€'000)	2020	2021
Guala Closures Iberica S.A.	469	384
GCL International S.à r.l.	4	264
Guala Closures Mexico SA de CV	11	153
Guala Closures UK Ltd	99	97
Guala Closures UCP Ltd	13	61
Guala Closures France SAS	29	38
Guala Closures Deutschland GmbH	12	31
Guala Closures North America Inc.	26	23
Guala Closures Turkey A.S.	17	23
Guala Closures Bulgaria AD	8	9
Guala Closures Chile SpA	8	7
Guala Closures Australia Holdings	-	6
Guala Closures South Africa Pty Ltd	-	3
Beijing Guala Closures Ltd	6	2
Guala Closures New Zealand Ltd	3	1
Guala Closures Argentina S.A.	1	1
Guala Closures East Africa Ltd	1	1
Guala Closures (India) Pty Ltd	19	-
GCL Pharma S.r.l.	7	-
Guala Closures Japan KK	1	-
Total	**733**	**1,107**

g) recharging of **insurance costs**

(€'000)	2020	2021
Guala Closures Iberica S.A.	97	126
Guala Closures UK Ltd	151	99
Guala Closures North America Inc.	27	66
Guala Closures Mexico SA de CV	31	63
Guala Closures DGS Poland S.A.	58	62
Guala Closures Deutschland GmbH	4	62
Guala Closures (India) Pty Ltd	59	60
Guala Closures Australia Holdings Pty Ltd	25	26
Guala Closures Argentina S.A.	16	19
Guala Closures South Africa Pty Ltd	11	13
Guala Closures France SAS	10	13
Guala Closures de Colombia Ltda	10	12
Beijing Guala Closures Ltd	9	11
Guala Closures do Brazil Ltda	8	10
Guala Closures New Zealand Ltd	8	10
GCL International S.à r.l.	10	9
Guala Closures Chile SpA	3	7
Guala Closures Japan KK	7	6
Guala Closures Bulgaria AD	5	6
Guala Closures East Africa Ltd	1	2
Guala Closures UCP Ltd	66	2
Guala Closures Turkey A.S.	-	1
Guala Closures Technologia Ukraine LLC	45	-
GCL Pharma S.r.l.	6	-
Total	**669**	**686**

h) **technical assistance**

(€'000)	2020	2021
Guala Closures Iberica S.A.	20	27
GCL International S.à r.l.	32	15
Guala Closures UCP Ltd	-	1
Guala Closures France SAS	-	1
Guala Closures DGS Poland S.A.	2	-
Beijing Guala Closures Ltd	1	-
Total	**55**	**44**

(6) Internal work capitalised

This caption amounts to **€2,555 thousand** in 2021. Of this amount, **€699 thousand** mainly relates to development expenditure capitalised for new closures, **€1,217 thousand** to work on plant and machinery for extraordinary maintenance and the upgrading of the production capacity of Guala Closures S.p.A. and **€639 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)	**2020 (*)**	**2021**
Raw materials and supplies	72,294	87,581
Packaging	2,288	2,534
Consumables and maintenance	1,838	2,125
Fuels	196	231
Change in inventories	(305)	(162)
	76,310	**92,309**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

The **cost of raw materials purchased from third parties** rose from €76,310 thousand in 2020 to **€92,309 thousand** in 2021 as did its percentage impact on production revenue.

The **costs for raw materials purchased from subsidiaries** in 2021 amounts to **€12,091 thousand**. These make up **11.6%** of total costs for raw materials and mainly relate to purchases from Guala Closures Technologia Ukraine LLC (€7,518 thousand), Guala Closures DGS Poland S.A. (€2,132 thousand), Guala Closures Iberica S.A. (€1,086 thousand), Guala Closures France SAS (€501 thousand), Guala Closures Bulgaria A.D. (€483 thousand), Guala Closures Deutschland GmbH (€120 thousand), GCL International S.à r.l. (€65 thousand), Guala Closures UK Ltd. (€100 thousand) and Guala Closures UCP Ltd (€76 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)	2020 (*)	2021
Transport	5,014	5,082
Electricity / Heating	4,774	4,688
Legal and consulting fees	2,877	3,194
Maintenance	2,882	3,156
Insurance	1,203	1,384
External processing	1,117	1,138
Technical assistance	906	980
Travel	494	767
Commissions	357	548
External labor / porterage	524	530
Sundry industrial services	2,089	509
Cleaning service	368	383
Administrative services	282	370
Advertising	161	317
Patents	299	265
Membership fees	210	198
Telephone costs	211	196
Training costs	71	135
Other	171	102
Entertainment expenses	135	101
Security	41	36
Expos and trade fairs	69	33
Total	**24,254**	**24,114**

(*) the comparative figures at December 31, 2020 were restated to be consistent with 2021 classification.

In 2021, cost of services remained at the same level of 2020 when the impact of Covid-19 affected costs as a consequence of all company actions aimed at ensuring the safety of facilities and workers.
Positive effect on Sundry Industrial services was due to a gain over previous years energy costs and reversal of previous year accruals.
Travel expenses rise again after they decreased significantly on 2020 since 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.

Costs for services provided by subsidiaries in 2021 amount to **€9,075 thousand**.
They mainly relate to consultancy fees paid to GCL International S.à r.l. (€6,360 thousand), fees paid to Guala Closures North America Inc. (€398 thousand), transport costs paid to Guala Closures UK Ltd. (€221 thousand) and commission paid to Guala Closures Technologia Ukraine LLC (€66 thousand). The transactions are part of ordinary operations and are agreed on an arm's length basis.

(9) Personnel expense

This caption includes:

(€'000)	2020	2021
Wages and salaries	18,806	20,171
Social security contributions	6,171	6,522
Net expense from defined benefit plans	1,303	1,409
Other costs	2,647	2,490
Total	**28,927**	**30,591**

Following the volumes recovery and the moving of a quote of personnel from the former Group holding offices in Luxembourg back to Alessandria or Milan locations, the cost of personnel increase by 5.8% on 2020.

Reference should be made to note 40) Employee benefits for details on the expense for defined benefit plans.

At December 31, 2021, the company had the following number of employees:

Number	December 31, 2020	December 31, 2021
Blue collars	293	282
White collars	155	157
Managers	18	19
Total	**466**	**458**

The average number of employees in 2021 was 444 (460 in 2020), including 16 managers, 156 white collars and 272 blue collars. Year-end figures reflect already the relocation of certain personnel from Luxembourg to Italy.

(10) Other operating expense

This caption includes:

(€'000)	2020	2021
Accruals to provisions	953	736
Other costs for the use of third party assets	527	511
Taxes and duties	388	378
Rent and leases	204	134
Other charges	83	200
Total	**2,155**	**1,959**

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 2021, **Use of third-party assets** includes approximately €266 thousand related to short-term contracts (less than one year) or low-value contracts (less than €5 thousand).

The caption **'Rentals and leases'** of 2021 of € 134 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)	2020	2021
Fair value gains on market warrants	-	5,961
Exchange gains	1,026	2,214
Impact of currency derivatives on profit or loss	349	-
Interest income	24	1
Total	**1,398**	**8,177**

Financial income - subsidiaries amounts to **€10,761 thousand** in 2021.
Of this amount, **56.8%** 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. (€9,832 thousand), Guala Closures UCP Ltd. (€282 thousand), Guala Closures Chile SpA (€174 thousand), Guala Closures Argentina S.A. (€80 thousand) and Guala Closures East Africa Pty Ltd. (€224 thousand).
Default interest was charged to Guala Closures South Africa PTY Ltd. (€58 thousand), Guala Closures Chile SpA (€85 thousand), Guala Closures Argentina S.A. (€23 thousand), Guala Closures Mexico, S.A. de C.V. (€1 thousand) and Guala Closures do Brasil Ltda (€3 thousand).

(12) Financial expense

Financial expense - third parties includes:

(€'000)	2020	2021
Interest expense	20,008	19,246
Non recurring financial expense for refinancing	-	7,720
Exchange losses	1,979	1,013
Fair value losses on market warrants	2,092	-
Impact of aluminium and currency derivatives on profit or loss	33	-
Other financial expense	464	331
Total	**24,575**	**28,310**

(13) Income from equity investments

This caption includes the **dividends** received from Guala Closures International B.V. **(€15,500 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)	2020	2021
Recognized in profit or loss		
Bank interest income	24	1
Fair value gains on market warrant	-	5,961
Exchange gains	1,026	2,214
Impact of derivatives on profit or loss	349	-
Other financial income	-	-
Total financial income	**1,398**	**8,177**
Interest expense on financial liabilities measured at amortized cost	(20,008)	(19,246)
Exchange losses	(1,979)	(1,013)
Impact of derivatives on profit or loss	(33)	-
Financial expense for debt refinancing	-	(7,720)
Fair value losses on market warrants	(2,092)	-
Other financial expense	(464)	(331)
Total financial expense	**(24,575)**	**(28,310)**
Net financial expense	**(23,176)**	**(20,133)**
Recognized directly in equity		
Effective portion of fair value gains/(losses) on cash flow hedges	695	126
Net change in fair value of cash flow hedges reclassified to profit or loss	(58)	(695)
Total recognized directly in equity	**637**	**(569)**

(15) Income taxes

This caption includes:

(€'000)	2020	2021
Current taxes	(719)	(1,438)
Deferred tax assets	7,001	3,104
Total	**6,282**	**1,666**

Change in deferred tax liabilities recognised directly in OCI

(€'000)	December 31, 2021
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	168
Total	**168**

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)	2020	2021
Profit before taxation	**4,864**	**8,064**
Income tax using the Company's domestic tax rate ***(2020: 24%; 2021 24%)***	**(1,167)**	**(1,935)**
Reduction in tax rate	-	-
Non-deductible expenses	(2,058)	(4,907)
Tax exempt income	5,575	6,198
Tax incentives	214	-
Recognition of previously unrecognised tax losses	4,120	3,749
Total increase	**7,850**	**5,038**
Effective tax	**6,683**	**3,104**
IRAP	(33)	0
Other taxes, other than income taxes	(368)	(1,438)
Total taxes for the year	**6,282**	**1,666**

Income taxes varied from income of € 6.3 million in 2020 to income of € 1.7 million in 2021, mainly due to the adjustment of the provision made in deferred tax assets, linked to the tax losses of € 54.8 million which is expected to be used in the period 2022 - 2024 with effect in the statement of profits and other components of the comprehensive income for € 13.1 million.

Therefore, tax loss carryforwards not included in the calculation of deferred tax assets recognised in the company's statement of financial position at December 31, 2021 total €100,264 thousand, corresponding to potential deferred tax assets of €24,063 thousand (including €21,973 in tax losses that can be carried forward indefinitely) if they were recognised.

It should also be noted that the realignment for tax purposes of the existing differences between the tax and civil data resulting from the transition to the international accounting standards, as required by Article 15, paragraphs 7 and 8, of the Legislative Decree 185 of 29 November 2008, converted into Law 2 of 28 January 2009, as the previous tax losses that can be carried forward and those realized 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, 2020	December 31, 2021
Bank and postal accounts	19,525	26,240
Cash on hand	13	8
Total	**19,538**	**26,248**

(17) Current and non-current financial assets

These captions relate to transactions between Guala Closures S.p.A. and its subsidiaries at December 31, 2021 **(€278,522 thousand)** and financial assets - third parties **(€100 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, 2021:

1. **Current financial assets amounted to €5,451 thousand**
2. **Non-current financial assets amounted to €273,071 thousand**

Beneficiary	Contract date	Contract execution date	Contract expiry date	Original amount	Outstanding amount at December 31, 2021	Outstanding amount at December 31, 2021 Short term	Outstanding amount at December 31, 2021 Long term	Interest rate
Guala Closures International B.V.	26/06/2020	30/06/2020	31/12/2024	€ 250,000	€ 231,650	€ 0	€ 231,650	Euribor 3M + 4,0%
Guala Closures International B.V.	05/12/2018	06/12/2018	31/12/2024	£ 19,000	£ 18,000	€ 0	€ 21,421	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	31/12/2022	€ 2,000	€ 1,900	€ 1,900	€ 0	Euribor 3M + 4,0%
Guala Closures UCP Ltd	26/06/2020	30/06/2020	31/12/2024	£ 8,000	£ 5,500	€ 0	€ 6,545	Libor GBP 3M + 4.0%
Total						**€ 1,900**	**€ 268,567**	

The table shows the notional amount of the loans granted to subsidiaries. Furthermore, current financial assets include the **interest accrued** on said loans **(€3,004 thousand)** at December 31, 2021. Furthermore, the loan assets from Guala Closures East Africa Ltd include lease assets recognised in accordance with IFRS 16 under current financial assets **(€547 thousand)** and non-current financial assets **(€4,504 thousand).**

Current and non-current financial assets - subsidiaries at December 31, 2021 may be analysed as follows:

		Nominal amount	
(€'000)	Total 31/12/2021	Current financial assets	Non-current financial assets
Loan assets from:			
Guala Closures East Africa Ltd	6,985	2,481	4,504
Guala Closures International B.V.	255,569	2,498	253,071
Guala Closures Chile SPA	7,124	174	6,950
Guala Closures Argentina S.A.	2,230	230	2,000
Guala Closures UCP Ltd	6,613	67	6,545
Total	**278,522**	**5,451**	**273,071**

Non-current financial assets - third parties, of **€100 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: **€15,818 thousand from third parties** and **€36,945 thousand from related parties**.

(€'000)	December 31, 2020	December 31, 2021
Trade receivables	13,135	16,688
Loss allowance	(849)	(870)
Total	**12,285**	**15,818**

The loss allowance changed as follows:

(€'000)	December 31, 2021
Opening balance	849
Accrual of the year	120
Release of the year	(99)
Closing balance	**870**

At December 31, 2021, 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 **'Release of the year'** of **€99 thousand** relates to an amount which can no longer be recovered.

At December 31, 2021, trade receivables - related parties were entirely comprised of transactions with subsidiaries. These may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Trade receivables - subsidiaries	23,373	36,945
Total	**23,373**	**36,945**

They may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Guala Closures UCP Ltd.	2,184	8,981
Guala Closures Deutschland GmbH	1,179	4,449
Guala Closures South Africa PTY Ltd	2,735	3,991
Guala Closures Mexico S.A. de C.V.	1,726	3,681
Guala Closures Chile SpA	3,534	3,148
Guala Closures Iberica S.A.	2,091	2,502
Guala Closures Argentina S.A.	1,391	2,490
Guala Closures UK Ltd	2,744	2,417
Guala Closures Technologia Ukraine LLC	1,302	1,949
Guala Closures New Zealand Ltd	372	833
Guala Closures DGS Poland SA	885	580
Guala Closures Australia Pty Ltd	403	419
Guala Closures North America Inc.	179	415
Guala Closures France SAS	299	336
Guala Closures (India) Pvt Ltd	1,244	328
Guala Closures East Africa Ltd	98	110
Beijing Guala Closures Ltd	223	84
Guala Closures de Colombia Ltda	52	80
Guala Closures do Brasil Ltda	357	74
GCL International SARL	249	41
Guala Closures Bulgaria A.D.	39	37
Guala Closures Turkey A.S.	71	-
Guala Closures Japan KK	16	-
Total	**23,373**	**36,945**

Intragroup trade receivables are part of ordinary transactions agreed at market conditions.

(19) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Raw materials, consumables and supplies	9,006	10,658
(Allowance for inventory write-down)	(1,319)	(2,808)
Work in progress and semi-finished products	6,219	6,385
(Allowance for inventory write-down)	(685)	(641)
Finished products and goods	5,795	4,985
(Allowance for inventory write-down)	(882)	(739)
Payments On Account	-	42
Total	**18,134**	**17,881**

Changes in this caption are as follows:

(€'000)	
January 1, 2021	18,134
Change in raw materials, consumables and supplies	162
Change in finished goods and semi-finished products	(457)
Change in payments on account	42
December 31, 2021	**17,881**

The allowance for inventory write-down changed as follows:

(€'000)	December 31, 2021
Opening balance	2,886
Accrual of the year	2,505
Utilisations	(1,202)
Total	**4,189**

The increase in stock obsolescence is mainly due to the adoption of a more conservative approach for those items no-moved over one year.

(20) Current direct tax assets

Current direct tax assets of **€193 thousand** at December 31, 2021 may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
IRES to be offset during the year/other	143	193
Total	**143**	**193**

At December 31, 2021, the IRES (corporate income tax) asset amounts to €150 thousand resulting from measures to encourage investments, €36 thousand relates to the credit for the removal of asbestos and €7 thousand for other tax credit.

(21) Current indirect tax assets

Current indirect tax assets of **€1,217 thousand** at December 31, 2021 relate to VAT.

(22) Derivative assets

At December 31, 2021, this caption amounted to **€127 thousand** and was entirely related to aluminium derivatives held for trading.

(€'000)			
Expiry date	**Call options (tons)**	**Put options (tons)**	**December 31, 2021 Fair Value**
February 2022	200	400	33
March 2022	200	400	33
April 2022	200	400	31
May 2022	200	400	29
Total	**800**	**1,600**	**127**

(23) Other current assets

Third parties may be analysed as follows:

(€'000)	**December 31, 2020**	**December 31, 2021**
Amounts due from employees	27	12
INAIL (Italy's institute for insurance against accidents at work)	16	17
Other	2,016	665
Total	**2,060**	**694**

Other includes the residual €655 thousand related to the aluminum supplier bail.

Related parties may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Guala East Africa Ltd Capex	766	641
Guala Closures Technologia Ukraine LLC Capex	-	523
Guala Closures South Africa Pty Ltd Capex	114	98
Guala Closures UCP Ltd Capex	13	94
Guala Closures Bulgaria A.D. Capex	80	60
GCL International S.à r.l. Capex	115	48
Guala Closures Australia Holdings Pty Ltd Capex	-	46
Guala Closures Poland Capex	-	26
Guala Closures Chile SpA Capex	16	22
Guala Closures Mexico,S.A. de C.V. Capex	145	17
Beijing Guala Closures Ltd Capex	48	14
Guala Closures (India) Pvt Ltd Capex	17	12
Guala Closures Argentina S.A. Capex	7	9
Guala Closures Iberica, S.A. Capex	10	5
Guala Closures de Colombia Ltda Capex	1	1
Guala Closures UK Ltd Capex	230	1
Guala Closures France SAS Capex	30	-
Total	**1,592**	**1,616**

(24) Assets classified as held for sale

Assets classified as held for sale refer specifically to assets to be sold. At December 2021 the value was **€0**

(25) Equity investments

Equity investments amount to **€658,030 thousand**.

a) Investments in subsidiaries

Investments in direct subsidiaries may be analysed as follows:

	December 31, 2020		December 31, 2021	
(€'000)	**Carrying amount**	**Equity**	**Carrying amount**	**Equity**
Guala Closures International B.V.	657,885	246,128	657,885	250,823
Total	**657,885**	**246,128**	**657,885**	**250,823**

Equity of Guala Closures International B.V. refers to the consolidated equity of Guala Closures International at December 31, 2021.

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, 2021	5	2	1	2	**10**
December 31, 2021	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, 2020	20,100	37,974	13,638	311	2,467	**74,490**
Accumulated depreciation at December 31, 2020	(1,730)	(13,449)	(4,798)	(110)	-	**(20,087)**
Carrying amount at December 31, 2020	**18,370**	**24,525**	**8,840**	**201**	**2,467**	**54,403**
Increases	-	-	-	-	6,906	**6,906**
Decreases	-	(136)	(281)	(0)	(1,256)	**(1,674)**
Decrease in allowances	-	38	107	0	-	**146**
Impairment	-	-	(460)	-	-	**(460)**
Reclassifications	6	3,589	2,157	194	(6,502)	**(556)**
Depreciation	(727)	(4,106)	(1,845)	(88)	-	**(6,765)**
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)	-	**(27,167)**
Carrying amount at December 31, 2021	**17,649**	**23,910**	**8,516**	**307**	**1,615**	**51,997**

In 2021, some categories of assets were subject to a technical analysis in order to assess the consistency of the useful life adopted in light of the level of extraordinary maintenance expenditures.

Based on the analysis, the useful life was extended with an effect of lower depreciation for the year for an amount of €1 million.

In 2021, despite still having effect of Covid-19 restrictions, mainly during the first half of the year, there was no impact on investments in health and safety and sustainability. The main investments of the year took place:

- in Alessandria for a new Luxury closure assembly machine (Flexible Luxury production machine) for €500 thousand and to increase production capacity, focusing, in particular, on the spirits market (new closure for Ballantine);
- in Magenta main investments were related to the revamping of chemical-physical purifier in degreasing aluminum process to allow a reduction of hazardous waste, improving workplace and safety conditions, and give the plant new versatility by switching for acid to alkaline degreasing process and to the start of replacement of actual afterburner gas system with a new RTO system (Regenerative Thermal Oxidizers) knocking down volatile organic substances and savings on utilities;
- in Termoli mainly to increase the capacity of the existing oil closures, mainly with new moulds to improve productivity and volumes to follow up the market requests.

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, 2021:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2020	800	-	1,226	817	**2,842**
Accumulated depreciation at December 31, 2020	(261)	-	(515)	(289)	**(1,064)**
Carrying amount at December 31, 2020	**539**	**-**	**711**	**528**	**1,778**
Increases	1,744	-	142	246	**2,131**
Decreases	(89)	(456)	(221)	(158)	**(924)**
Decrase in allowances	89	-	221	154	**464**
Reclassification	100	456			**556**
Depreciation	(351)	-	(360)	(259)	**(970)**
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**

(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, 2020	2,398	87,423	48,968	30,560	1,204	**170,552**
Accumulated depreciation at December 31, 2020	(1,389)	(13,154)	-	(2,954)	-	**(17,498)**
Carrying amount at December 31, 2020	**1,008**	**74,269**	**48,968**	**27,606**	**1,204**	**153,055**
Increases	-	-	-	-	860	**860**
Decreases	-	-	-	-	(47)	**(47)**
Decrease in allowances	-	-	-	-	-	**-**
Impairment	(65)	(358)	-	-	(25)	**(448)**
Reclassification	1,069	106	-	-	(1,176)	**-**
Amortisation	(575)	(1,642)	-	(920)	-	**(3,136)**
Historical cost at December 31, 2021	3,467	87,530	48,968	30,560	815	**171,340**
Accumulated amortisation 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**

In 2021, the customer relationship was subject to analysis in order to assess the consistency of the useful life adopted in light of the effective churn-rate of the Company.

Based on the analysis, the useful life was extended with an effect of lower depreciation for the year for an amount of €0.3 million.

In 2021 Guala Closures Trademark was subject to a qualitative and quantitative analysis to review the residual useful life in order to make it more consistent with the strategy and therefore provide stakeholders with a consequent representation of the economic, equity and financial situation of the company in the financial statement disclosure.

Based on the analysis it was considered reasonable to give the Guala Closures Trademark 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 with an effect of lower depreciation for the year for an amount of €3.8 million.

(29) Impairment

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. Guala Closures Trademark by comparing:
   - Carrying Amount: the carrying amount of the Guala Closure Trademark recognised in the separate financial statements of Guala 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, 2021. 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 Group's approved budget figures for 2022 and projecting the financials for the following two years (2023-2024) ("**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.
As a consequence of the macroeconomic uncertainties Group's management evaluated to adopt the above model instead of a five year model as per last year.

The discounted cash flow model is based on the Projections approved by the board of directors on April 28, 2022 which envisages a CAGR of net revenue and EBITDA of 7% and 9%, 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.

In the 2021 valuation, the following assumptions were used:

- the WACC of the CGU was calculated considering the impact of the company revenue and a weighted average WACC for the 2021 net revenue of each country in respect of total net revenue, with a weighted average of 6.45%;

- long-term growth rate "g": a value of 2.37% 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 and the weighted average of the investee on the various reference markets was used.

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% at a market interest rate of 2.6%.

The estimated recoverable amount exceeds the carrying amount by approximately €85 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 company 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 €17 million, while a decrease of 50 bp would result in a decrease of approximately €15 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 €18 million, while a decrease of 50 bp would result in a decrease in the recoverable value in use of approximately €16 million. In any case, no impairment loss would be recognised.

Specifically, the WACC and the 'g' rates which, individually, would make the Italy CGU's recoverable amount equal to its carrying amount at December 31, 2021 are 8.2% and 0.4%, 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 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 28, 2022.

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	925	7.92%	2.83%	3 years
Carrying amount at December 31, 2021	**658**	**925**			

The discounted cash flow model is based on the Projections approved by the board of directors on April 28, 2022 which envisages a CAGR of net revenue and EBITDA around 6% and 11% 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.

In the 2021 valuation, the following assumptions were used:

- the WACC for the CGU was calculated considering the impact of the sub-consolidated revenue and a weighted average WACC for the 2021 net revenue of each country in respect of total net revenue equal to 7.9%;
- 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 2.8%.

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% at a market interest rate of 2.6%.

For Guala Closures International B.V., the estimated recoverable amount exceeds the carrying amount by approximately €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 Group that refers to the Subsidiary 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 €60 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 €64 million, while a decrease of 50 bp would result in a decrease in the recoverable value in use of approximately €58 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, 2021 are 9.3% and 1.3%, 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

Guala Closures Trademark was successfully 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, 2021 with a fair value exceeding the carrying amount for an amount of approximately €70 million.

The Royalty utilised 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.

In 2021 valuation, the following assumptions were used:

- Trademark revenues are based on Projections approved by the board of directors on April 28, 2022 which envisages a CAGR of net revenue and EBITDA of 7% and 9%, 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 Company's WACC utilised for the impairment test of Goodwill, due to the higher inherent riskiness as intangible asset;
- Long-term growth rate "g" 2.7% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2021) 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, 2021 are 16.9% and -7.1%, respectively.
In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €4.9 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, 2021:

	Assets		Liabilities		Net Value	
(€'000)	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**	**December 31, 2021**
Entertainment expenses	-	-	-	-	-	-
Agents' termination indemnity	29	29	-	-	29	29
Allowance for inventory write-down	693	1,006	-	-	693	1,006
Bad debt allowance	173	149	-	-	173	149
Provision for damages and penalties	270	397	-	-	270	397
Amortisation and depreciation	54	289	(39,794)	(38,626)	(39,740)	(38,337)
Other	644	488	(222)	(507)	422	(20)
Prior year tax losses	11,415	13,143			11,415	13,143
Leases	125	124			125	124
Employee benefits	124	124	-	-	124	124
Derivatives	-	17	(188)	(37)	(188)	(20)
Total	**13,527**	**15,765**	**(40,204)**	**(39,170)**	**(26,678)**	**(23,405)**

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

(€'000)	**December 31, 2020**	**Changes in profit or loss**	**Changes in equity**	**December 31, 2021**
Entertainment expenses	-	-	-	-
Agents' termination indemnity	29	-	-	29
Allowance for inventory write-down	693	313	-	1,006
Bad debt allowance	173	(24)	-	149
Provision for damages and penalties	270	127	-	397
Amortisation and depreciation	(39,740)	1,402	-	(38,337)
Other	422	(441)	-	(20)
Prior year tax losses	11,415	1,727	-	13,142
Leases	125	-	-	125
Employee benefits	124	-	-	124
Derivatives	(188)	-	168	(20)
	(26,678)	**3,104**	**168**	**(23,405)**

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 2021 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 **€197 thousand** relates to sundry tax assets.

(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.

In 2021, Guala Closures refinanced both of RCF and the Notes.

Specifically, in connection with the Offers, on July 7, 2021, Guala Closures fully redeemed the outstanding aggregate principal amount of its €455 million floating rate senior secured notes due 2024 (the "**2024 Notes**"), including accrued interest thereon, using a portion of the proceeds from the issuance of €500 million in aggregate principal amount of 3¼% Senior Secured Notes due 2028 (the "**2028 Notes**") issued under an indenture dated July 7, 2021 among, *inter alios*, 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, Paragraph 3, of the Italian Civil Code (the "**2028 Notes Indenture**").

The 2028 Notes bear interest at a rate of 3.25% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2021, 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 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 to us, 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 used a portion of the proceeds of the 2028 Notes to repay amounts outstanding under the €80 million revolving credit facility agreement it entered into on July 20, 2018 (the "**2024 RCF**"). The 2024 RCF was cancelled and replaced by new €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 is available in an amount up to €80.0 million, with 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) + 2.5%, which, in each case, will be subject to a decreasing leverage-based margin ratchet as set out in the 2028 RCF. The 2028 RCF will expire January 7, 2028.

A non-recurring financial expense of €7.7 million due to unamortised transaction costs was recognised in June and July 2021 following the issue of the notice of redemption for the 2024 Notes and the 2024 RCF.

Estimated transaction costs for the refinancing described above amounted to around €17 million.

Credit facilities at December 31, 2021 are shown below:

Credit facilities	***(€'000)***	**Available amount**	**Amount used at December 31, 2021**	**Residual available amount at December 31, 2021**	**Repayment date**
Senior Secured Notes due in 2028 issued by Guala Closures S.p.A.	500,000	500,000	500,000	-	final repayment 06/15/2028
Revolving Credit Facility due in 2028	80,000	-	-	80,000	final repayment 01/07/2028
Total	**580,000**	**500,000**	**500,000**	**80,000**	

Reference should be made to note **47) Commitments and guarantees** for information on the guarantees given.

Financial liabilities at December 31, 2020 and 2021 are shown below:

(€'000)	**December 31, 2020**	**December 31, 2021**
Bank overdrafts and current loans		
Bonds	3,406	722
Bank loans and borrowings	67	130
Other financial liabilities	6,459	593
	9,933	1,446
Non-current loans		
Bonds	446,454	485,123
Bank loans and borrowings	18,782	(966)
Other financial liabilities	1,328	2,435
	466,564	486,591
Total	**476,497**	**488,037**

The terms and expiry dates of the financial liabilities at December 31, 2020 and 2021, 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, 2020	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.	€	Euribor 3M + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2021	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(8,546)	-	(8,546)	-	(8,546)
TOTAL bonds FRSSN 2024 Guala Closures S.p.A				**449,860**	**3,406**	**446,454**	**-**	**446,454**
Bank loans and borrowings:								
Senior Revolving Facility Guala Closures S.p.A.	€ / GBP	Euribor/Libor GBP 3M + 2.50%	2024	19,235	-	19,235	-	19,235
Transaction costs	€	n.a.	2024	(453)	-	(453)	-	(453)
Total Senior Revolving Credit Facility Guala Closures S.p.A.				**18,782**	**-**	**18,782**	**-**	**18,782**
Other accrued expenses Guala Closures S.p.A.	€	n.a.	2021	67	67	-	-	-
TOTAL bank loans and borrowings				**18,849**	**67**	**18,782**	**-**	**18,782**
Other financial liabilities:								
Market Warrants	€			5,965	5,965	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	1,822	494	1,328	-	1,328
Total other financial liabilities				**7,787**	**6,459**	**1,328**	**-**	**1,328**
Total				**476,497**	**9,933**	**466,564**	**-**	**466,564**

(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 2021	Nominal amount – Current: Due within one year	Nominal amount – Non-current: Due from one to five years	Nominal amount – Non-current: Due after five years	Nominal amount – Non-current: 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**

(33) Trade payables

Trade payables - third parties may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Suppliers	23,190	38,704
Payments on account	111	94
Total	**23,301**	**38,798**

At December 31, 2021, trade payables due to third parties may be analysed by geographical segment as follows:

(€'000)	December 31, 2020	December 31, 2021
Europe	23,269	38,559
Rest of the world	32	238
Total	**23,301**	**38,798**

At December 31, 2021, trade payables may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Other currencies	Total
Trade payables - third parties	35,669	3,012	115	2	**38,798**

Payables to related parties are amounts due to subsidiaries and may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Guala Closures Technologia Ukraine LLC	671	1,072
Guala Closures DGS Poland SA	341	442
Guala Closures UK Ltd	59	213
Guala Closures Iberica S.A.	119	197
Guala Closures North America Inc.	109	123
Guala Closures France SAS	56	116
Guala Closures Deutschland GmbH	-	52
Guala Closures Bulgaria AD	12	49
Guala Closures Turkey A.S.	-	5
Guala Closures do Brasil Ltda	8	2
Guala Closures De Colombia Ltda	3	1
Beijing Guala Closures Ltd	-	1
GCL International S.à r.l.	842	(549)
Guala Closures UCP Ltd	14	-
Total	**2,235**	**1,724**

At December 31, 2021, payables due to subsidiaries may be analysed by geographical segment as follows:

(€'000)	December 31, 2020	December 31, 2021
Europe	2,115	1,592
Rest of the World	109	123
Asia	-	6
Latin America	11	3
Total	**2,235**	**1,724**

At December 31, 2021, payables due from subsidiaries may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Total
Trade payables - subsidiaries	1,247	281	196	**1,724**

(34) Current direct tax liabilities

Current direct tax liabilities of **€0 thousand** at December 31, 2021 relate to IRAP (regional production tax)..

(€'000)	December 31, 2020	December 31, 2021
Current direct tax liabilities	33	-
Total	**33**	**-**

(35) Indirect tax liabilities

Current indirect tax liabilities of **€767 thousand** at December 31, 2021 relate to other indirect taxes.

The caption may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Withholdings	835	641
Conai contribution	80	92
Substitute tax on post-employment benefits	21	34
Total	**936**	**767**

(36) Provisions

This caption may be analysed as follows:

- *Current provisions*

(€'000)	December 31, 2020	December 31 2021
Provision for returns	857	1,143
Provision for restructuring	-	150
Provision for tax risks	500	3
Total current provisions	**1,357**	**1,296**

The **provision for returns** reflects the best estimate of the risks for future charges for possible customer claims at the reporting date.

The **provision for restructuring** refers to an accrual for potential risks with employees.

- *Non-current provisions*

(€'000)	December 31, 2020	December 31, 2021
Provision for agents' termination indemnity	156	146
Provision for legal disputes	68	61
Total non-current provisions	**224**	**207**

Changes in the provisions are as follows:

- *Current provisions*

(€'000)	December 31, 2021
Opening current provisions	1,357
Allowance of the year	706
Utilization	(768)
Closing current provisions	**1,296**

- *Non-current provisions*

(€'000)	December 31, 2021
Opening non-current provisions	224
Allowance of the year	42
Utilization	(59)
Closing non-current provisions	**207**

(37) Derivative liabilities

At December 31, 2021, this caption amounted to **€58 thousand** and was entirely related to aluminium derivatives held for trading.

(€'000)		
Expiry date	**Hedged amount (tons)**	**December 31, 2021 Fair Value Asset/(Liability)**
January 2022	-	-
February 2022	200	23
March 2022	200	23
April 2022	250	15
May 2022	250	15
June 2022	400	(25)
July 2022	550	13
August 2022	900	16
September 2022	450	(8)
October 2022	800	(42)
November 2022	550	(52)
December 2022	500	(6)
January 2023	150	(29)
Total	**5,200**	**(58)**

(38) Other current liabilities

This caption relates to third parties and related parties for **€9,286 thousand** and **€62 thousand**, respectively.

Third parties may be analysed as follows:

(€'000)	December 31, 2020	December 31, 2021
Amounts due to employees	3,039	3,566
Social security charges payable	2,306	2,411
Other Payables	1,078	1,824
Liabilities for capital expenditure	1,577	853
Non-recurring costs	-	632
Total	**7,999**	**9,286**

At December 31, 2021, other current liabilities to related parties refer to capital expenditure, specifically, €62 thousand to GCL International S.à r.l..

(39) Other non-current liabilities

At December 31, 2021, there are no other non-current liabilities.

(40) Employee benefits

At December 31, 2021, 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, 2021
Balance at January 1, 2021	3,567
Change recognized in profit or loss - other (income)/expense	4
Change recognized in OCI	99
Benefits paid	(166)
Balance at December 31, 2021	**3,504**

Actuarial parameter baseline:

	December 31, 2021
Future average inflation rate	1,75% p.a.
Discount rate	0,44% p.a.
Annual rate of increase in post-employment benefits	2,81% p.a.

For valuations at December 31, 2020, an annual fixed discount rate of 0.44% 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 €0.4 million of benefits to its defined benefit plan in 2022.

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, 2021 by the amounts shown below:

	Defined benefit obligation	
	Increase	Decrease
Turnover rate (1% variation)	(24)	26
Average inflation rate (0.25% variation)	38	(37)
Discount rate (0.25% variation)	(60)	62

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, 2020 was €68,907 thousand, divided into 67,184,904 shares, of which 62,049,966 class A ordinary shares, 4,322,438 special class B shares with multiple votes (class B special shares entitle the holders to three votes per share and upon any transfer of the class B special shares to a third-party, the class B special shares voting rights will be reduced from three votes per share to one vote per share) and 812,500 class C special shares without voting rights but convertible into ordinary shares at a conversion ratio of 4.5 ordinary shares for each C share.

The paid-up and subscribed share capital of Guala Closures S.p.A. at December 31, 2021 remained unchanged compared to December 31, 2020. However there is a change in the share composition based on the following events:

- On March 29, 2021 all the 812,500 class C shares, which do not have voting rights, were converted into 3,656,250 ordinary shares at a ratio of one class C share to 4.5 ordinary shares. Following the application date, the class C shares were removed from the MXT platform and replaced by the related ordinary shares.
- On June 1, 2021 all the 4,322,438 class B multiple-vote shares were converted into 4,322,438 ordinary shares at a ratio of one class B share to one ordinary share. Following the application date, the class B shares were removed from the MXT platform and replaced by the related ordinary shares.

As a result of these conversions, the parent's subscribed and paid-in share capital of €68,907 thousand consists of 70,028,654 ordinary shares.

In addition to the shares, there were 19,367,393 market warrants, n. 2,500,000 sponsor warrants and 1,000,000 management warrants.

For market warrants, make reference to section 27) Current and non-current financial liabilities.

The sponsor warrants were previously attached to the special shares. Each sponsor warrant gives its holder the right to subscribe an exchange share if the share's official price is equal to or higher than Euro 13 for at least one day in the exercise period, which is the period between the first trading date after the relevant transaction's effective date and the tenth anniversary of this date (August 2028).
Sponsor warrants will no longer be exercisable by their respective holders, except in case of re-listing of the Issuer's ordinary shares on the Italian Stock Exchange and irrevocably become ineffective after the exercise period.

Management warrants have been waived by GCL Holdings S.à r.l. on September 8, 2021 and have been consequently cancelled by the Company.

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) Key events of the period and note.

Restrictions to the distribution of equity reserves at December 31, 2021 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	1,824		1,824		Income-related reserve
Other reserves	180,335	21,931	158,404	(2)	Equity-related reserve
Hedging reserve	(48)		(48)		Income-related reserve
Losses carried forward	(8,821)	(8,821)	-		Income-related reserve
Profit for the year	9,730	9,243	486	(3)	Profit for the year
Total	**675,763**	**22,354**	**653,409**		

(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 flotation 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;
- €1,438 thousand, pursuant to article 2426.5 of the Italian Civil Code, being the amount needed to cover unamortised development expenditure;
- €8,821 thousand, being the amount needed to cover the losses carried forward;

(3) €486 thousand of the profit for the year is unavailable in relation to the allocation of 5% to the Legal reserve

(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, 2021:

(€'000)	
Total liabilities at January 1, 2021	**476,497**
Derivative and similar net assets at January 1, 2021	(637)
Total Liabilities from financing activities at January 1, 2021	**475,860**
Cash effect (*)	
Proceeds from new borrowings and bonds	502,131
Repayment of borrowings and bonds	(474,838)
Repayment of finance leases	(929)
Interests paid	(19,845)
Transaction costs paid for the issue of new bonds and Revolving Credit Facility	(16,414)
Non- Cash effect	
Net fair value gains on market warrants	(5,961)
Interest and other financial expense	17,241
Translation effect	602
Net fair value losses on derivatives	569
Transaction costs paid for the issue of new bonds and Revolving Credit Facility not yet paid.	(486)
Transaction costs amortization	10,056
Other changes	119
Total Liabilities from financing activities at December 31, 2021	**488,105**
Derivative and similar net assets at December 31, 2021	(68)
Total liabilities at December 31, 2021	**488,037**

(*) 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, 2020 and 2021. 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 2021.

December 31, 2020		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		637			**637**		637		**637**
		-	**637**	-	-	**637**	-	**637**	-	**637**
Trade receivables - third parties	18			12,285		**12,285**				-
Trade receivables - related parties	18			23,373		**23,373**				-
Financial assets - related parties	17			260,948		**260,948**		271,206		**271,206**
Cash and cash equivalents	16			19,538		**19,538**				-
Financial assets - third parties	17			36		**36**				-
		-	-	**316,181**	-	**316,181**	-	**271,206**	-	**271,206**
Financial liabilities measured at fair value										
Market warrants	32	(5,965)				**(5,965)**	(5,965)			**(5,965)**
		(5,965)	-	-	-	**(5,965)**	**(5,965)**	-	-	**(5,965)**
Secured bank loans	32				(18,849)	**(18,849)**		(18,974)		**(18,974)**
Secured bond issues	32				(449,860)	**(449,860)**		(469,328)		**(469,328)**
Lease liabilities (IFRS 16)	32				(1,822)	**(1,822)**				-
Trade payables - third parties	33				(23,301)	**(23,301)**				-
Trade payables - related parties	33				(2,235)	**(2,235)**				-
		-	-	-	**(496,067)**	**(496,067)**	-	**(488,302)**	-	**(488,302)**

(*) 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, 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**
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)**
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.

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Level 1

There are no financial instruments classified at level 1 at year end.

Level 2

The following tables show 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 applicabile.

Even though secured bond issues are quoted on the OTC market like the Euro-MTF in Luxembourg, no relevant transactions were recorded during the period 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 are not included as their carrying amount is a reasonable approximation of fair value.

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 period 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 exercizable by their respective holders, except in 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 done 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, 2021, trade receivables - third parties may be analysed by geographical segment as follows:

(€'000)	December 31, 2020	December 31, 2021
Europe	10,493	13,624
Latin America	414	155
Asia	204	258
Rest of the world	2,024	2,651
Total	**13,134**	**16,688**

At December 31, 2021, trade receivables - third parties may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2021	Impairment loss December 31, 2021	Net amount December 31, 2021
Not yet due	12,761	-	12,761
0-30 days past due	2,518	-	2,518
31-90 days past due	283	-	283
After 90 days	1,125	(869)	256
Total	**16,688**	**(869)**	**15,818**

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, 2021, trade receivables - third parties may be analysed by original currency as follows:

(€'000)	€	USD	NOK	Total
Trade receivables - subsidiaries	13,511	2,265	52	**15,818**

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

(€'000)	December 31, 2020
- Four or more years' trading history with the company	14,056
- From one to four years' trading history with the company	1,623
- Less than one year' trading history with the company	139
Total	**15,818**

At December 31, 2021, receivables due from subsidiaries may be analysed by geographical segment as follows:

(€'000)	December 31, 2020	December 31, 2021
Europe	11,043	21,292
Latin America	7,061	9,473
Asia	1,483	413
Oceania	774	1,252
Rest of the World	3,012	4,515
Total	**23,373**	**36,945**

At December 31, 2021, receivables due from subsidiaries may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2021	Impairment loss December 31, 2021	December 31, 2021
Not yet due	17,435	-	17,435
0-30 days past due	5,126	-	5.126
31-90 days past due	4.348	-	4,348
After 90 days	10,036	-	10,036
Total	**36,945**	**-**	**36,945**

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, 2021, receivables due from subsidiaries may be analysed by original currency as follows:

(€'000)	€	USD	GBP	Total
Trade receivables - subsidiaries	34,505	609	1,831	**36,945**

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	(836)	680	2.720	992	4.392
Secured bond issues	485,845	16,476	65,903	524,027	606,406
Market Warrants	4	4	-	-	4
Finance lease liabilities	3,024	589	2,435	-	3,024
Trade payables – third parties	38,798	38,798	-	-	38,798
Trade payables – related parties	1,723	1,723	-	-	1,723
Total	**528,558**	**58,270**	**71,057**	**525,019**	**654,346**

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 2021	Total 12/31/21	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.	722	722	-	-	-	-
Transaction costs	n.a.	(14,877)	(14,877)	-	-	-	-
TOTAL Bonds SSN 2028 - Guala Closures SpA		**485,845**	**485,845**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Revolving Credit Facility	2.50%	-	-	-	-	-	-
Transaction costs	n.a.	(966)	(966)	-	-	-	-
Total Revolving Credit Facility		**(966)**	**(966)**	**-**	**-**	**-**	**-**
Accrued expenses and deferred income	n.a.	130	130	-	-	-	-
Total bank loans and borrowings		**130**	**130**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Market Warrants	n.a.	4	4	-	-	-	-
Finance leases	n.a.	3,024	3,024	-	-	-	-
Total other financial liabilities		**3,028**	**3,028**	**-**	**-**	**-**	**-**
TOTAL		**488,037**	**488,037**	**-**	**-**	**-**	**-**

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, 31st 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, 2021:

(€'000)	Increase of 100bp	Decrease of 100bp
Senior Secured Notes due in 2028 issued by Guala Closures S.p.A.	0	0
Senior Revolving Facility Agreement - gross of transaction costs	0	0
Intercompany loan Guala Closures International B.V.	(7,176)	2,288
Intercompany loan Guala Closures UCP Ltd.	(147)	74
Intercompany loan Guala Closures Argentina S.A.	(58)	23
Intercompany loan Guala Closures East Africa Ltd	(19)	8
Sensitivity of cash flows (net)	**(7,400)**	**2,393**

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, 2021 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**	
2021	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	(48)	(48)	39	39
GBP (10% change)	3,308	3,308	(2,707)	(2,707)
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 aluminum derivatives contracts:

Expiry date	Hedged amount (tons)	Strike price (US$/ton)	December 31, 2021 Positive/(negative) fair value (€'000)
February 2022	200	2,675	23
March 2022	200	2,675	23
April 2022	100	2,875	(6)
April 2022	150	2,650	21
May 2022	100	2,875	(6)
May 2022	150	2,650	21
June 2022	150	2,950	(19)
June 2022	100	2,875	(6)
June 2022	150	2,800	0
July 2022	150	2,950	(20)
July 2022	150	2,800	0
July 2022	250	2,650	33
August 2022	150	2,950	(20)
August 2022	150	2,975	(24)
August 2022	150	2,800	(0)
August 2022	200	2,640	28
August 2022	250	2,650	32
September 2022	150	2,990	(26)
September 2022	150	2,800	(1)
September 2022	150	2,650	19
October 2022	150	2,990	(27)
October 2022	200	2,900	(20)
October 2022	150	2,975	(25)
October 2022	100	2,750	3
October 2022	200	2,635	27
November 2022	150	2,990	(28)
November 2022	200	2,900	(22)
November 2022	100	2,828	(4)
November 2022	100	2,750	2
December 2022	200	2,900	(23)
December 2022	100	2,828	(5)
December 2022	100	2,750	2
December 2022	100	2,549	20
January 2023	150	2,975	(29)
Total Forward	**5,200**		**(58)**

Expiry date	Option	Hedged amount (tons)	Strike Costs (US$/ton)	December 31, 2021 Positive/(negative) fair value (€'000)
February 2022	CALL	100	15,000	4
February 2022	CALL	100	16,100	5
March 2022	CALL	100	15,000	7
March 2022	CALL	100	16,100	7
April 2022	CALL	100	15,000	11
April 2022	CALL	100	16,100	8
May 2022	CALL	100	15,000	11
May 2022	CALL	100	16,100	11
February 2022	PUT	200	(15,000)	12
February 2022	PUT	200	(16,100)	13
March 2022	PUT	200	(15,000)	8
March 2022	PUT	200	(16,100)	11
April 2022	PUT	200	(15,000)	6
April 2022	PUT	200	(16,100)	6
May 2022	PUT	200	(15,000)	4
May 2022	PUT	200	(16,100)	3
Total CALL/PUT				**127**

(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/(expense) 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:

(€'000)	**Costs recognised in the year**						Post employment benefits at December 31, 2021	Other liabilities at December 31, 2021	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 - key managers	**671**	**1,345**	**349**	**19**	**13**	**2,397**	**1**	**1,158**	**1,876**

Furthermore, in relation to services provided by key managers which act as managers of the subsidiary GCL International S.à r.l., in 2021, the company received a recharge of approximately €2.7 million, which was mostly recharged to other group companies.

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..
An advisory service agreement contract with Investindustrial (owner of Special Packaging Solutions Investments S.à r.l.) has been signed for €70 thousand in respect of the refinancing.

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, 2021 are as follows:

(€'000)	**December 31, 2021**
Third parties assets held by the company	2,530

(48) Statutory auditors' fees

The statutory auditors' fees are as follows:

(€'000)	Costs recognised in the year						Post employment benefits at December 31, 2021	Other liabilities at December 31, 2021	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	**125**	**-**	**-**	**-**	**-**	**125**	**-**	**62**	**122**

(49) Events after the reporting period

Russia – Ukraine conflict

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 (Northeast of Ukraine, 50 km from the Russian border). All the employees were evacuated and are safe and in line with our social responsibility commitment, the safety of our employees remains our priority. No damage is suffered in relation to the asset of the company.

The group immediately reacted supporting the humanitarian efforts in Ukraine through donations to Red Cross, the organization of humanitarian transports of food, medicine and other essential supplies and the hosting of some families of GC Ukraine employees.

On business perspectives GC Ukraine realized in 2021 revenues for an amount of approximately €65 million and an EBITDA of approximately €17 million with a net asset of €49 million. About half of the annual turnover of the company is realized with 3rd parties of which 50% with customers located in Ukraine and Russia.

Intragroup sales are mainly realized with GC S.p.A., GC North America and GC Belarus with sales of aluminium shells and components.

GC S.p.A. had €2.5 million of trade receivables towards GC Ukraine at December 31, 2021, of which €0.2 million collected as of the date of this report.

We continue to monitor the situation as it evolves and are implementing contingency plans to mitigate the potential impact on our customers and our group. In particular we started immediately to relocate the productions for international customers in other group plants also considering extraordinary 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 that we are confident to recover in the next months.

Starting from the end of March and now in April the production in Ukraine has started again and increasing with less employees involved due to the evolution of the conflict out of Sumy zone and, at the time of the approval of these consolidated financial statements, Sumy returned under the control of Sumy Regional State Administration and the business activities are restarting.

GC Ukraine have still 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.

GC Belarus revenues are mostly to Russia, selling closures produced from aluminium shells and components purchased from Ukraine. The company realized in 2021 revenues for an amount of approximately €12 million and an EBITDA of approximately €1 million with a net asset of €1 million.
GC Belarus is not operating since March as the lack of supply and the freeze to sales to Russia is generating a loss of orders.

The recent sanctions adopted by EU and USA against Russia are currently not impacting our business.

This event after the reporting period is considered a non-adjusting event for 2021 separate financial statements.

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:
- From FINPIEMONTE a contribution of €11,857 for the ECIPOL project. This is an industrial research and experimental development project whose aim is to reuse waste from agricultural production in plastic formulations in industrial sectors such as packaging (cosmetics and beverage) and green building.

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.

(55) Proposals of the board of directors to the shareholders

We propose the shareholders, in their ordinary meeting, resolve to allocate the profit for the year €9,729,921 as follows:
- 5% to the legal reserve (€486,496);
- €9,243,425 to the extraordinary reserve.

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

April 28, 2022

Annexes to the separate financial statements of Guala Closures S.p.A.

Annex A)

List of investments in indirectly controlled subsidiaries at December 31, 2021

ANNEX A)

List of investments in indirectly controlled subsidiaries at December 31, 2021

	Registered office	Currency	Share/quota capital	Investment percentage
EUROPE				
Guala Closures UK Ltd	United Kingdom	GBP	134,000	100%
Guala Closures UCP Ltd.	United Kingdom	GBP	3,509,000	100%
Guala Closures Iberica, S.A.	Spain	EUR	9,879,977	100%
GCL International Sarl	Luxembourg	EUR	15,140,700	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 A.D.	Bulgaria	BGN	6,252,120	70%
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%
Guala Closures BY LLC	Belarus	BYN	1,431,720	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 Ltd	China	CNY	20,278,800	100%
Guala Closures Japan KK	Japan	JPY	100,000,000	100%
LATIN AMERICA				
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXP	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%
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%
Guala Closures East Africa Ltd.	Kenya	KES	30,300,000	100%
REST OF THE WORLD				
Guala Closures North America, Inc.	United States	USD	60,000	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 2021

(with independent auditors' reports thereon)

KPMG S.p.A.

9 May 2022

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 Group (the "group"), which comprise the statement of financial position as at 31 December 2021, 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 2021 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 2021 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 2021 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 2021 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, 9 May 2022

KPMG S.p.A.

(signed on the original)

Silvia Rimoldi
Director

KPMG S.p.A.
Revisione e organizzazione contabile
Via Cairoli, 4
28100 NOVARA NO
Telefono +39 0321 613571
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2021, 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 2021 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 2021 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 2021 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 2021 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, 9 May 2022

KPMG S.p.A.

(signed on the original)

Silvia Rimoldi
Director

GUALA CLOSURES S.p.A.
Single Member Company
Share capital Euro 68,906,646.00
Registered in the companies' register of Alessandria
Tax Code / VAT no. 10038620968 and R.E.A. no. AL-267641

Report of the Board of Statutory Auditors on the Financial Statements as of 31.12.2021

pursuant to 2429, paragraph 2 of the Italian Civil Code.

To the Shareholders' Meeting of the Company

The Board of Statutory Auditors hereby reports on the activity carried out pursuant to art. 2403 and following articles of the Italian Civil Code, taking into account to the Rules of Conduct of the Board of Statutory Auditors recommended by the National Councils of Chartered Accountants and Accounting Experts.

Preliminarily, it is reported that the composition of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 30 April 2021 has undergone changes following the resignation of the Chairman, Benedetta Navarra, who resigned on 28 April 2022, as well as by virtue of the resignation, which took place on 29 April 2022, of the Alternate Auditor, Ugo Marco Luca Maria Pollice, called, pursuant to the bylaws, to replace the resigning Chairman. The Shareholders' Meeting of Guala Closures S.p.A., on 6 May 2022, therefore appointed Mara Vanzetta as Chairman of the Board of Statutory Auditors, replacing the resigning Chairman, and. Massimiliano Di Maria, replacing Ugo Marco Luca Maria Pollice, as Alternate Auditor. The current Board of Statutory Auditors is therefore composed of the so-appointed Chairman Mara Vanzetta and the Statutory Auditors elected by the Shareholders' Meeting held on 30 April 2021, Fioranna Negri and Massimo Gallina, and will remain in office until the of the Shareholders' Meeting which will be called for the approval of the Financial Statements as of 31 December 2023.

KPMG S.p.A. is in charge of the statutory audit of the Company's financial statements with reference to the nine financial years from 31 December 2017 to 31 December 2025, on the basis of the letter of appointment of 21 September 2017, in accordance with art. 14 of the Legislative Decree n. 39 dated January 27, 2010.

The undersigned supervisory body has been appointed to supervise compliance with the law and the bylaws, with the principles of proper administration and in particular the adequacy of the organizational, administrative and accounting structure of the Company and its concrete activity.

From the date of its appointment and during the year concerned, the Board of Statutory Auditors met eight times and participated in eleven meetings of the Board of Directors, four meetings of the Control, Risks and Sustainability Committee, one meeting of the Remuneration and Appointments Committee, at two meetings of the Independent Directors and at no Shareholders' Meeting, carrying out their institutional duties in compliance with the aforementioned regulations.

Starting from 30 April 2021, the meetings of the Board of Statutory Auditors took place on the dates and with the attendances indicated below:

Date	**Benedetta Navarra**	**Massimo Gallina**	**Fioranna Negri**
30-apr-21	1	1	1
11-may-21	1	1	1
21-may-21	1	1	1
15-jun-21	1	1	1
08-sep-21	1	1	1
29-sep-21	1	1	1
26-oct-21	1	1	1
16-nov-21	1	1	1
	8	**8**	**8**
	100%	**100%**	**100%**

Therefore, all the standing auditors attended 100% of the meetings of the Board of Statutory Auditors.

In relation to the opinions and approvals issued during the year, it is worth to remark the following:

- On 30 April 2021, the Board of Statutory Auditors expressed its opinion on the appointment of the Manager in charge of preparing the accounting documents pursuant to art. 154-bis of the Legislative Decree n. 58 dated February 24, 1998 (hereinafter “TUF”) and art. 16 of the Articles of Association.

- On May 4, 2021, during the meeting of the Board of Directors following the meeting of the Remuneration and Appointments Committee to which it participated, the Board of Statutory Auditors expressed its opinion pursuant to art. 2389 of the Italian Civil Code regarding the remuneration of directors vested with particular offices.

- On May 21, 2021, the Board of Statutory Auditors approved the appointment of the auditing company to carry out an audit related service relating to the issue of the debt bond instrument ("HY Bond").

- On June 15, 2021, the Board of Statutory Auditors analyzed the documentation relating to the issue of a senior, guaranteed, non-convertible "high yield" bond under articles 2410 and ss. of the Italian Civil Code, remarking that there were no limitations to the issue of the bond in accordance with art. 2412 of the Italian Civil Code

- On October 26, 2021, the Board of Statutory Auditors expressed its opinion pursuant to art. 2386 of the Italian Civil Code regarding the appointment by co-optation of the directors Francesco Bove and Giovanni Casali.

- On November 16, 2021, the Board of Statutory Auditors approved the appointment of the auditing company to carry out the non-audit services relating to the cybersecurity consultancy and assistance activity carried out by KPMG Advisory S.p.A., applying the provisions of the "Internal procedure to grant appointments to the independent auditors".

Through this report, the Board of Statutory Auditors pursuant to art. 2429, co. 2, of the Italian Civil Code refers in particular to:

- the activities carried out in fulfilling the duties of the Board of Statutory Auditors required by law;
- The results of the financial year;
- The remarks and proposals regarding the Financial Report, particularly with reference to the possible use by the Board of Directors of the exemption set forth by art. 2423, co. 4 of the Italian Civil Code;
- on any complaints pursuant to art. 2408 of the Italian Civil Code by the shareholders.

In any case, the Board of Statutory Auditors remains at disposal to analyze in depth any further aspect during the discussion that will be held in the Shareholders' Meeting.

Supervisory activity pursuant to art. 2403 and following of the Italian Civil Code

The Board supervised the compliance with the law and the Articles of Association and the compliance with the principles of proper administration and supervised the relationships between the Company and any related parties regarding the contracts and transactions that took place.

The Board has participated in the Shareholders' Meetings and in the meetings of the Board of Directors and has met the Chief Executive Officer and the CFO of the Company and, on the basis of the information available, has not found any violations of the law and of the Articles of Association, nor manifestly imprudent operations, risky, in potential conflict of interest that may compromise the integrity of the corporate assets.

Among the significant events that characterized the Company and the Guala Closures Group during the year - as reported in the Management Report to which reference should be made for any further information - the Board remarks:

- acquisition of a further 10% of the share capital of SharpEnd Ltd for a consideration of € 1.6 million;
- the collection of the second installment of the sale price of GCL Pharma S.r.l., equal to € 2 million;
- appointment on 30 April 2021 by the Shareholders' Meeting of the new Board of Directors and the Board of Statutory Auditors;
- the change of control of the Company consequent to the Public Tender Offer promoted by Special Packaging Solutions Investments S.à r.l .;
- the issue of a bond loan listed on the Luxembourg Stock Exchange for € 500 million used, in part, to repay the previous bond of € 455 million;
- the signing of a revolving credit facility agreement equal to € 80 million;
- the delisting of the Company which took place on 20 July 2021;
- the termination of the contract with the Group CFO and of the contract with the Chief Marketing Officer and M&A;
- on 8 September 2021, following the delisting, the Board of Directors eliminated the Control, Risks and Sustainability Committee, the Remuneration and Appointments Committee and the lead independent director.

The Board of Statutory Auditors acquired the information in accordance with art. 2381, co. 5, of the Italian Civil Code, from the Board of Directors and from the Chief Executive Officer, on the general management trend and its foreseeable evolution and in particular on the risk factors and significant uncertainties relating to the business continuity as well as the business plans prepared to deal with such risks and uncertainties, as well as on the most important transactions performed by the company, considering the size or characteristics, and, based on the information acquired, we have no particular observations in relation thereto.

During the periodic checks, the Board became aware of the evolution of the activity carried out by the Company, focusing on the main events also of a contingent and / or of extraordinary nature, which in any case characterized the present year in order to identify - as well as the economic and financial impact on the result for the year and on the capital structure - any risks, remarking as main points of interests for business:

- the implementation of the path meant to strengthen the Internal Control and Risk Management System (hereinafter the "SCIGR") and the Governance and Control processes, with regards the areas still significant after the delisting of the Company which took place on 20 July 2021 and taking into account the eight areas into which - also following the delisting - the SCIGR has now been divided;
- with regard to the activity relating to the Group's information systems, the need to implement a process of progressive coordination and integration of the information systems (management and accounting), in particular for the most significant companies, also following the outcome of the “IT Assessment activity” implemented by management;
- the process of strengthening the entire system of Group policies and standards, also in order to achieve a more centralized governance;
- the adequate monitoring and management of risks, for the Group's business, consequent (i) to the persistence - in most of the areas in which it operates - of the pandemic Covid-19, (ii) to the increase in the prices of raw materials in the second part of the year.

The Board of Statutory Auditors has therefore constantly assessed the adequacy of the organizational, administrative, and accounting structure of the Company and its possible changes with respect to the needs expressed by the management trend.

As part of its supervisory activity, the Board of Statutory Auditors, in particular, was able to verify that:

- the system of proxies and sub-proxies appears consistent with the Company's system, provided that it still appears convenient to:

(i) strengthen the homogeneity at Group level, and in any case, take into account the changes that have occurred in the management of the Parent Company and the consequent repercussions on the governance,

(ii) carry out a new check of the entire system of delegation of powers in order to ensure that it is still consistent;

confirming the intention of the Company - shared by the Board of Statutory Auditors - to adopt a more centralized approach in order to increasingly align the organization of the Parent Company and its subsidiaries;

- The refinancing process of the existing bond loan equal to euro 455 million, consequent change of control of the Company, which took place during the year and consisting of the issue of a senior bond loan and a super senior multicurrency revolving loan, took place promptly and was managed in accordance with the existing legislative and regulatory framework as well as with the financial needs of the Company, having in any case received confirmation about:
    - its financial sustainability also in consideration of the free cash flow generated prospectively by the Company;
    - that the security package has no significant impact on the Group's management, taking into account, in particular, its complex organizational structure;
- The delisting process of the Company, completed on 20 July 2021, was implemented in accordance with the existing legislative and regulatory framework;
- The substantial adequacy of the organizational structure, however evolving, through specific meetings with the heads of the main functions, in particular the Head of Health and Safety, GroupDirector, Group M&A & Strategic Development, Group Technical Director, Group Purchasing Director & Group Insurance Manager;
- With reference to the supervisory activity on financial reporting processes and in addition to the analysis carried out with the auditing company mentioned here-below, from the meetings held with the Chief Financial Officer, the functions of the Company responsible for accounting control and the Internal Audit and Group Risk Management to whom were delegated the activities of risk scoping and verification in compliance with the regulations provided by Law no. 262/2005, no significant deficiencies and / or criticalities of the

Company's internal control system emerged in terms of administrative and accounting processes.

The Board of Statutory Auditors also had specific meetings with the Independent Auditors during the various stages of the audit, during which it, among other things, examined:

- the Transparency Report 2021;
- the resources and hours planned for the 2021 statutory audit engagement;
- the scope of work, materiality and significant risks 2021;
- the 2021 Review Plan;
- 2021 Group Audit timetable.

The Board of Statutory Auditors additionally analyzed the methodological framework adopted by the Auditor and acquired the necessary information during the work, with a constant interaction on the audit approach used for the various significant areas of the financial statements, sharing the related business risks, as well as receiving updates on the progress of the audit engagement and on the main aspects for the attention of the Auditor.

In relation to the provisions referred to in Legislative Decree 231/2001, the Board of Statutory Auditors acknowledged:

- the appointment on 30 April 2021 of the relevant Supervisory Body in its current composition.
- of the changes made to the Organizational Model, in a first phase meant to ensure that it is updated to the current situation of Guala Closures, particularly with reference to the governance structure of the Company.
- the launch of a project - not yet completed - aimed to implement a completely new Organizational Model, starting from the risk assessment phase and based on the most recent processes adopted by the Company.

In conclusion, as far as it was possible to ascertain during the activity carried out during the year, the Board of Statutory Auditors can affirm that:

- The decisions taken by the Chief Executive Officer and the Board of Directors were compliant with the law and the Articles of Association and were not clearly imprudent or such as to compromise the integrity of the corporate assets.
- Sufficient information has been acquired in relation to the management trend and the foreseeable evolution, as well as on the most significant transactions, by size or characteristics, carried out by the company.

- The transactions carried out were also compliant with the law and the bylaws and not against the resolutions adopted by the Shareholders' Meeting nor may compromise the integrity of the corporate assets.
- Notwithstanding the need to complete the process of strengthening the Internal Control and Risk Management System in progress, taking into account that it is further implemented during the 2021 financial year, there are no specific remarks on the adequacy of the Company's organizational structure, nor regarding the adequacy of the administrative and accounting system, as well as on the reliability of the latter in correctly representing operating events.
- During the supervisory activity no further significant facts emerged that to require to be reported.
- It was not necessary to intervene due to omissions of the Board of Directors pursuant to art. 2406 of the Italian Civil Code.
- No complaints have been received pursuant to art. 2408 of the Italian Civil Code.
- No actions have been made pursuant to art. 2409, co. 7, of the Italian Civil Code.
- during the year, no reports were made to the management body pursuant to and for the purposes of art. 15 of the Legislative Decree n. 118/2021.

During the supervisory activity described above, no other significant facts emerged during the year 2021 that is required to be mentioned for the purposes of this report.

Observations and proposals regarding the Financial Statements and its approval - Conclusions

The Board of Directors has made available the draft financial statements referring to Guala Closures S.p.A., consisting of the balance sheet, the income statement, the cash flow statement and the explanatory note, accompanied by the management report pursuant to art. 2428 of the Italian Civil Code for the year ended 31 December 2021 as approved by the Board of Directors of the Company on 28 April 2022 which presents a profit of € 9,729,921.00.

KPMG S.p.A., in charge of the legal audit, has prepared its own report pursuant to art. 14 Legislative Decree 27 January 2010, n. 39 dated 9 May 2022, report expressing a positive opinion without any remark.

On the basis of the foregoing and to the extent that the board of statutory auditors has been brought to the attention and has been found by the periodic checks carried out, it is therefore deemed that there are no impediments to your approval of the draft financial statements for the year ended 31

December 2021, accompanied by the directors' report on operations, as proposed by the Board of Directors.

The Board of Statutory Auditors has no observations in relation to the proposal made by the directors regarding the allocation of the profit for the year.

Milan, May 9, 2022

The Board of Statutory Auditors

2021 Sustainability report

(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

Guala Closures Group

Letter to stakeholders

Despite the impact on our growth linked to the Covid-19 emergency, the Group has shown that it rests on solid strategic foundations and extraordinary corporate values.

Excellence, Innovation and Sustainability are the three key pillars of Guala Closures' development strategy, aimed at creating value for shareholders, generating safety and well-being for its employees, demonstrating social responsibility and a strong focus on the environmental impact of its activities.

Guala Closures monitors the greenhouse gas emissions generated by its production activities. In 2021, we recorded an important result in this area as direct Scope 1 and indirect Scope 2 emissions decreased by 28.5%, thanks to the purchase of electricity from renewable sources.

Furthermore, since September 2021, the Group has joined the UN Global Compact, thus confirming the sharing, support and application of its Ten Universal Principles, on human rights, labor, environment and anti-corruption. Sustainable development is also expressed through social sustainability inside and outside the company. For this reason, we have placed our most precious asset at the center of our growth: people.

We launched our "Charter of diversity and inclusion", a pillar of our development strategy that places our people at the center, to promote essential values such as respect, tolerance, ethics and solidarity throughout the Group.

Guala Closures' commitment to sustainability began 11 years ago and in 2022 the second program started in 2016 ends. We took the opportunity to carry out a survey on sustainability among all Group employees. The results showed a strong sensitivity and a high level of involvement on sustainability issues and, a source of great satisfaction, a widespread knowledge of the Group's activities regarding these issues.

We are now working on the 2022-2030 program, which will commit us to a future of growth and progress, with constant attention to people and the environment.

Enjoy the reading.

Gabriele Del Torchio

Chairman and CEO

(signed on the original)

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A world leader in the manufacturing of closures, we offer a wide range of products

Non-financial performance

CO_2 emission intensity (t CO_2eq/ t finished product)
7.18
(2020: 7.49)
Change from 2020: -4.1%
Change from baseline*: -22.4%

Water intensity (m3 / t prodotto finito)
2.34
(2020: 2.83)
Change from 2020: -17.2%
Change from baseline*: -40.8%

Energy efficiency (Gj / t prodotto finito)
17.05
(2020: 17.73)
Change from 2020: -3.9%
Change from baseline*: -3.0%

Diversity & Inclusion (women / total headcount)
23.5%
(2020: 23.0%)
Change from 2020: +2.2%
Change from baseline*: +17.3%

Accident frequency index
6.64
(2020: 5.95)
Change from 2020: +11.6%
Change from baseline*: -26.5%

Production efficiency (OEE)
76.78%
(2020: 76.26%)
Change from 2020: +2.2%
Change from baseline*: +17.3%

Our identity

1954 Foundation	30 Production facilities	4.859 Employees	659.8M€ Turnover	6 R&D centres
18 bn Closures produced	300+ Closures models	3 Product lines	170+ Intellectual property	100+ Countries where we have strong customer partnership

* **Baseline years:**
CO_2 Emissions: 2016
Water intensity: 2015
Energy efficiency: 2015
Diversity & Inclusion: 2017
Accident frequency: 2015
Production efficiency: 2015

1.1 About us

The Guala Closures 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. 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 both in Europe, the United States (FDA) and the countries where closures are produced and sold.

In 2021, the Group produced and sold more than 18 billion closures across its four product categories: safety, roll-on, luxury and other closures and services. All products are sold to two types of customers: multinationals and local.

The commitment of senior management

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

All our processes, values, responsibilities and commitments form part of our integrated management system (environmental, quality, social, ethical, food safety and health and safety).

Vision and mission

Guala Closures Group promotes 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 objective 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 Our products

Guala Closures Group offers a very wide range of closures and products, suitable for any type of liqueur, drink or condiment. The design and functionality of our closures are carefully evaluated and agreed with the customer, in order to guarantee the highest quality and safety of the product. We offer three product lines: Safety, Roll-on and Luxury along with other closures and services, including shrink caps and PET preforms. We have added two extensions to these lines, namely the Něsgate connected closures and the sustainable Blossom closures..

SAFETY Closures

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

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

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

Other closures and services

This encompasses all products not included in the other categories, such as closures in rubber, standard or synthetic cork for wine, heat shrink caps and PET bottles, as well as the services provided to third parties such as lithographic decoration of flat sheets

Lines extensions

Chiusure connesse NĕSTGATE™

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. Just as photos and information can be shared between smartphones, the NĕSTGATE technology allows spirits producers to communicate directly with consumers.

Chiusure sostenibili BLOSSOM™

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.

1.3 Our markets

Spirits 64.1%

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 18.8%

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 taste for longer.

Water 7.9%

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.

Olive oil and condiments 2.2%

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.

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 2021 turnover; the above categories account for 95.2%, while the remaining 4.8% comes from other revenue.

1.4 Our international footprint

The multinational Group operates on five continents and consists of 30 production plants, three sales offices, one Group holding company, two international holding companies and six research and innovation centres (Italy, Luxembourg, United Kingdom, Ukraine and Mexico and Bulgaria). Compared to 2020, the Turkish plant has closed.

GUALA CLOSURES GROUP

Europe

- **Italy**: Group Holding di Gruppo
- **Netherlands**: International Holding

GUALA CLOSURES PLANTS

Europe

- **Bulgaria**: Kazanlak
- **Belarus**: Minsk
- **France**: Chambray – Saint Rémy sur Avre
- **Germany**: Worms
- **Italy**: Magenta – Spinetta Marengo – Termoli
- **Luxembourg**: Foetz
- **Poland**: Wloclawek
- **United Kingdom**: Bridge of Allan – Kirkintilloch
- **Spain**: Jerez del la Frontera – Olerdola
- **Ukraine**: Sumy

North America

- **Mexico**: San José Iturbide
- **USA**: Fairfield

South America

- **Argentina**: Chivilcoy
- **Brazil**: San Paolo
- **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

SALES OFFICES

South America

- **Argentina**: Buenos Aires

Asia

- **Japan**: Tokio
- **Turkey**: Istanbul

1.5 Our story

2021
This year we celebrate **67 years of excellence**; **Guala Closures Group** is purchased by **Investindustrial**; joining of the UN Global Compact. Acquisition of additional 10% stake in SharpEnd in the UK.

2020
Acquisition of 20% of SharpEnd in the UK and acquisition of **Guala Closures Deutschland** and **Guala Closures Turkey**, formerly Closure Logic. Disposal of **GCL Pharma**.

2019
Commencement of operations of **Guala Closures East Africa Limited** in Kenya; opening of the **plant in Belarus**

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

2017
Acquisition of **Axiom 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

2016
Acquisition of **CAPMETAL** in France (100% from 2020)

2015
Opening of the new production plant in Santiago de Chile

2014
Guala Group celebrates **60 years** from its inception; production plant and cutting-edge design studio opened in **Fairfield** (California)

2012
Acquisition of **Metal Closures Industries** in South Africa

2011
Acquisition of **Metalprint** in Magenta (Italy), a plant specialised in aluminium degreasing, cutting and lithography, and 70% of **DGS** in Poland.

2010
Acquisition of 70% of Danik in **Bulgaria**..

2009
Launch of the **Pharma** division based in Vasto (sold in 2020).

2008
Acquisition of 70% of **Technologia Closures** in Ukraine; Guala Closures Group is delisted from the Italian stock exchange

2007
Acquisition of **Auscap** in Australia

2006
Opening of new sales and production plants in the **USA** and **France**

2005
Guala Closures North America is set up for the US and Canadian markets; **Guala Closures Group listed on the Italian stock exchange** on 22 November

2003
A new **GlobalCap S.p.A.** production plant is set up in Spain; the Group has **21** plants worldwide

2002
Acquisition of **Plasticos Dumex** in Mexico and 70% of **Supertap** in Argentina (later renamed Guala Closures Argentina and wholly owned since 2002

2000
After **Spain**, **Mexico**, **Brazil**, **Colombia** and **India**, the expansion continues in **Argentina**, **China** and Russia

1998
Guala Closures Group is established, sponsored by private investors da

1960
The first patented **non-refillable** closures are produced

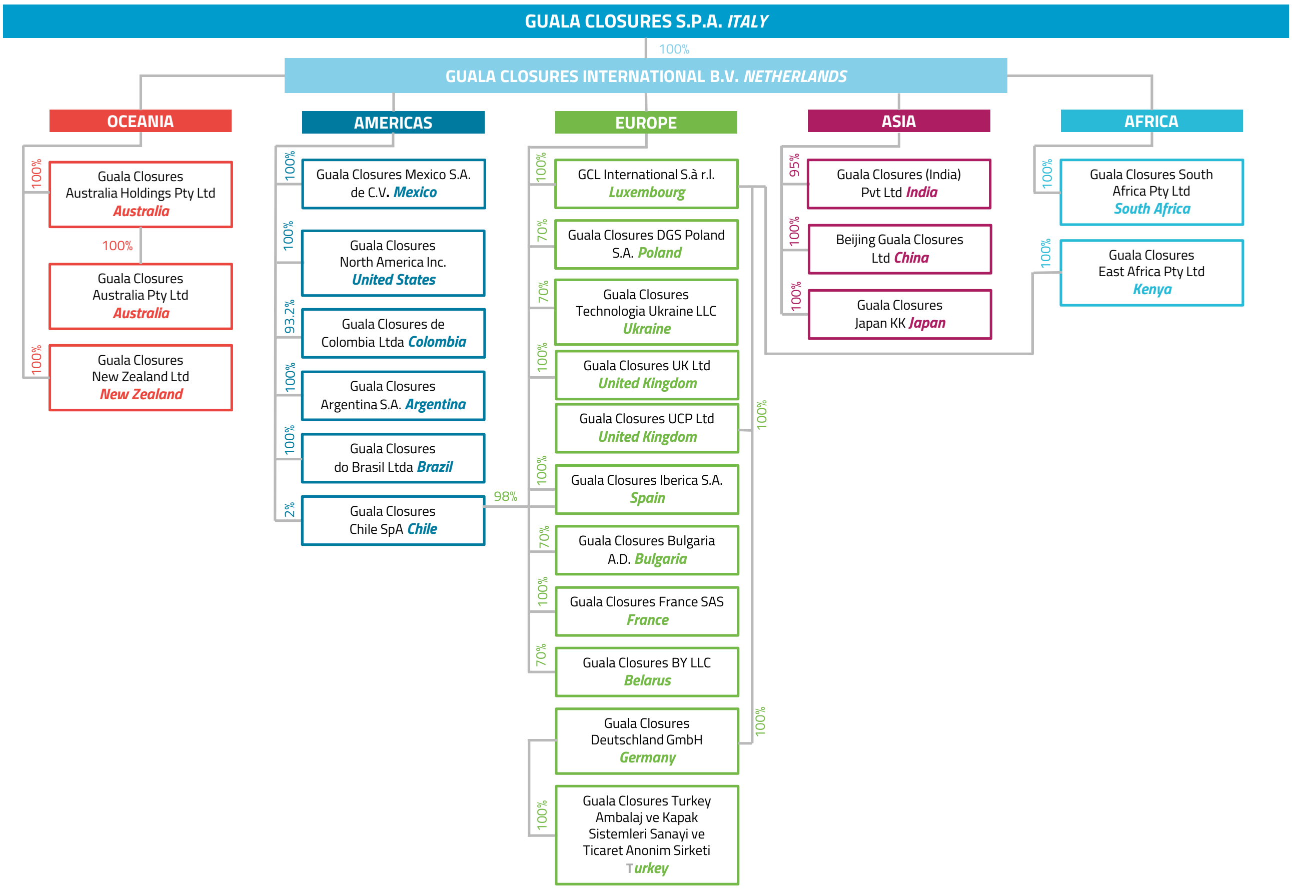
1954
Guala, specialised in the production of plastic components, is founded

1.6 The Group 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.

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;**
- **financial companies.**



The Group's structure has changed since 2021, as Guala Closures Servicios Mexico S.A. de C.V was merged into Guala Closures Mexico S.A. de C.V.

VALUE

CREATION

2.1 The value creation model

2.2 Stakeholder engagement

2.3 Material topics

2.1 The value creation model

At 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 the Group and the customers.

Input

Planet

191,681 m3 water withdrawn
21.67% withdrawn from areas with water stress
221.8 GW energy consumed
14.6 Mm3 natural gas consumed
44,152 t aluminium consumed
47,567 t plastic consumed

People

4,859 employees of Guala Closures Group
23.5% women
31.1 hours of training per employee
15% on EHS topics
841 temporary workers

Business

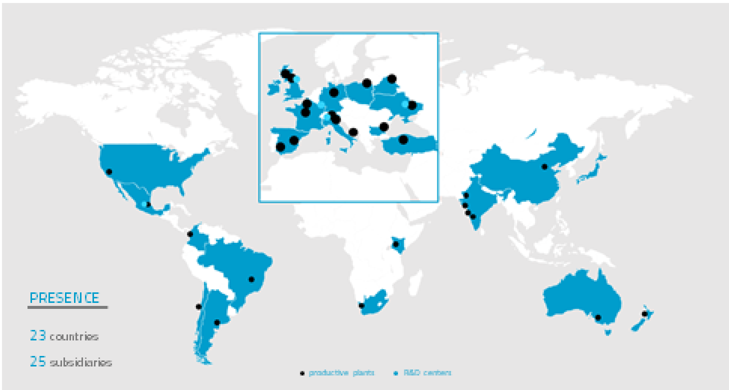
€31,4 million investments
30 production plants
6 research and development centres
76.78% production efficiency
40+ strategic suppliers

ESG context

I The principles that guide our business

ENVIRONMENTAL PROTECTION | PRODUCT QUALITY | CONTINUOUS INNOVATION

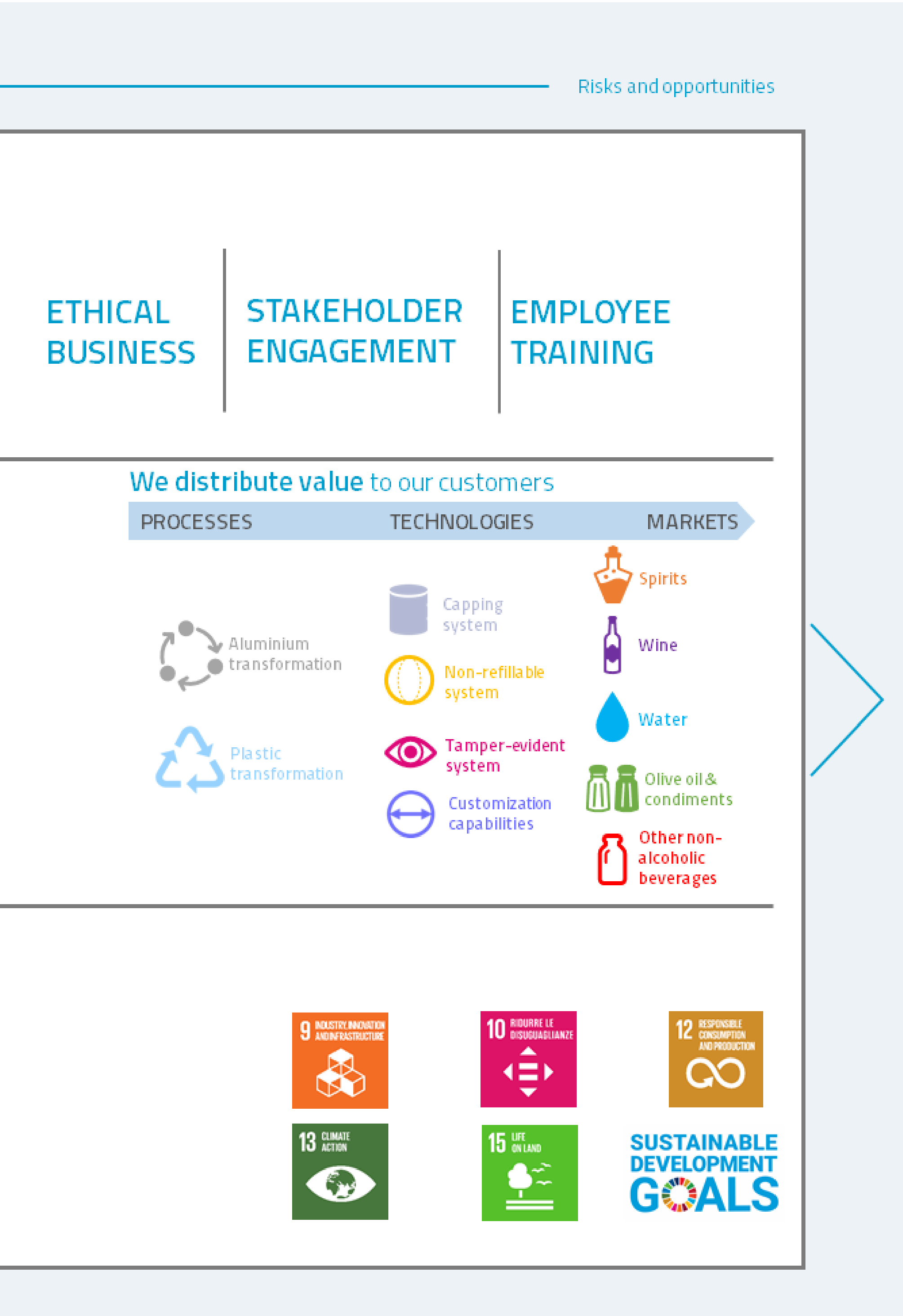
Global leader in the production of closures



We create value for all our stakeholders

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 relational) 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 community in which the Group operates. Accordingly, our operational approach combines business objectives with sustainability goals, resulting in our sustainability plan: "**Working together for sustainable growth**", whose goal is to restore value to each type of capital and a positive impression on every area where the Group operates.



Output

Planet

88.1% waste recovered

7.28 kgCO2eq/ kg of finished product

112,375 tCO2eq scope 1 and 2 emissions

501,084 tCO2eq scope 3 emissions

56,743 tCO2 emissions offset

38,853 trees planted

People

6.64 frequency rate of injuries

0.24 severity rate of injuries

10,537,986 hours worked

21.6% female managers

33% women on the board of directors

400+ families benefited from the reforestation programme in India

Business

18 bln closures produced

€659.8 mln revenue

€115.1 mln adjusted EBITDA

170+ intellectual property

4 product lines and **2** extensions

300+ closure models

2.2 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 an assessment of their performance on an annual basis, in a manner that takes into consideration local needs;
- **local communities and areas:** each plant 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 at different frequencies depending on the plant and on local contexts and needs.

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 2019, in order to take into account the Group's continuous development and its flotation, we updated our materiality matrix by engaging our internal and external stakeholders in a dialogue process. In line with the <IR> framework published by the International Integrated Reporting Council (IRCI), we determined the contexts that affect our ability to create value in a sustainable manner, and these are the social, environmental and economic contexts. The material topics were then identified based on their impact on the Group's business strategy, governance, performance and outlook..

Updating the materiality matrix entailed the following five steps:

ANALYSIS OF CRITICAL ISSUES IN THE SECTOR

We revised and expanded our list of potential material challenges initially established in 2016 by analysing sector good practices and reporting frameworks (IIRC, GRI, UN SDGs).

INTERVIEWS WITH INTERNAL AND EXTERNAL STAKEHOLDERS BY EXTERNAL CONSULTANTS

We collected the views of our internal and external stakeholders on 41 topics through interviews conducted by an external organisation with a panel representing customers, suppliers, directors, employees and union members.

EXTENSIVE CONSULTATION OF INTERNAL AND EXTERNAL STAKEHOLDERS

We distributed an online questionnaire that enabled us to collect almost 200 responses from our stakeholders in 26 countries (66% internal, 34% external stakeholders) on the identified topics. Based on the results, we prioritised the 41 challenges according to their potential impact on the Group's ability to create and share value in the medium- to long-term.

COMPARISON OF THE INFORMATION OBTAINED WITH RISKS AND CHALLENGES

A special committee, made up of Green Board members and the CSR team, discussed the results and ensured the prioritisation of material topics and the mapping of the Group's critical risks were consistent.

DEFINITION OF MATERIAL TOPICS AND PRIORITIES

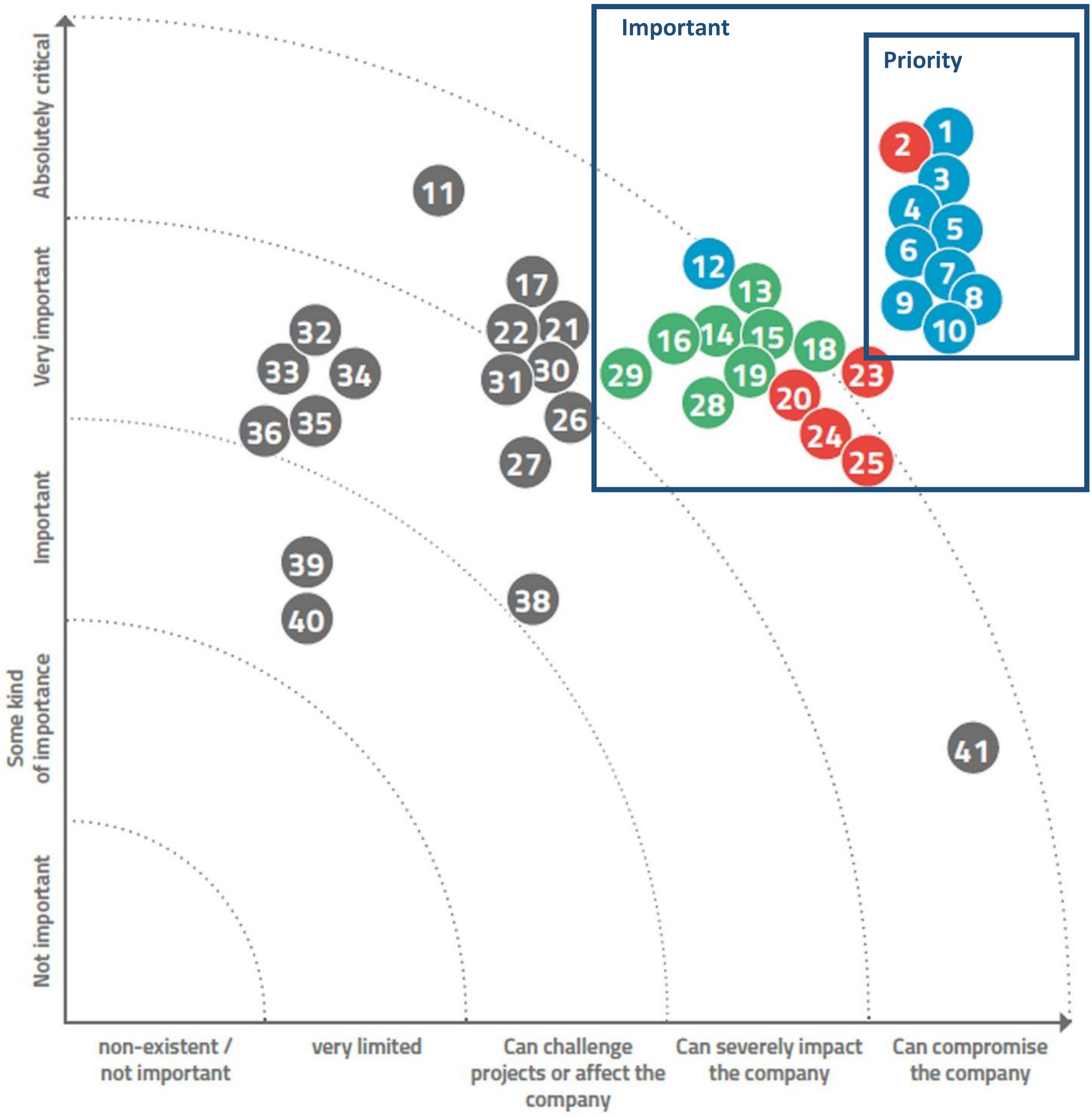
Senior management validated the results of this materiality assessment which contributes significantly to the Group's thinking.

2.3 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. The matrix was then updated in July 2019.

41 main topics were identified, 10 of which were considered priorities and 13 important, cross-referencing the results of a questionnaire for internal and external stakeholders with the mapping of non-financial risks and the strategic sustainability priorities identified during a workshop with senior management.

Below is a chart of the material topics in hierarchical order within the materiality matrix. The priority and important topics in **blue**, **green** and **red** respectively, belong to the **economic**, **environmental** and **social** contexts, while the **grey** ones are non-priority topics.



The materiality matrix was revised in 2020 with senior management because of the pandemic. From a corporate point of view, the Covid-19 emergency affects the occupational safety topic, in addition to customer satisfaction and, indirectly, the value of transparency. All these topics fall into the most material section of the matrix, as identified by both stakeholders and the Group.

However, the emergency did not affect only these topics. In fact, we noted more or less important impacts on environmental and social issues. Since the Covid-19 emergency affects several material topics that were already priorities, we decided to leave the matrix unchanged.

As there were no changes to the Group's material topics in 2021, there were no changes to the materiality matrix.

N	Material topic	Context
1	Customer satisfaction	Governance
2	Occupational safety	Social
3	Ethics and integrity	Governance
4	Ethical business practices	Governance
5	Governance & compliance	Governance
6	Innovation	Governance
7	Corruption risk management	Governance
8	Economic performance	Governance
9	Privacy and data security	Governance
10	Transparency	Governance
12	Ethical purchasing practices	Governance
13	Recycling raw materials	Environmental
14	Use of harmful substances	Environmental
15	Greenhouse gas emissions	Environmental
16	Waste from operations	Environmental
18	Energy efficiency	Environmental
19	Preventing pollution	Environmental
20	Employee training	Social
23	Employee satisfaction	Social
24	Diversity and inclusion	Social
25	Employee development	Social
28	Product development with environmental benefits	Environmental
29	Water resource management	Environmental

N	Non-material topic	Context
11	Child labour	Governance
17	Human rights	Governance
21	Product end-of-life	Environmental
22	Ethical marketing	Governance
26	Shortage of raw materials	Environmental
27	Employee welfare	Social
30	Renewable energies	Environmental
31	Engagement of suppliers in sustainability	Governance
32	Air pollution	Environmental
33	Responsible investments	Governance
34	Psychological risks for employees	Social
35	Safeguarding biodiversity	Environmental
36	Land management	Environmental
37	Transport and travel	Environmental
38	Volunteering	Social
39	Supporting NGOs	Social
40	Support for local communities	Social
41	Financial stability	Governance

As each material topic identified presents risks and opportunities, a specific approach to each topic included in the matrix was used.

In the last few months of the year, we began working on the new materiality matrix, which will be drawn up in 2022.

MATERIAL TOPICS	RISKS	OPPORTUNITIES
Recycling raw materials I	▪ Increase in transaction costs ▪ Loss of customers ▪ Losses in the supply chain	▪ Offer increasingly sustainable products ▪ Cut raw material costs
Use of harmful substances I	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model ▪ Increase in transaction costs	▪ Reduce hazardous waste, thereby cutting disposal costs ▪ Use bio-based materials
Greenhouse gas emissions I	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model ▪ Increase in transaction costs ▪ Loss of customers	▪ Play an important role in the transition to a low-carbon economy ▪ Use energy from renewable sources
Waste from operations I	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model ▪ Increase in transaction costs ▪ Loss of customers	▪ Cut waste disposal costs ▪ Play a role in the creation of a circular economy
Energy efficiency I	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model ▪ Increase in transaction costs ▪ Loss of customers	▪ Cut energy costs, thereby reducing production costs
Preventing pollution from operations I	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model ▪ Increase in transaction costs ▪ Loss of customers	▪ Transition to production activities with a low environmental impact
Product development with environmental benefits I	▪ Potential imposition of taxes and penalties ▪ Difficulties in adapting to market changes ▪ Long-term damage to our business model ▪ Loss of customers	▪ Offer products that are increasingly sustainable in terms of materials, manufacturing process and disposal, following market trends
Water resource management I	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model ▪ Increase in transaction costs ▪ Loss of customers	▪ Cut costs so more resources are available for use in production and innovation

OUR APPROACH	REFERENCE PARAGRAPHS
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	7.2 The Blossom™ line
Gradually abandon the use of hazardous raw materials, favouring the use of bio-based and/or environmentally-friendly substances. We encourage the recovery and reuse of certain substances.	5.6 Waste management
The group is committed to reducing Scope 1 and 2 greenhouse gas emissions and, in order to further expand its environmental responsibility, were 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.	5.1 Fighting climate change
We have implemented a waste management system based on: ▪ reducing both input and waste for a given amount of output ▪ reusing the material as an input in our production activities ▪ recycling waste and scrap as a new raw material ▪ creating energy by incineration when nothing is recoverable (external practice)	5.6 Waste management
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.	5.3 Energy management
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.	4.3 Management systems
We develop sustainable products by following the four eco-design guidelines we have developed in-house: ▪ 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	7.2 The Blossom™ line
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.	5.5 Water management

I **Important topics** P **Priority topics**

MATERIAL TOPICS	RISKS	OPPORTUNITIES
Occupational safety P	▪ Death or harm to the health of our employees and collaborators ▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business model	▪ Reduce interruptions in production, thereby increasing production efficiencies ▪ Contain insurance costs ▪ Engage and motivate employees ▪ Attract new resources
Employee training I	▪ Loss of motivation for employees ▪ Tarnished image in attracting new resources ▪ Loss of product quality and reliability	▪ More qualified and more problem-solving oriented employees ▪ Lower external consultancy fees
Employee satisfaction I	▪ Loss of motivation for employees ▪ Tarnished image and difficulties in attracting new resources	▪ Develop a sense of belonging among employees ▪ Attract new resources
Diversity and inclusion I	▪ Loss of motivation for employees ▪ Tarnished image and difficulties in attracting new resources	▪ Inclusive work environment ▪ No discrimination ▪ Develop a sense of belonging among employees
Employee development I	▪ Loss of motivation for employees ▪ Tarnished image in attracting new resources ▪ Loss of product quality and reliability	▪ More qualified employees ▪ Attract new resources
Customer satisfaction P	▪ Reputational damage ▪ Loss of customers ▪ Reduction in profits	▪ Improved business relationships with customers ▪ Improved quality of service ▪ Attract new customers
Innovation P	▪ Difficulties in adapting to market changes ▪ Reputational damage ▪ Loss of customers ▪ Reduction in profits	▪ Build on customer needs to develop the product offering and business strategy ▪ Offer products that are increasingly sustainable in terms of materials, manufacturing process and disposal ▪ Gain competitive edge by differentiating products
Financial performance P	▪ Financial losses ▪ Reduction in profits ▪ Difficulties in adapting to market changes	▪ Consolidate our market presence ▪ Expand our investment programme ▪ Improve our performance in the financial market

OUR APPROACH	REFERENCE PARAGRAPHS
We ensure the health and safety of our employees and collaborators by applying the following three principles: ▪ Making people responsible for their personal safety: we ensure that the means of communication are effective and that requirements and objectives are met. ▪ 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. ▪ 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.	6.5 Health and safety
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.	6.2 Employee training and development
We are very open to dialogue with our employees and willing to meet their work and family needs. In addition, a multitude of local agreements and initiatives are in place.	6.6 Relations with employees
We developed a social-inclusion programme based on the following three pillars: ▪ Equal opportunities of growth and treatment for all diversity groups ▪ Employee engagement and development in all age groups ▪ Increase the engagement of people with disabilities in skilled positions	6.3 Diversity and inclusion
The group agrees growth plans and performance reviews with its employees focused on ongoing personal and professional growth	6.2 Employee training and development
We agree 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.	7.3 Customer satisfaction
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.	7.1 Innovation
Senior management manages the risk of economic underperformance in collaboration with the finance department. Diversification and risk insurance mechanisms ensure that exposure to market fluctuations has a marginal effect on the final performance.	1.3 Our markets

I **Important topics** P **Priority topics**

MATERIAL TOPICS	RISKS	OPPORTUNITIES
Governance and compliance P	▪ Potential imposition of taxes and penalties ▪ Reputational damage ▪ Loss of customers ▪ Losses in the supply chain ▪ Financial losses	▪ Gain more control of ethical issues ▪ Improve our market reputation
Anti corruption P	▪ Potential imposition of taxes and penalties ▪ Reputational damage ▪ Loss of customers ▪ Losses in the supply chain	▪ Mitigate the risk of taxes and penalties ▪ Hedge against potential damage to the company's image for all stakeholders
Privacy and data security P	▪ Potential imposition of taxes and penalties ▪ Reputational damage ▪ Loss of customers ▪ Losses in the supply chain ▪ Financial losses	▪ Allocate new resources to cybersecurity ▪ Promote a positive cyber security culture
Transparency P	▪ Potential imposition of taxes and penalties ▪ Financial losses ▪ Potential legal disputes	▪ Strengthen stakeholder trust through sound business ethics ▪ Maintain an excellent reputation by avoiding penalties for regulatory non-compliance
Ethics and integrity P	▪ Potential imposition of taxes and penalties ▪ Financial losses ▪ Potential legal disputes	▪ Strengthen stakeholder trust through sound business ethics ▪ Maintain an excellent reputation by avoiding penalties for regulatory non-compliance
Ethical business practices P	▪ Potential imposition of taxes and penalties ▪ Financial losses ▪ Potential legal disputes	▪ Strengthen market confidence ▪ Maintain an excellent reputation by avoiding penalties for unfair behaviour
Ethical purchases P	▪ Potential imposition of taxes and penalties ▪ Financial losses	▪ Strengthen business partners' confidence ▪ Maintain an excellent reputation by avoiding penalties for regulatory non-compliance

OUR APPROACH	REFERENCE PARAGRAPHS
ESG governance and compliance issues are implemented and monitored by the ethics and social committee. Chaired by the COO, the committee is composed of the directors of the group departments involved: purchasing, legal affairs, quality, human resources and sustainability.	3.3 Policies and guidelines
The risk of corruption is constantly monitored by the group's senior management and the ethics and social committee and is regulated by the Code of ethics, which was last revised on January 2018. All new employees, including temporary workers, receive information about the contents of this document and the internet address where they can find the Code.	A1 Competition and corruption
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.	7.3 Customer satisfaction
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 and monitored by the ethics and social committee, which ensures utmost compliance.	3.3 Policies and guidelines
These two values are also defined and regulated by the Code of Conduct. Ethical/social performance is coordinated and checked by means of internal audits, together with internal audits on other systems.	3.3 Policies and guidelines
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.	3.3 Policies and guidelines
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.	7.5 Key suppliers

I Important topics

P Priority topics

THE GROUP GOVERNANCE

3.1 Corporate governance

3.2 Governance and CSR

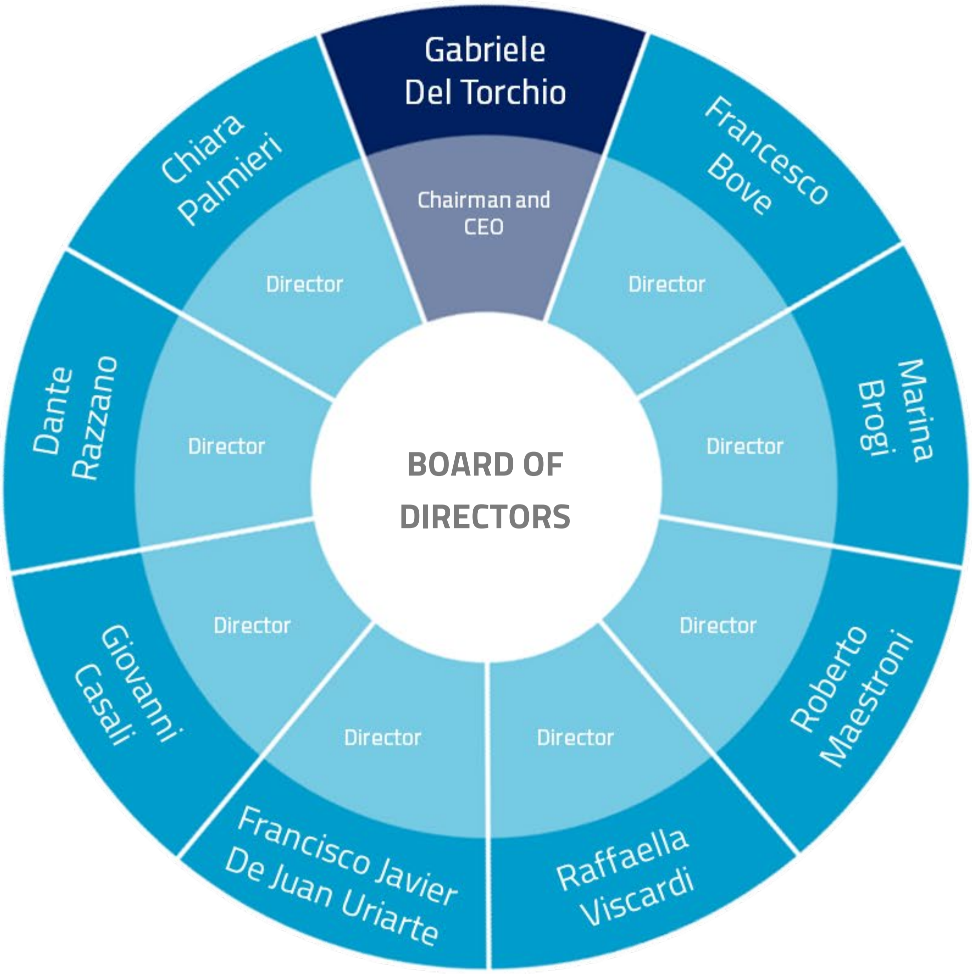
3.3 Policies and guidelines

3.4 Analysis and management of risks and opportunities

3.1 Corporate governance

The Corporate Governance system of Guala Closures S.p.A. it is characterized by a set of rules, behaviours and processes aimed at guaranteeing corporate efficiency and transparency, and the effective functioning of governance bodies and control systems. The corporate governance system adopted by Guala Closures S.p.A. it is structured according to the traditional administration and control model and consists of the following bodies: Shareholders' Meeting; Board of Directors; 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.



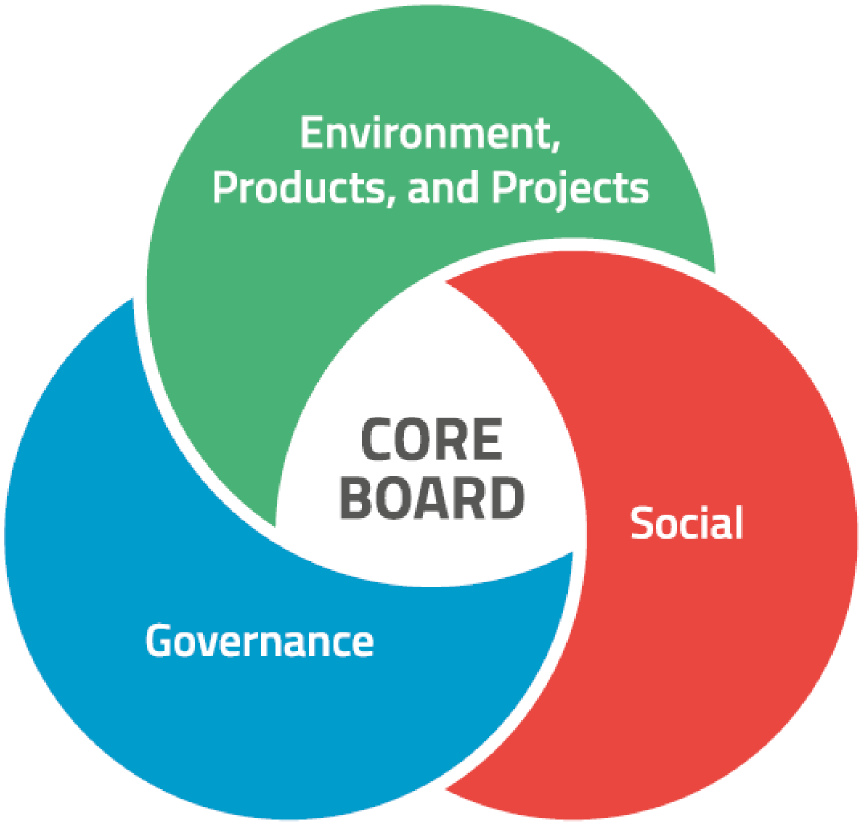
The board of directors plays a central role in strategic positioning, organisational coordination and checking that the necessary controls are in place to monitor the company's performance. Moreover, the board is vested with the fullest powers for the company's administration. Specifically, it has the power to perform all the acts it deems appropriate to achieve the company's objectives. 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, 2021, the board of statutory auditors is comprised of: Benedetta Navarra (chairwoman), Fioranna Vittoria Negri (standing auditor), Massimo Gallina (standing auditor), Mariateresa Salerno (alternate auditor) Ugo Marco Luca Maria Pollice (alternate auditor).

3.2 Governance and CSR

The implementation of Guala Closures Group's sustainability strategy requires a structured and flexible organization. For this reason, as of this year, the Green Board has been replaced by the new Sustainability Board, characterized by a central board, called the Core Board, and by three distinct groups for thematic areas. These themes give the name to the three groups: the Environment, Products and Projects group deals with issues related to the environmental context, the Social group deals with social issues, while the third group focuses on governance issues.

The objective of the groups is to propose ideas and action plans to the core board, which is comprised of the following five people: Franceso Bove (COO of the Group), the three regional managers, and Paolo Lavazza, the Group's quality and sustainability director who will validate the strategy and monitor its proper implementation. Two external supervisors round out the Sustainability board.



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 the implementation and sharing of sustainability reporting at Group level, the coordination of the activities for the certification of environmental data and the review of the non-financial statement data, carried out by third party companies and the implementation of inputs for Green Board meetings. The organisation of CSR at local level rests with country directors, based on local resources and needs. In each business unit, the country director appointed a CSR manager, who is responsible for implementing the Group strategy, defining and implementing action plans to achieve the objectives of the programme and reporting on local indicators and the projects carried out.

3.3 Policies and guidelines

The values promoted by senior management are shared with all Group companies' personnel through the Group's corporate policies. The Group uses several tools to support the company in ensuring efficient and transparent management, namely:

- **Ethics and social policy,**
- **Environmental policy,**
- **Quality policy,**
- **Work safety policy,**
- **Food safety policy,**
- **Land acquisition policy and**
- **Modern slavery and human trafficking statement.**

All the above policies can be downloaded from Guala Closures Group's website

All policies share an ongoing commitment to sustainable development to strengthen market leadership, while fully respecting ethical/social aspects, product and occupational safety and protecting the environment. In order to guarantee and harmonise these policies, the Group's ethics and social policy is based on three lines of action:

- **Our people:** focusing on equal opportunities and respect for diversity and promotion of inclusion
- **Our suppliers:** requiring that suppliers fully adopt Guala Closures' ethical and social policy, adding Guala Closures' commitment to both develop joint projects and to include ethical and social topics in its suppliers' qualification and vetting process;
- **External communities and other stakeholders:** with the declaration that sustainability and integrity are a priority in relationships with all stakeholders and the commitment to respect the external environment and to support improvement initiatives or projects with local communities.

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 January 2018. The Code sets out the rules of ethics and conduct established for all employees, directors, statutory auditors and collaborators, with specific reference to relationships with stakeholders.
Through this Code, the Group **intends** to:

- define and make explicit the values and principles that characterise its business and the relations with all stakeholders;
- formalise the commitment to act fairly, transparently and correctly;
- reaffirm its commitment to protect the legitimate interests of its investors;
- 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 Group ensures the fullest dissemination and understanding of this code among the various recipients and will investigate any report of non-compliance with or violation of the Code by employees, assessing the incident and applying appropriate sanctions.

The Ethics and social committee was set up in 2019 to ensure that the ethics and social policy and the Code of conduct are known and correctly implemented at all Group plants. It has the following objectives:

- the dissemination of Group policies and objectives on ethics and social topics;
- the definition of tools for training and raising personnel awareness;
- the definition and dissemination of Group procedures to manage the ethics and social topics applicable both internally and in relations with stakeholders;
- the coordination and checking of the results of internal audits on ethics and social matters in conjunction with internal audits on other systems.

During the year, the Ethics and social committee focused on reviewing certain aspects concerning internal audits, this report, personal data management, the Code of conduct and supply chain management and assessment.
The Code of conduct specifies the mechanisms to report on ethical matters: each employee or collaborator shall promptly report any non-compliance or violation of the provisions of the Code of conduct, to their manager or, alternatively, to the designated division.

QUALITY POLICY

The aim of this policy is to satisfy customers by exceeding their expectations, supporting their needs and ensuring the responsible use of resources. This is made possible, on the one hand, by focusing on the management of 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.

OCCUPATIONAL SAFETY POLICY

The operational tools of this policy are effective communication, listening to employees and developing the methods and tools for safe working conditions and sharing good practices between plants.
This policy ensures occupational safety for employees and collaborators through training, constant updating of procedures and good practices to comply with international, national and local laws and standards, as well as additional stakeholder requirements..

LAND ACQUISITION POLICY

This policy prohibits any form of forced land acquisition and requires free negotiation and adequate compensation at market value. Its aim is to respect and empower local communities by minimising the environmental impact and employing local people to work on the production sites, ensuring a safe and suitable workplace, free from discrimination.

ENVIRONMENTAL POLICY

This policy extensively involves internal and external stakeholders and intends to protect the environment and reduce emissions by improving products and processes, enhancing energy efficiency and taking specific actions in the supply chain.

FOOD SAFETY POLICY

This policy ensures both safe products and safe processes: **products** must be hygienically suitable for contact with food, complying with legislative and regulatory requirements; the development and production **processes** must meet hygiene and food safety standards.
This is ensured by effective internal communication and the implementation, evaluation and improvement of good manufacturing practices.

MODERN SLAVERY ACT

This policy covers the following points:

- Refusing any form of child labour or practices that inhibit children's development.
- Banning all forms of forced or compulsory labour.
- Respecting and protecting the rights of all employees, those working in the supply chain and those involved in business activities.
- Banning all forms of discrimination.
- Offering legitimate employment contracts for all employees, guaranteeing a minimum wage in line with the country in which they work.
- Respecting privacy and personal data.

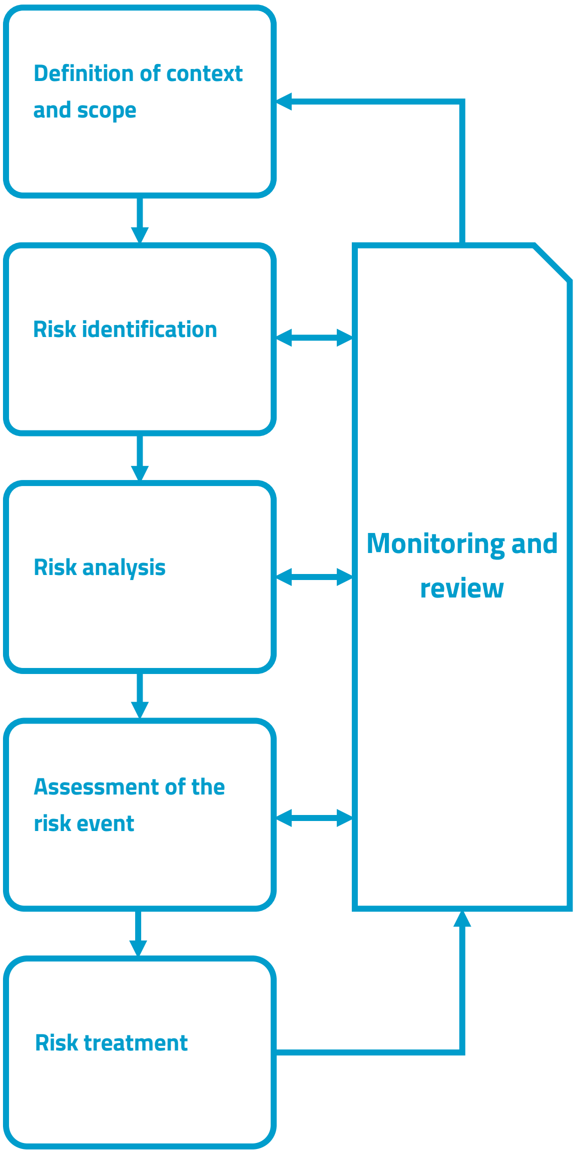
3.4 Analysis and management of risks and opportunities

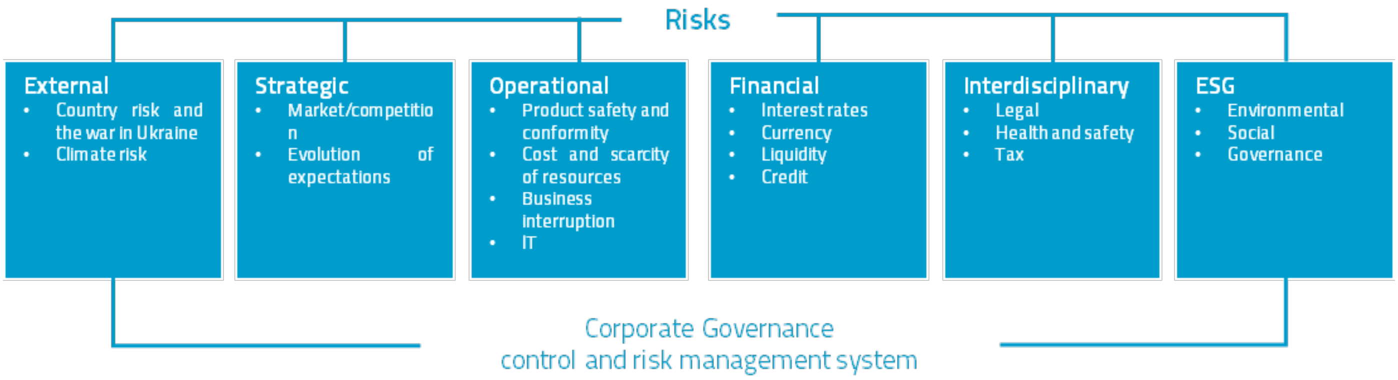
The aim of the Guala Closures Group's internal control and risk management system is to contribute to sound and correct management in line with the short and medium/long-term goals set by the board of directors. This system is designed both to identify, measure, manage and monitor significant risks, 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 the risk	Risk management
Pandemic risk (Covid-19) The international scenario of 2021 was characterised by the evolution of the Covid-19 pandemic, which initially began to spread internationally in 2020, along with the consequent restrictive measures implemented by the public authorities of the affected countries to contain it. Although progressively less significant in terms of impacts and limitations, the situation generated by the continuation of the public health emergency and the uncertainty it casts on the short-term outlook will potentially continue to affect general economic performance and consumption and investments, reinforcing/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 have worked successfully to date. The Group's priority is and will remain ensuring the safety of its employees and business continuity. Specific business continuity plans were prepared in 2020 with some of the Group's main customers and, in addition to the Covid-19 prevention measures, the Group has taken out a Covid-19 insurance policy with AON, a leading insurance company, 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 recent conflict between Russia and Ukraine has had a tangible impact on the business continuity of the Ukrainian subsidiary with repercussions both at infra-group level and on business with third parties.	Where appropriate, the Group adopts a local-for-local strategy, creating production plants 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.
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 Working together for sustainable growth 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 a contraction in the alcoholic beverage sector, 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.
Evolution of expectations Anticipating customer preferences in terms of technological and product development requires major investments. Product and process/plant innovation requires a considerable financial and organisational commitment in research and development and in the monitoring of trends.	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 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 plant, in accordance with the legal requirements in force and voluntary certification standards with ever higher safety and performance objectives.
Cost and scarcity of resources 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.	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 cost-cutting initiatives.
Business interruption 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) 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, viruses, equipment failures, work or connectivity disruptions, programming errors or illegal conduct by third parties.	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 and company data management solutions.
Interest rate risk The Group is exposed to interest rate risk limited to the revolving facility agreement since it provides for the payment of financial charges on the basis of variable rates subject to short-term re-pricing.	Currently the revolving credit line is not used, therefore the risk is not applicable. The Group monitors, in any case, the conditions on the interest rate market which to date are slightly increasing as a result of the instability of the markets resulting from the recent conflict initiated by Russia against Ukraine.
Currency risk 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 ongoing effects of the Covid-19 pandemic and 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 to reduce the re-financing risk. The Group mitigates its liquidity risk through supplier financing lines made available by its main customers, effectively discounting part of its receivables without recourse.

Nature of the risk	Risk management
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.	Most of the Group' customers are multinational companies with an outstanding rating, therefore the risk is limited. For the other companies, the Group generally asks for credit rating or anticipated payments if the client is new or the rating is low in order to reduce credit risk. 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 evolution 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.
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, more generally, to guarantee and preserve the health and safety of workers 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 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 structure (both at corporate and subsidiary level) which uses specific procedures to monitor occupational safety and compliance with the regulations in force in the individual countries in which the Group operates.
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 and governance topics and 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

THE GROUP'S STRATEGY

4.1 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**, the acquisition of new customers and growth in market segments in which we are under-represented;
- developing the **packaging digitisation** process with the launch of closures incorporating new near field technology **(NFC)** or **QR Codes**;
- **optimising production processes and the supply chain** by sharing best practices within the Group in order to improve the profitability of plants;
- **constantly improving the new product offering** by developing innovative, technological and increasingly attractive products to meet its customers' brand promotion needs.

In 2021, despite the effects of the pandemic, we worked intensely on the development of new products. The ongoing projects reflected the two biggest current market trends:

- **sustainability**
- **brand promotion**

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 extensive since there is no global solution. However, there is a need for solutions that are consistent with local recycling systems and consumer habits and sensitivity.

In addition to materials, research increasingly focuses on product structure: for instance, projects are underway to move away from removable pieces that could therefore become litter. 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 2021, the Group showed considerable resilience, ensuring continuity in the production and development of new solutions, as demonstrated by the numerous **re-packaging** projects requested by some of our best known international spirits producers. 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.

4.2 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 2021. 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 the understanding of 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 oil-based recycling.

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.

A milestone of 2021 was the International Sustainability and Carbon Certification (ISCC) Plus certification, which allows the use of certified polymers under the mass balance approach for the production of closures at the Spinetta Marengo plant. This means Guala Closures can produce circular packaging and bio-circular packaging closures, i.e., certified sustainable closures thanks to a control system spanning the entire procurement chain from the raw materials to finished goods.

Certified Sustainability • ISCC • Certified GHG Savings

Our partnership with Oceanworks continued throughout 2021. All recycled materials provided by this company come from locations near oceans that do not have effective waste collection and recycling systems. The materials tested include plastics from old fishing nets recovered from port areas.

The materials that have been successfully tested during the year and are ready to be incorporated into industrial processes include PPs (polypropylene) and ABSs (acrylonitrile-butadiene-styrene) derived from both post-consumption and post-industrial mechanical recycling. This ensures a large decrease in the emissions associated with the production of the closures that use them.

Also in 2021, some research activities were activated focused on transformation processes that can allow the combined use of virgin materials (necessary for the food contact aspect) and recycled materials (not suitable for food contact). This activity also stems from the results related to the scouting activity on the effective availability of post-consumer recycled materials suitable for food contact: in fact only rPET (currently not very useful in the Group's processes) is available in significant quantities, while HDPE and PP (materials for massive use) are in fact not available at the moment and will not yet be available for the next 2-3 years.

The technologies to be used are based on the concepts of co-injection and bi-injection (or even tri-injection) and also presuppose a new design method.

Still on the topic of transformation processes, in 2021 activities began on the processability of bioplastics, materials that have different behaviours from traditional plastics, and which must therefore be thoroughly tested and approved before being launched on the market.

4.3 Management systems

To ensure the quality and safety of its products, the Guala Closures Group has adopted a series of management and monitoring systems that comply with the most effective standards:

Quality - ISO 9001:2015 "Quality management systems"
Food Hygiene and Safety - ISO 22000:2018 "Food Safety Management Systems"
Environment - ISO 14001:2015 - "Environmental management systems"

With respect to the quality and environmental certification, the Group obtained a corporate certification some time ago that covers all plants according to a programme agreed with the Bureau Veritas certifying body. With regard to the food safety certification, each site is required to implement and certify a management system that complies with the basic standard ISO 22000:2018 or similar (FSSC or BRC).

With regard to ethics and social topics, the Group is part of the SEDEX and EcoVadis platforms.

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 plants 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.

The EcoVadis platform assesses, monitors and improves corporate social responsibility performance.

The aim is to evaluate suppliers based on the quality of their sustainability management systems through their policies, implementation measures and results.

It evaluates suppliers by assigning a score that reflects their commitment to corporate social responsibility issues, based on an estimate of environmental, social and governance parameters.

Not all business units obtained all three certifications. However, the Group has developed a clear agenda to ensure that all Guala Closures Group plants obtain each certification. Every time the Group grows by acquiring or opening a new plant, a strategic plan is drawn up to achieve the above three certifications in the shortest possible time.

Since 2016, our Scope 1 and 2 greenhouse gas emissions have been certified every year, as required by the ISO 14064 standard. Like in 2020, Bureau Veritas also certified our Scope 3 emissions in 2021.

Country	Plant	ISO 9001	ISO 22000	ISO 14001	SEDEX	OHSAS
ARGENTINA	Chivilcoy	✓	2022	✓	✓	
AUSTRALIA	Melbourne	✓	✓	✓	✓	
BELARUS	Minsk	2023	2022	2023	✓	
BRAZIL	San Paulo	✓	✓	✓	✓	
BULGARIA	Kazanlak	✓	✓	✓	✓	
CHILE	Santiago de Chile	✓	✓	✓	✓	
CHINA	Beijing	✓	TBD	TBD	✓	
COLOMBIA	Bogotà	✓	2022	✓	✓	
FRANCE	Chambray	✓	✓	2022	✓	
GERMANY	Worms	2022	✓	✓	✓	
INDIA	Ahmedabad	✓	✓	✓	✓	
INDIA	Daman	✓	✓	✓	✓	
INDIA	Dharwad	✓	2022	✓	✓	
INDIA	Goa	✓	✓	✓	✓	
ITALY	Magenta	✓	✓	2022	✓	
ITALY	Spinetta Marengo	✓	✓	✓	✓	
ITALY	Termoli	✓	✓	✓	✓	
LUXEMBOURG	Foetz	✓	Not necessary	2022	Not necessary	
KENYA	Nairobi	✓	2022	2022	✓	
MEXICO	San José Iturbide	✓	✓	✓	✓	
NEW ZEALAND	Auckland	✓	✓	✓	✓	
POLAND	Wloclawek	✓	✓	✓	✓	✓
SOUTH AFRICA	Cape Town	✓	✓	✓	✓	
SPAIN	Jerez	✓	✓	✓	✓	
SPAIN	Olerdola	✓	✓	✓	✓	
UKRAINE	Sumy	✓	✓	✓	✓	
UK	Bridge of Allan	✓	✓	✓	✓	✓
UK	Kirkintilloch	✓	✓	✓	✓	
U.S.A.	Fairfield	✓	✓	✓	✓	

4.4 Working together for sustainable growth

The Guala Closures Group began to take an active commitment to sustainability in 2011 with an initial project involving the Italian plants 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.
Guala Closures' sustainability strategy relies on three pillars:

- **Our planet**: help preserve our planet
- **Our people**: promote and develop all the conditions for our employees' well-being
- **Our business**: ensure customer and investor satisfaction with a focus on consumers and local communities.

The three pillars are described in the **Working together for sustainable growth** programme and reflect the ambitions for the future through an agenda made up of 12 indicators and 21 objectives to be achieved by 2022 (initially 2020, but rescheduled following the Group's growth and the outbreak of the pandemic).

The sustainability plan is based on the Group's internal policies and is developed by continuously monitoring and checking the progress of the objectives and the related indicators, in accordance with the definition, implementation, monitoring and reporting framework for all 29 Plants.

This year we focussed strongly on achieving environmental goals and the decarbonisation of products and processes, with new plants joining the five of last year in acquiring energy from renewable sources. Scope 1 and 2 CO2 equivalent emissions were almost fully offset in the July to December period through the purchase of carbon credits.

In September 2021, Guala Closures joined the United Nations Global Compact, confirming that it shares, supports and applies the ten principles of the initiative. The UN Global Compact is the world's largest corporate sustainability initiative and its aim is to align strategies and operations with the universal principles of human rights, work, the environment and anti-corruption. In the area of human rights, the UN Global Compact has two principles: business should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses. The four principles related to labour are that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation. In respect of the environment, the compact provides that businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

The indicators and objectives of the Working together for sustainable growth programme may be summarised as follows.

INDICATOR	OBJECTIVE
OUR PLANET	
CO2 EMISSIONS	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
ENERGY CONSUMPTION	Reduce energy consumed per tonne of finished product by 25%
	Facilitate the transition to energy consumption from renewable sources
WASTE	Reduce waste per tonne of finished product
	Reduce hazardous waste compared to total waste
	Zero waste to landfill
RAW MATERIALS	Reduce production scrap by 2%
	Increase the amount of recycled or low-impact aluminium
WATER RESOURCES	Reduce water withdrawal per tonne of finished product by 20%
ENVIRONMENTAL MANAGEMENT	Obtain the ISO 14001 certification for all Group production plants

OUR PEOPLE	
HEALTH AND SAFETY	Reducing the frequency rate indicator
TRAINING	100% of employees with two hours of training on the sustainability plan
	Strengthening the internal resource development programme
DIVERSITY AND INCLUSION	Promote diversity and inclusion campaigns to raise awareness and foster social integration within the Group

OUR BUSINESS	
PRODUCTION EFFICIENCY	Overall Equipment Efficiency >85%
INNOVATION	Development of 26 new patentable products
CUSTOMER SATISFACTION	On Time In Full delivery
	All plants with SEDEX accreditation
	Obtain the ISO 22000 certification for all Group production plants

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 value chain more generally.

Guala Closures operates in accordance with a rigorous environmental policy which applies to all its plants. 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 this with environmental protection through three fundamental 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 pollution and CO_2 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;
- confirmation of respect for the environment as a company value through concrete and measurable actions.

This policy applies to all Group sites, and each general or plant manager is committed to complying with it, applying and disseminating it by sharing it with their organisation, setting concrete targets in accordance with the sustainability plan.

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 six main topics and sets a total of 12 objectives. CO_2 emissions, energy consumption, management of water resources, raw materials and waste, together with obtaining the ISO 14001 certification on environmental management, are the pillars of the Working together for sustainable growth programme.

The pandemic has not had significant direct effects on environmental performance thanks to the containment actions taken last year.

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

OBJECTIVE	RESULTS	TARGET
CO2 EMISSIONS		
Reduce carbon dioxide equivalent per tonne of finished product by 25% (Scope 1 and 2)	2021: 1,32 2020: 2,02 2019: 2,00	1,64 tCO2eq/ tFP
Certify CO2 equivalent emissions (Scope 3)	Objective reached in 2017	Scope 1, 2, 3
Develop partnerships with suppliers to reduce the use of raw materials and transport	-	-
ENERGY CONSUMPTION		
Reduce energy consumed per tonne of finished product by 25%	2021: 17,05 2020: 17,73 2019: 16,67	13,18 Gj/ tFP
Transition to energy from renewable sources in at least three Group plants	Objective reached: 12 plants	3 plants
WASTE		
Reduce waste per tonne of finished product by 20%	2021: 270 2020: 284 2019: 252	218 kg/ tFP
Reduction of hazardous waste	2021: 9,70 2020: 10,76 2019: 10,29	<5%
Reduction of waste to landfill	2021: 8,80 2020: 11,87 2019: 12,21	<1%
RAW MATERIALS		
Riduzione degli scarti di produzione al di sotto del 2%	2021: 3,11 2020: 3,19 2019: 2,52	<2%
Increase the amount of recycled or low-impacting aluminium	Objective reached: 2 suppliers	At least one supplier
WATER RESOURCES		
Reduce water withdrawal per tonne of finished product by 20%	2021: 2,34 2020: 2,83 2019: 3,41	3,16m3/ tPF
ENVIRONMENTAL MANAGEMENT		
Obtain the ISO 14001 certification for all Group production plants	73%	100% of plants

5.1 Fighting climate change

The fight against climate change is undoubtedly one of the main topics of the Guala Closures Group's sustainability plan. Guala Closures' activities generate greenhouse gas emissions and, therefore, contribute to climate change:

- **Direct emissions** (Scope 1), deriving from plant and machinery owned or fully operated by the company, such as thermal plants (fuelled by natural gas) and machinery fuelled by diesel.
- **Indirect emissions**, deriving from the energy consumption (electricity) of all plants from external supplies (Scope 2) and from other factors such as production inputs (raw materials), the transport of goods, waste production, etc. (Scope 3).

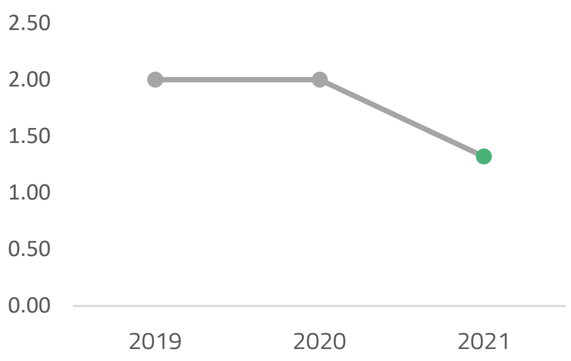
The goal is to reduce greenhouse gas emissions under Scope 1 and 2, but in order to further expand its environmental responsibility, the Group is committed to working with suppliers and partners to also reduce greenhouse gas emissions under Scope 3 as far as possible. To contribute to the fight against climate change, the Group has set three ambitious targets:

- cutting greenhouse gas emissions set out in Scope 1 and 2 by 25% per tonne of finished products by 2022 (base year: 2016) (objective reached in 2021);
- obtaining the certification for the Group's indirect emissions covered by Scope 3 (2017 target: achieved);
- developing partnerships with suppliers to reduce the use of raw materials and transport.

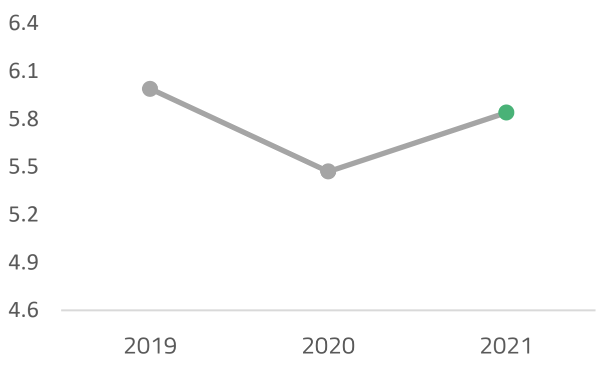
The Scope 1 and 2 emissions reduction programme was ramped up this year, enabling the achievement of the objective.
This was possible thanks to the Group's continual assessment of its carbon footprint along the entire production chain of its plants and the implementation of a detailed action plan to mitigate the Group's impact:

- **directly** at the production sites, by optimising processes, investing in new equipment for plants and purchasing energy from renewable sources;
- **indirectly,** with members of the supply chain (raw materials, machinery, transport, customers and suppliers), by optimising loads and logistics.

Scope 1 & 2 intensity

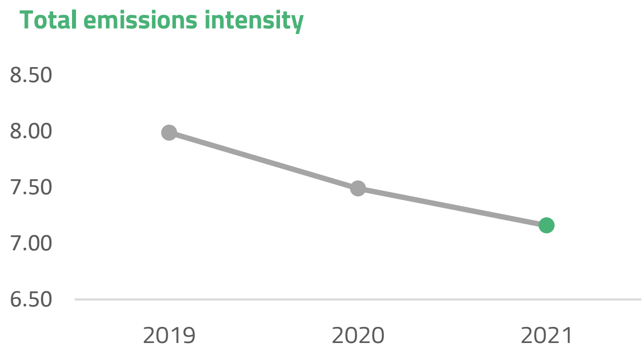


Scope 3 intensity



The direct global emissions of the Group (Scope 1) increased overall by 6.6% compared to 2020 (+ 2,575 tons CO2eq.) Since during the year a greater consumption of fuels was recorded in absolute value. Indirect emissions due to energy (Scope 2) instead decreased by 40% (-47,336 tons CO2eq).

This result was achieved thanks to the transfer of new plants to electricity from renewable sources. Combining the emissions of Scope 1 and Scope 2, in absolute value, the emissions of these decreased by 28.5% compared to last year. The effect of this sharp decrease was therefore reflected in an even greater reduction in the intensity of Scope 1 and Scope 2 emissions by 34.7%, bringing the indicator of this intensity to 1.32 tons of CO2 equivalent per ton. of finished product. CO2eq).



The indirect emissions of Scope 3 increased in absolute terms by 17.4% in 2021, and emission intensity rose by 7.2%, while the Group's total Scope 1, 2 and 3 emissions decreased by 4%.

Greenhouse gas emissions	2019	2020	2021
Emissions			
Scope 1 emissions (tCO2 eq)	37,120	38,865	**41,440**
Scope 2 emissions (tCO2 eq)	130,519	118,271	**70,935**
Scope 3 emissions (tCO2 eq)	456,261	426,637	**501,084**
Scope 1 + Scope 2 emissions intensity (tCo2eq/t)	2	2.02	**1.32**
Scope 3 emissions intensity (tCo2eq/t)	5.99	5.47	**5.84**
Other harmful emissions			
Nitrogen oxides (tNOx)	28	32.2	**32.7**
Sulfur oxides (tSOx)	0.197	0.021	**0.1**
Carbon monoxide (tCO)	113.4	73.7	**90.6**
Volatile organic compounds (tVOC)	762.8	1446.7	**691.9**

Emissions intensity is calculated as the total Scope emissions divided by tonnes of finished product.

In 2021, all emissions (Scope 1, 2 and 3) were certified by Bureau Veritas.

5.2 Emission offsetting programme

In addition to the commitment to cutting carbon dioxide emissions, Guala Closures has long financed reforestation projects, focussed on supporting the developing countries in which the Group operates (India, Colombia and Mexico) and actively involving the local communities that benefit socially and economically from the programme, as well as the employees of our local subsidiaries.

Over the programme's eleven years, over 275,000 tonnes of carbon dioxide were offset through reforestation projects and the purchase of carbon credits and over 355,000 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 audited by independent international certified agencies. In 2021, we planted over 35,000 trees and offset more than 56,000 tonnes of carbon dioxide.

Emissions are offset on two different fronts: on the one hand, carbon dioxide is absorbed by the trees we plant in collaboration with international NGOs and, on the other, through the purchase of carbon credits, i.e., certificates equivalent to one tonne of CO2 per certificate, not emitted or absorbed thanks to an environmental protection project aimed at reducing or reabsorbing global emissions of CO2 and other greenhouse gases.

The emissions offsetting programme started in 2011, five years before the **Working together for sustainable growth** programme. Initially, it only included reforestation through three projects: one in Costa Rica (2011, Manuel Antonio National Park), one in Peru (2012, reforestation of the rainforest by cultivating indigenous plants) and another in India (2013, through the 'My class, my forest' Project, in Takshila, Gaya). Since 2014, the Group's strategy has also included the purchase of carbon credits. This initiative continues today. Reforestation continued in 2015 with the launch of the two-year project in Colombia, which ended in 2017. A reforestation project commenced in 2018 in the Yucatan area of Mexico, which ended in 2020, while a reforestation project has been underway in India (Gujarat) since 2016 which has seen over 95,000 trees planted.

	Trees planted	Carbon credits	Tonnes of carbon offset
2011 - 2017	258,000 Trees planted	105,000 VCU	151,060 Tonnes of CO_2
2018	48,000 39,000 in Mexico 10,000 in India	29,000 VCU	25,000 Tonnes of CO_2
2019	47,000 37,000 in Mexico 10,000 in India	25,000 VCU	25,000 Tonnes of CO_2
2020	40,000 25,000 in Mexico 15,000 in India	25,000 VCU	30,000 Tonnes of CO_2
2021	38,853 Trees planted	56,743 VCU	56,743 Tonnes of CO_2

This year we decided to offset part of the direct emissions (Scope 1) and indirect emissions caused by electricity consumption (Scope 2), covering the emissions of the entire second half of the year, through the purchase of 56,743 carbon credits.

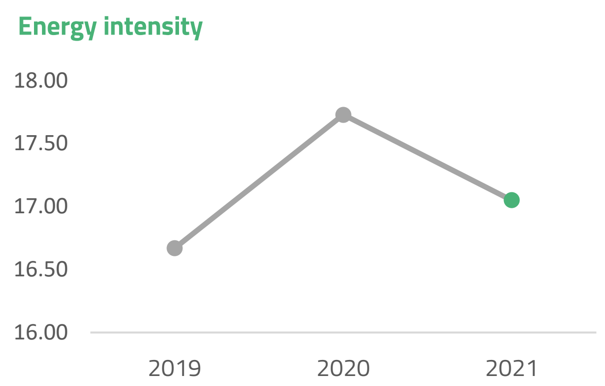
In 2021, the Guala Closures Group continued to directly support reforestation, planting over 35,000 trees in India. The reforestation programme covered four villages in the Gujarat region, involving 277 families. To help the local community live in a more sustainable environment, we helped set up a producers' cooperative in Gujarat. The aim of the cooperative is to create added value from the fruits of the trees we are planting and organise a distribution system with a particular focus on female empowerment.

5.3 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 plants, 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 plants, especially in India, to use generators to make up for the poor functioning of the local electricity grid.

Energy saving	2019	2020	2021
Energy consumption (Gj)	1,400,173	1,382,749	**1,456,687**
Electrical energy consumed (Gj)	784,843	748,298	**798,570**
Diesel (Gj)	39,244	22,757	**40,796**
Natural gas (Gj)	537,487	564,906	**569,557**
Difference in energy consumption compared to the previous year (%)	7.39%	-1.20%	**5.30%**
Energy intensity (Gj/t)	16.67	17.73	**17.05**
Difference in energy intensity compared to the previous year (%)	3.40%	6.40%	**-3.90%**

Energy intensity is calculated by dividing total energy consumption by the tonnes of finished product.



In 2021, the Group's energy consumption by tonne of finished product decreased by 3.9% over 2020. Although energy consumption increased by 5.3% in absolute terms, the decrease in energy intensity is due to works to make the systems more efficient and the increased production of closures during the year. The energy mix changed with an increase in electricity and natural gas of 6.7% and 0.8%, respectively. Consumption of diesel and LPG also increased by 79.3% and 39.7%, respectively, while the consumption of petrol and propane decreased by 27% and 3.2%, respectively.

At year end we have reached and comprehensively exceeded the objective of having three plants that use electricity from renewable sources. Five sites used electricity from renewable sources for all of 2020: the Auckland site in New Zealand, the Spanish plant in Olerdola, the Brazilian site in San Paolo (which has had electricity from renewable sources since 2018), and the Italian plants in Magenta and Termoli. These plants continued to consume electricity from 100% renewable sources in 2021 and were joined by all four Indian facilities (Goa, Daman, Ahmedabad and Dharwad), the Scottish plant in Kirkintilloch, the French plant in Chambray and the Spanish facility in Jerez, bringing the number of production sites that use electricity from 100% renewable sources to 12.

With respect of energy consumption, electricity taken from the grid at the Spinetta Marengo site (accounting for 16.6% of the electricity consumed by the plant) comes from renewable sources, while 83.4% was produced by the trigeneration plant, which has a lower impact that those of the national energy mix.

5.4 Raw materials management

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 materials consumption	2019	2020	2021
Total raw materials (t)	108,801	108,110	**127,704**
of which: aluminium (t)	37,240	35,481	**44,152**
of which: plastic (t)	44,839	43,315	**47,567**
of which: packaging (t)	13,595	14,943	**16,216**
of which: other (t)	13,127	14,370	**19,769**
% of recycled raw material (all materials)	27%	27%	**22%**
% of recycled aluminium	60%	52%	**38%**

In 2021, the percentage of recycled aluminium, certified by suppliers, is 38% of the total aluminium used, compared to 51.9% in 2020. 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 decrease in the recycled aluminium content has reduced the total recycled raw materials to 22% (35% target for 2025).

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 2021 for the use of polymers from mechanical recycling. To resolve this issue, 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 several plants, projects were launched to reduce the impact of product packaging, to both replace cardboard boxes with reusable plastic packaging (in collaboration with some important customers) and replace disposable wooden pallets with reusable recycled plastic pallets. Projects have also been commenced at Group level for the use of water-based ink on the cardboard.

5.5 Water management

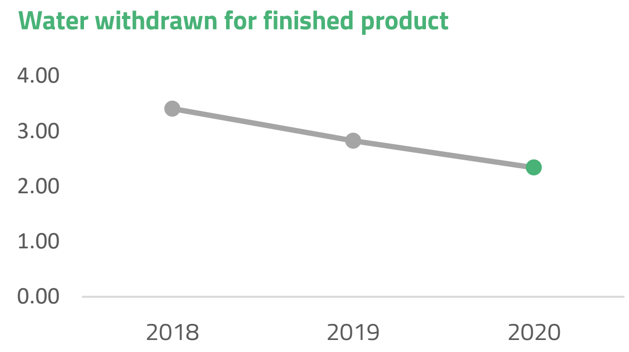
The use of water resources within the Group's production processes is limited. Therefore, the impact on water resources is minimal. Water consumption is mostly related to the following three industrial processes:

- cooling of plastic moulding presses (usually using a closed circuit);
- evaporation towers (for injection moulding cooling circuit exchangers);
- degreasing of aluminium coils (in the Magenta plant).

Although the vast majority of plants show limited water consumption, the Group is committed to efficient water resource management, and pursues the progressive reduction of water withdrawals at its plants around the world. Guala Closures' objective of reducing the water withdrawn per tonne of finished product by 20% was reached last year and the result was further improved this year with a more than 25% decrease in the intensity compared to the 2015 baseline.

Water consumption	2019	2020	2021
Total water withdrawn (m3)	273,784	209,926	**191,681**
Water withdrawn from the public supply network (m3)	74,487	61,321	**62,770**
Water withdrawn from the well (m3)	199,296	148,605	**128,911**
Water withdrawn per finished product (m3/t)	3.41	2.83	**2.34**

The water withdrawn per finished product is calculated by dividing total water withdrawals by the tonnes of finished product. The total water withdrawn is the sum of the water from the public supply network and from the well.



As expected, water consumption, compared to the finished product, decreased considerably on 2020, down by 8.7%. This decrease is due to the start-up of the Spinetta Marengo trigeneration plant, the implementation of a series of projects at the Indian sites and the efficiency measures rolled out at the Group's plants. Water consumption relates, in particular, to the Spinetta Marengo, Goa and Ahmedabad plants which account for over 65% of the Group's water consumption alone. In most sites, the release of pollutants into the water is minimal. Therefore, there is no specific equipment or infrastructure for water discharges. However, some plants 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 site (which discharges part of the wastewater into surface water after careful checks and treatment) and the Magenta plant (groundwater).

5.6 Waste management

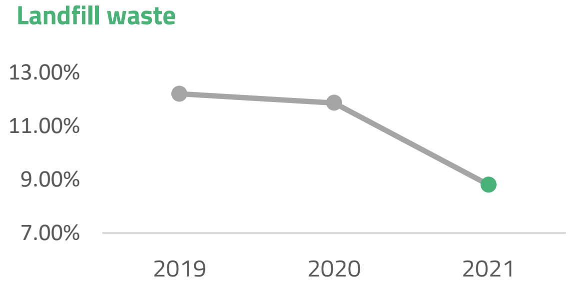
The waste generated by the Guala Closures Group's production activities consists mainly of plastic processing materials (ten different polymers), aluminium and mixed packaging materials such as paper, cardboard and plastic. In addition, the plants that produce some luxury closures generate waste from 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 plants 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.

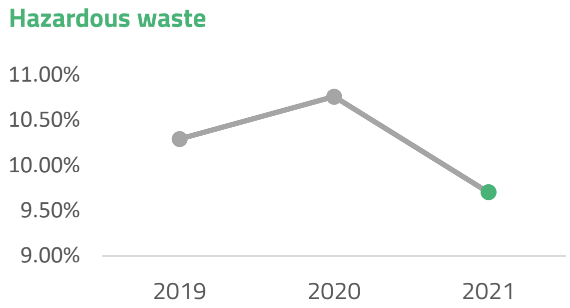
The Guala Closures Group has always been involved in environmental protection, resource preservation and waste reduction. Thanks to the results achieved between 2011 and 2015 by its Italian sites, in 2016, it set three ambitious targets for all its plants aimed at both reducing the total quantity of waste produced and improving its quality and treatment. This strategy is based on three pillars:

- **Efficiency:** reduce waste production per tonne of finished product;
- **Quality:** reduce hazardous waste below 5%;
- **Disposal method**: disposal of waste to landfill.

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 site. 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 reduction and disposal	2019	2020	2021
Total waste produced (t)	21,200	22,118	23,083
Total non-hazardous waste	19,019	19,738	20,843
of which: for recycling (t)	17,361	18,349	19,319
of which: for incineration (t)	341	266	446
of which: for landfill (t)	1,317	1,123	1,078
Total hazardous waste (t)	2,181	2,381	2,240
Total hazardous waste (%)	10.29%	10.76%	9.70%
of which: for recycling (t)	744	693	1,013
of which: for incineration (t)	167	186	273
of which: for landfill (t)	1271	1,502	954
Waste per finished product (kg/t of finished product)	252	284	270
Waste reduction/increase (%)	14.61%	4.33%	4.36%
Total waste to landfill (t)	2,588	2,625	2,032
Waste to landfill (%)	12.21%	11.87%	8.80%
Significant spills	0	0	0





There was a generalised improvement across all waste indicators in 2021. Specifically, the waste produced decreased by 4.8% as a percentage of production; waste to landfill decreased by 22.6% in absolute terms and by 26% as a percentage of total waste, while the ratio of hazardous waste to total waste decreased by 9.8%.

These decreases are partly due to the roll out of a treatment plant at the Magenta site, 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 plant sends to landfill.

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 plants 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 Working together for sustainable growth programme whose aim is to promote the wellbeing 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.

The pandemic had direct impacts on the issue of absenteeism, affecting sick leave, which accounted for 60% of total absenteeism. Confirming the effectiveness of the measures taken by the Group to contain the pandemic, despite the large-scale spread of the Covid-19 virus with its variants of 2021, the total hours of sick leave increased only 2% over 2020.

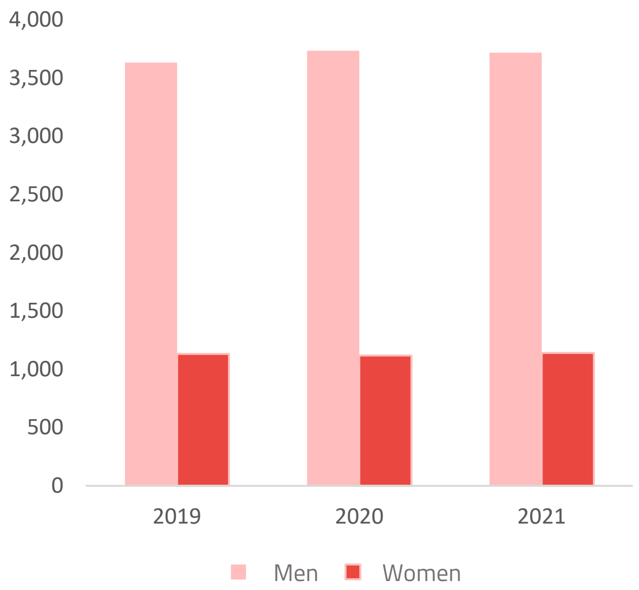
OBJECTIVE	RISULTS	TARGET
HEALTH AND SAFETY		
Reduction in the accident frequency rate	2021: 6,64 2020: 5,95 2019: 7,78	Frequency rate: 4.5
TRAINING		
100% of employees with two hours of training on the sustainability plan.	100%	100% of employees
Strengthening the internal resource development programme	-	-
DIVERSITY AND INCLUSION		
Promotion of the diversity campaign to facilitate social inclusion within the Group	2021: Creation of two work groups: ▪ Age & Mentoring ▪ Equity 2020: Publication of the charter of diversity containing principles and objectives 2019: Workshop on diversity and inclusion with group representatives	Diversity and inclusion campaign

6.1 Guala Closures Group's employees

At the end of December 2021, the Group had 4,859 employees and 841 temporary workers. This figure includes all plants, sales offices and the research centre in Luxembourg. The main changes compared to 2020 refer to the inclusion of the new office opened in Milan and the closure of the corporate offices in Luxembourg.
There were no significant changes in the Americas, Asia, Oceania and Africa. Part-time contracts were stable, slightly up from 0.9% to 1% of the workforce.

Group employees	2019			2020			2021		
	Uomini	Donne	Totale	Uomini	Donne	Totale	Uomini	Donne	Totale
< 30 years	703	197	900	685	212	897	633	221	854
between 30 and 50 years	2,032	659	2,691	2,085	630	2,715	2,101	638	2,739
>50 years	897	276	1,173	964	276	1,240	985	281	1,266
Managers	212	47	259	214	56	270	232	64	296
White collars	725	304	1,029	738	324	1,062	721	319	1,040
Blue collars	2,694	782	3,476	2,782	738	3,520	2,766	757	3,523
Total	3,631	1,133	4,764	3,734	1,118	4,852	3,719	1,140	4,859
Incoming employees	575	334	909	378	161	539	560	237	797
Turnover of incoming employees	16%	29%	19%	10%	14%	11%	15%	21%	16%
Outgoing employees	580	260	840	420	195	615	551	222	773
Turnover of outgoing employees	16%	23%	17%	11%	17%	13%	15%	19%	16%

* for an analysis that reflects the geographical segments, reference should be made to the personnel table included in the annexes.



With respect to diversity and equal opportunities, the Guala Closures Group has adopted a **Charter of diversity and inclusion**, which extends the project to all Group plants. The objectives of this project cover gender, age, and disability.

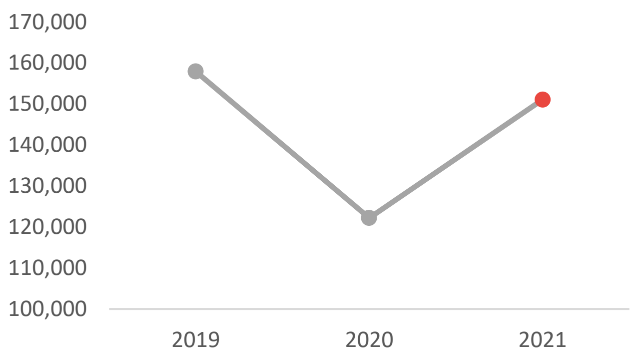
With respect to age, 18% of the employees is under 30, 56% between 30 and 50 and 26% over 50. The average age of Group employees is therefore unchanged from 2020 despite both incoming and outgoing personnel levels being higher than last year. More women were hired compared to those whose employees by half a percentage point compared to 2020, accounting for 23.5% of the total. Conversely, the percentage of women holding leadership positions increased from 20.8% in 2020 to 21.6% in 2021. The Group hires people in protected groups as required by current legislation. Of all its workforce, 139 employees belong to these groups, accounting for almost 3% of the Group's total employees.

6.2 Employee training and development

For the Guala Closures Group, the achievement of priority objectives, including the respect for the environment, highly depends on human resources. The Group's success is therefore linked 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.

Employee training	2019	2020	2021
Total training hours	157,923	122,201	**151,062**
environment, health and safety (EHS)	18,319	16,627	**22,689**
technical issues (TECH)	126,765	93,741	**114,294**
soft skills	12,840	11,833	**14,078**
Training as a percentage of hours worked	1.44%	1.19%	**1.48%**
Average training hours / per employee / year	33.15	25.30	**31.09**
Average training hours per employee (hours per month)	2.8	2.1	**2.6**
Managers (average hours per month)	2.1	1.6	**1.6**
White collars (average hours per month)	2.0	2.3	**2.7**
Blue collars (average hours per month)	3.0	2.1	**2.6**
Men (average hours per month)	2.3	2.0	**2.1**
Women (average hours per month)	4.1	2.7	**4.1**

Training hours



In 2021, training hours increased by 23.6% on 2020. This is due to an increase in the number of hours of technical training in all areas: health and safety training increased by 36.4% on 2020, while training on technical issues rose 21.9%. Training on soft skills also increased by 19%.

Training hours as a percentage of the total hours worked went from 1.19% in 2020 to 1.48%, a growth of 24.3%. During the year, women benefited from a higher number of training hours than men and, while average monthly training hours for managers were unchanged from 2020, they were significantly higher for white and blue collars, going from 2.3 to 2.7 and from 2.1 to 2.6 hours per month. The objective of providing two hours of training on the sustainability plan to each new employee was reached in both 2020 and 2019.

Despite the ongoing pandemic, all training returned to pre-2020 levels in 2021 and was provided in strict compliance with national legislation and company regulations to contain the spread of Covid-19.

6.3 Diversity and inclusion

The Group operates through plants and offices in 23 countries around the world, dealing with customers in over 100 countries. There are at least 30 different nationalities in the Group and more than 20 languages are spoken in the various plants. For all these reasons, 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.
The diversity and inclusion project were officially launched in July 2020, with the signing of the Charter of diversity and inclusion by all general managers. It was very well received throughout the Group, with workshops, meetings and activities held in 2021 at the Group's various plants and many other initiatives 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 plants:

- **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 team from sustainability and human resources, respectively.
Following the official launch in early August of 2021, the two groups meet online every month. At each meeting, two members from each main group present the activities undertaken in their plants 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 sites are already drawing up plans for equality, as required by law, whose objectives include equal pay between the genders.

In 2021, the percentage of women employed by the Group increased to 23.5%, while the percentage of women holding leadership positions increased from 18% in 2019 to 20.8% in 2020 and 21.6% in 2021. This is a successful step to meeting the target of at least 20% women holding management positions by 2022.

The percentage of women also increased in the board of directors, from 22% in 2020 to 33% in 2021.

The age pyramid differs considerably between the various plants: more than 30% of the personnel at the Indian sites (a peak of 62% in Dharwad) is under 30 and less than 5% is over 50. The Mexican plant 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 sites is over 50. Mentoring activities and work exchanges between the various plants were adopted to both exploit the experience gained with age and offer opportunities to younger people.

In 2021, no incidents of discrimination were recorded in the Group plants.

6.4 Commitment to local communities

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.

Dignity kit distribution in Kenya

Also this year, the Group's commitment to local communities was particularly strong and moved along many directions, consolidating its efforts in culture and the environment.

In collaboration with the Rotary Club of Nairobi, the Group continued a dignity kit distribution programme in the Nyanza region, targeting six counties: Migori, Siaya, Homabay, Kisii, Nyamira and Kisumu. The targets are teenage girls going to school in grades six, seven and eight (30 girls per ward) in each of the above counties. The overall scope of the project is to procure and distribute dignity kits consisting of sanitary towels, underwear and training on menstrual education. The beneficiaries, together with the participants, also received puberty education and general information about Covid-19 through community health volunteers. Each kit contains 12 packs of sanitary towels, four pairs of underwear and a health information handbook.

Reforestation project in Gujarat

In India, since 2016, the Guala Closures Group and Guala Closures India, together with Up2green Reforestation, have been collaborating with Vikalp, an Indian NGO that develops social and environmental programmes with tribal communities in the state of Gujarat. The Group believes that environmental education and information is key to developing a more sustainable society. For this reason, the collaboration with Vikalp began with the ***"From Schools to Fields***" project through which 15,000 students received educational training on forest conservation. At the same time, Guala Closures supported the planting of 15,000 trees in the Tapi area in collaboration with Vikalp. Since 2017, 10,000 trees have been planted every year in the Gujurat state.

The reforestation project supports and trains rural communities. The participating families plant trees on their land, giving locals the opportunity to grow their own fruit and diversify their food. In 2021, more than 35,000 trees will be planted as in previous years.

6.5 Health and safety

For Guala Closures, the quality of the work environment and the wellbeing 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 plants.
- **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 plants and systematically analysing the causes of any incident or near misses to ensure that it does not happen again.

In 2021, the Guala Closures Group recorded 70 incidents, compared to 63 in 2020, with an increase in the frequency rate (number of incidents per million hours worked) of 11.6%, from 5.95 to 6.64.

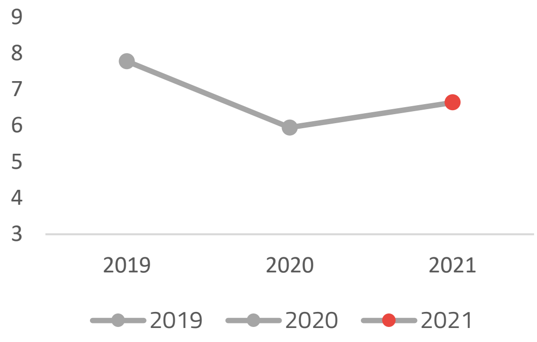
Accident rates	2019	2020	**2021**
Work-related injuries	88	63	**70**
of which: fatal	0	0	**0**
Days lost due to injury	3438	1956	**2480**
Frequency rate	7.78	5.95	**6.64**
Severity rate	0.3	0.18	**0.24**
Absenteeism rate	0.25%	0.25%	**0.30%**
Work-related ill health (no.)	0	0	**0**
Work-related ill health (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 severity index (days of absence per accident per thousand pandemic hours) went from 0.18 in 2020 to 0.24 in 2021. These indices, however, are significantly lower than those of 2019, the year in which the still strongly isolated. The internal audit program continued in 2021, and this standard adjustment activity will continue in 2022, with a formalized plan, under the responsibility and coordination of a Group EHS manager.

With reference to the COVID-19 emergency, the Group, alongside the measures to prevent the spread of Covid-19 adopted, such as the continuous distribution of protective devices, adequate distancing of employees and monitoring of body temperature entering the workplace has released a list of guidelines to be applied in each Group plant, which have determined an important containment action within the company.

Accident frequency index



The application and compliance with these guidelines were assessed in each plant through an implementation and monitoring process by the EHS central management and plant managers. Finally, an important vaccination campaign was organized in Italy and Ukraine, extended to all employees of the Spinetta Marengo and Sumy plants. The vaccines were administered by doctors and nurses within the production sites. To ensure even greater effectiveness, this initiative was then extended to the employees' family members and cohabitants.
The H&S newsletter was published for the first time in 2021, with the aim of informing all Group companies about the accident situation and sharing the corrective and improvement actions taken by the individual plants.

6.6 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 2021 and 2020 is due to the number of employees in the plants, while the reporting scope has been expanded to include all plants.

Employees covered by collective bargaining and company agreements	2019	2020	2021
% of employees covered by collective bargaining agreements	28.9%	36.4%	36.7%
% of employees covered by company agreements	20.00%	19.70%	19.30%

Each business unit takes into account local regulations and situations and implements 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 was further expanded in 2021, thanks to the ever-greater focus on employee development in all Group plants.

Employees receiving regular performance and career development review	2019	2020	2021
% of men receiving performance and career development review	40.3%	33.1%	42.2%
% of women receiving performance and career development review	25.4%	34.9%	41.8%
Total % of employees receiving performance and career development review	36.7%	33.4%	42.3%

As a result of the pandemic-related restrictions, white collars at most of the Group's plants continued to have the option of working remotely throughout 2021.

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.

Therefore, the sustainability plan includes five objectives related to production efficiency, innovation and customer satisfaction. By constantly monitoring business KPIs, we can promptly identify critical issues within the production and distribution chain, while the above objectives drive us to focus increasingly on product and process innovation and absolute transparency in our business.

Within the Our Business pillar of the Group's sustainability plan, the following objectives are grouped by matter:

- PRODUCTION EFFICIENCY: the objective is to maximise production efficiency, measured by the OEE (overall equipment efficiency) KPI which measures the actual performance of a plant;

- INNOVATION: product innovation, measured in terms of the number of patents lodged since the plan's inception;

- CUSTOMER SATISFACTION: an issue approached from three different angles: efficiency in fulfilling customer orders within the times and volumes requested, measured by the OTIF (on time in full) KPI; accreditation of the production plants on the SEDEX platform to ensure supply complies with ethical standards and; ISO 22000 food safety certification of all sites.

The pandemic did not have significant direct effects on the performance of the Business pillar, thanks to the containment measures taken starting from last year.

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

OBJECTIVE	RISULTS	TARGET
PRODUCTION EFFICIENCY		
Overall Equipment Efficiency (OEE) > 85%	2021: 76,78 2020: 76,3 2019: 79,3	85%
INNOVATION		
Development of 26 new patentable products	Objective reached in 2021	26+
CUSTOMER SATISFACTION		
On Time In Full (OTIF) > 95%	2021: 90,3 2020: 89,8 2019: 89,7	95%
All plants accredited on the SEDEX platform	100%	100% of plants
ISO22000 certification for all Group plants	76%	100% of plants

7.1 Innovation

Achieving customer satisfaction by exceeding expectations and proactively supporting their needs is one of the main priorities of the Group. Therefore, innovation becomes one of the most important ways to deliver value to customers and improve products and processes. There are six research and development centres in Italy (Spinetta Marengo), Luxembourg (Foetz), Mexico (San Josè Iturbide), Ukraine (Sumy), Bulgaria (Kazanlak) and the UK (Kirkintilloch). These centres work in collaboration with all Group departments to support all plants. Guala Closures also develops exclusive projects, with the aim of creating innovative solutions to enhance and protect the brands of its main customers.
The Group has equipped itself with a service for the protection of Intellectual Property (IP) both to protect its products and to defend customers' brands. To this end, the Group had set itself the goal of filing 26 new intellectual properties between 2016 and 2020. The goal was achieved and in 2021 the Group filed 2 new solutions. Guala Closures Group currently boasts more than 170 documents including patents, utility models and ornamental models.

7.2 The Blossom™ line

The **Blossom™** range of sustainable closures is an important resource in meeting Guala Closures' 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.

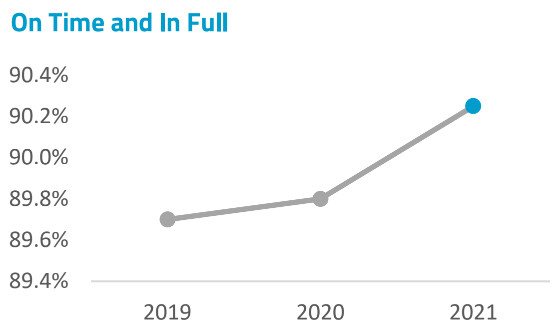
7.3 Customer satisfaction

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 guarantees for consumers' health and safety are the result of the implementation, in each plant, of a food safety system which ensures:

- compliance with food contact laws and regulations applicable in the countries of production and destination of the products as agreed with customers;
- risk assessment, control of critical points according to HACCP (hazard analysis and critical control points) and implementation of good manufacturing practices;
- full traceability and identification of products throughout the entire production and supply cycle to the customer.

The aim is to obtain food safety standard certification (ISO 22000, FSSC or BRC) for all the Group plants by 2022. At the end of 2021, 22 sites were certified (76% of plants).
The remaining sites are continuously monitored by the Group's quality assurance department, which also deals with regulatory updates and information relating to food safety alerts through a monthly newsletter which is sent to all sites. In addition, by checking product suitability through third party laboratories, each plant can issue statements of compliance for the products supplied.
The ethics of relationships is another important aspect for customer satisfaction. In order to offer objective guarantees of compliance with occupational, health and safety, environmental and ethics standards, the Guala Closures Group has joined the SEDEX (social ethical data exchange) platform with the aim of keeping information on all sites updated, making it transparent to customers and having its plants subject to SMETA audits by third parties. At the end of 2021, 29 sites were included in the platform (100% of the plants).

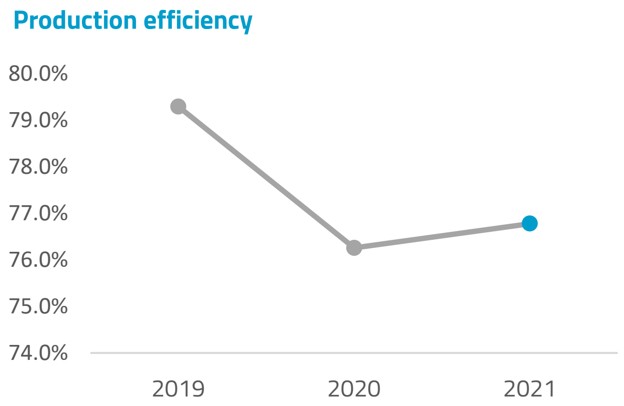
Customer satisfaction	2019	2020	2021
On Time and In Full delivery (OTIF)	89.7%	89.8%	**90.3%**
Number of facilities with SEDEX accreditation	25/29	29/29	**29/29**
Number of ISO 22000-certified facilities	21/29	21/29	**22/29**
Number of complaints regarding breaches of customer privacy and data	0	0	**0**
Number of incidents for non-compliance with product- and service-labelling information	0	0	**0**
Number of complaints for non-compliance with product- and service-information in communication activities	0	0	**0**



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 plant, with the aim of achieving at least 95% correct shipments in terms of time and quantity, by 2022. In 2021, the indicator points to 90.3% compared to 89.8% in 2020. The Group exploits the geographical distribution of its sites 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 major customers that include production in alternative plants or the identification of backup warehouses.

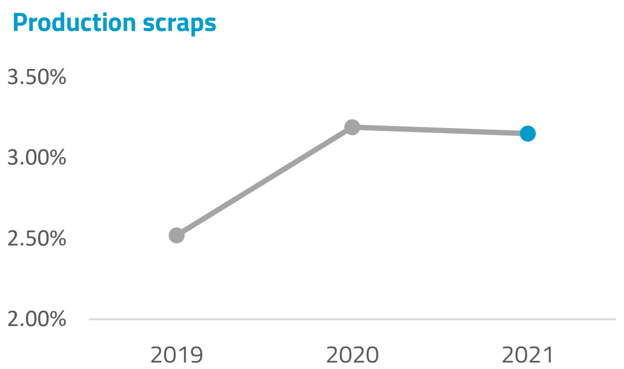
7.4 Production efficiency and production scraps

The efficiency of production processes is key to achieving customer and internal stakeholder satisfaction. The Guala Closures Group uses the OEE (overall equipment effectiveness) indicator to measure the total efficiency of plants. This indicator monitors production efficiency starting from the individual machine or mould, to arrive at a complete production line, the entire plant and, finally, the entire Group. The Group has standardised the efficiency calculation methods in all plants, considering all production losses due to testing, set-up, sampling, ordinary and extraordinary maintenance, cleaning, changes in machining operation, reworking, cycle losses, scraps and non-compliant products. The efficiency indicator has deteriorated compared to the years before 2020, but it should be considered that the reporting scope has changed several times since the year the objectives were set, to gradually include more sites, some of which are less efficient that the Group average. The target for 2022 is to exceed 85% OEE as a Group value.



In 2021, efficiency improved 0.8%, bringing the OEE to 76.78%, or +0.52 percentage points on 2020 compared to 2020 and -0.02 percentage points compared to the 2015 baseline. The plants are monitored monthly using industrial indicators and data published in an internal report, which are the basis for defining action plans by the continuous improvement department. Like in 2020, the reporting scope was again extended to include all Group plants. The Magenta site is monitored separately as its production processes are different from those of the other facilities.

Efficiencies and scraps	2019	2020	2021
Overall equipment effectiveness (OEE)	79.30%	76.26%	**76.78%**
% of scraps on total finished product weight	2.52%	3.19%	**3.11%**



The entire industrial process, from raw materials to finished closures, generates scrap. Semi-finished and finished products which are deemed not compliant with the required characteristics during production, process changes, adjustments and machine fine-tuning and quality control, are rejected. Scrap is also generated by complaints, laboratory tests and obsolete stocks. Each site is committed to minimising such scrap and disposing of it in the most correct way.

All plants are implementing improvement programmes to bring the average scrap rate below 2% by 2022. These actions have led to a 2.5% reduction in scrap compared to 2020, bringing the indicator to 3.11. Compared with the years prior to 2020, this indicator has deteriorated slightly. However, the reporting scope has changed several times since the year the objectives were set (2015), with more plants included in the calculation every year.

7.5 Key suppliers

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 site starting directly from the coil, which is subsequently cleaned and degreased and cut into sheets to be decorated through a lithographic process before being allocated to the various plants. Poland, Ukraine, South Africa, Argentina and Australia purchase part of their aluminium from local suppliers. The Group used a total of 44,152 tons of aluminium in 2021.
The Group consumes more than 47,000 tonnes of different types of plastic (PE, PP, PS, PC, PET, etc.).
Gaskets, or liners, are another component of closures for which a global agreement is in place with a single supplier covering all the Group's plants except for Poland and Scotland which are supplied by local manufacturers.

Strategic suppliers are those with a strong impact on the production and shipping cycle to the customer, in particular raw materials (plastic and aluminium), inks and paints, energy, production and shipping equipment and transport. The table below shows 2021 figures compared with 2020 and 2019 for the Guala Closures Group.

In 2020, 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 2021, 15 corporate suppliers were evaluated by this platform.

Key suppliers	2019		2020		2021	
	N	P	N	P	N	P
Aluminium	8	38.6%	7	46.7%	9	50.8%
Plastic	8	5.5%	11	9.3%	10	7.2%
Energy	3	4.0%	4	4.4%	4	3.3%
Shipping and transport	8	2.5%	9	3.2%	10	3.9%
Ink and varnishes	5	2.4%	4	3.3%	5	3.1%
Equipmenrt	6	2.1%	10	5.8%	8	2.5%
Packaging	4	0.9%	4	1.0%	4	0.9%

*** Where N is the number of key suppliers and P is the percentage of expenditure on suppliers in relation to annual turnover**

ANNEX

A.1 Competition and anti-corruption

The Group's Code of conduct and ethics and social policy are the two pillars 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. As outlined in the Code of conduct, particular care is taken to avoid any anti-competitive practices:

"… the Group intends to safeguard the value of fair competition by refraining from collusion, predatory behaviour and abuse of dominant position."

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. In 2021, despite the slowdown in training caused by the pandemic, the awareness and training plan for the content of the Code of conduct continued, involving the relevant managers and employees.

In 2021, there were no incidents of corruption or anti-competitive behaviour.

A.2 Consequences of the war conflict in Ukraine

Due to the conflict in Eastern Europe, the company Guala Closures Technologia Ukraine LLC, based in Sumy, had to stop its operations on February 24, 2022. Guala Closures Group immediately started working on an emergency plan through the other companies of its global footprint.

Meanwhile, the situation in the Sumy region appears to have stabilized and the Guala Closures Technologia Ukraine LLC plant has partially reopened, although not yet fully operational.

As a result of the conflict and having interrupted supplies to Russia, the Guala Closures BY plant is currently at a standstill.

A.3 The approach to taxation

As a multinational Group operating on all five continents and in 25 jurisdictions, the Guala Closures Group is committed to improve the local communities in which it is active and is aware that the taxes paid in each country and community in which it operates represent a fundamental contribution to their improvement and development. For this reason, it is committed to adopting transparent and responsible tax policies, based on the following principles:

- Complying with the tax laws of each country in which the Group operates, respecting both the letter and the spirit of the law;
- Applying the arm's length principle in intercompany transactions;
- Adopting tax positions based on sound economic or business reasons or generally accepted practices, avoiding abusive tax planning schemes or practices;
- Providing true and comprehensive information on our transactions;
- Cooperating transparently with the tax authorities in the case of audits, privileging out-of-court settlements to resolve any disputes.

Specifically, the Guala Closures Group:

- adopts a decentralised corporate structure as the distinguishing element of its organisation, as it believes that decentralisation is a virtue and a strength of the Group. Accordingly, each Group company must comply with the tax requirements of the country in which it operates;
- applies transfer prices based on the value-creation logic and the arm's length principle (i.e., market prices);
- is committed to ensuring that transparency underpins its actions in taking tax positions;
- adopts internal control processes to ensure tax compliance;
- is committed to building relationships with tax authorities based on the principles of trust, good faith, professionalism, cooperation and loyalty to facilitate compliance with tax regulations, increase legal certainty and reduce disputes.

The Guala Closures Group is committed to adapting each Group company's organisational structure to ensure tax compliance in each country in which it operates. Each company of 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 uniform tax management processes aligned with best practices, has started a process the gradual integration of all the Group companies into a leading international tax consultancy company. The global consultant, where already present according to the aforementioned integration process, has already assisted the Group in the management of tax compliance according to the best practices on the subject, mitigating the risk of tax non-compliance to an adequate level and implementing a system for monitoring compliance with tax obligations and compliance in compliance with the specific legislation of each country.

Tax Jurisdiction	Resident entity	Activity of the organization	Employees number	Net revenue - third parties	Net revenue - intercompany	Tangible assets other than cash and cash equivalent	Profit/ (loss) before taxes*	Income taxes paid on a cash basis	Income taxes accrued (current taxes)**
			number	**€ ml**	**€ ml**	**€ ml**	**€ ml**	**€ ml**	**€ ml**
Italy	Guala Closures S.p.A.	Industrial holding company for production, distribution, research and development	458	75.4	78.2	295.6	8.1	(1.5)	1.4
The Netherlands	Guala Closures International B.V.	Sub-Holding	1			56.9	7.6	(2.7)	2.7
Luxembourg	GCL Internationa S.à.r.l.	Sub-Holding, research and innovation	22	0.3	0.1	7.5	(3.3)	(0.0)	0.0
Spain	Guala Closures Iberica S.A.	Production and distribution	134	34.3	3.1	47.7	(1.6)	0.0	0.0
Germany	Guala Closures Deutschland GmbH	Production and distribution	155	32.6	0.8	19.8	(3.9)	0.0	0.0
Turkey	Guala Closures Turkey	Commercial office	2	0.4	0.0	0.1	(0.0)	(0.0)	0.0
United Kingdom	Guala Closures UK Ltd	Production and distribution, research and innovation	160	67.6	0.6	45.2	0.6	0.1	(0.1)
United Kingdom	Guala Closures UCP Ltd	Production and distribution	261	46.9	5.4	32.7	(4.8)	(0.0)	
France	Guala Closures France	Production and distribution	22	13.6	0.5	9.6	(0.3)	(0.0)	0.0
Bulgaria	Guala Closures Bulgaria A.D.	Production and distribution	286	4.8	7.2	8.3	1.2	(0.2)	0.1
Belarus	Guala Closures BY LLC	Production and distribution	51	12.2	0.0	6.7	0.6	(0.1)	0.1
Ukraine	Guala Closures Technologia Ukraine LLC	Production and distribution, research and innovation	788	31.3	33.2	65.1	10.1	(2.2)	2.1
Poland	Guala Closures DGS Poland S.A.	Production and distribution	671	62.2	50.4	93.2	19.4	(2.6)	1.4
China	Beijing Guala Closures Ltd	Production and distribution	44	6.7	0.4	10.6	0.0	(0.2)	0.2
India	GualaClosures India Pvt Ltd	Production and distribution	568	69.8	2.5	83.8	13.3	(4.3)	4.4
Japan	Guala Closures Japan KK	Commercial office	2	0.0	0.0	0.0	0.9	(0.0)	0.0
Argentina	Guala Closures Argentina S.A.	Production and distribution	216	20.2	1.7	13.9	1.1	(0.1)	0.5
Brazil	Guala Closures do Brazil LTDA	Production and distribution	76	11.9	0.3	13.3	0.8	(0.4)	0.3
Colombia	Guala Closures de Colombia Ltda	Production and distribution	76	9.0	0.0	8.7	1.4	(0.7)	0.6
Mexico	Guala Closures Mexico S.A. de C.V.	Production and distribution, research and innovation	508	57.1	12.8	68.2	7.1	(2.1)	2.4
Chile	Guala Closures Chile SpA	Production and distribution	44	11.3	0.1	16.4	(2.5)	0.0	0.0
USA	Guala Closures North AmericaInc.	Production and distribution	16	34.6	0.0	16.0	1.5	(0.6)	0.4
Australia	Guala Closures Australia Holdings	Production and distribution	83	23.0	4.8	95.1	(1.3)	(0.1)	0.1
New Zealand	Guala Closures New Zealand Ltd	Production and distribution	44	12.5	0.1	16.5	1.5	(0.4)	0.5
South Africa	Guala Closures South Africa Pty Ltd	Production and distribution	161	16.3	0.0	22.2	0.0	0.0	0.0
Kenya	Guala Closures East Africa Limited	Production and distribution	10	5.6	0.2	14.2	0.4	(0.1)	0.1
Consolidation adjustments - Reversal of intra-group dividends							(40.2)		
Other consolidation adjustments						283.7	(0.2)		
Total			**4,859**	**659.8**	**202.6**	**1,351.3**	**17.4**	**(18.3)**	**17.6**

(*) Guala Closures S.p.A. (Italy) only recognizes the write-down of foreign tax credits deemed irrecoverable on the basis of the company's tax planning in current taxes. Guala Closures S.p.A. having a significant amount of tax losses that can be carried forward, it does not therefore recognize current taxes

(**) The profits / (losses) reported refer to the result inferable from the 'Financial reporting package' of each company of the Group drawn up in accordance with the IFRS international accounting standards and may differ from the profits / (losses) resulting from the separate local financial statements of the individual companies drawn up in accordance with local legislation and locally accepted accounting principles.

A.4 Personnel breakdown

PERSONNEL BREAKDOWN

	Europe			Americas			Asia			Oceania			Africa			Total		
Employees	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Gender																		
Men	2,239	2,351	2,343	534	543	563	601	597	577	121	117	107	136	126	129	3,631	3,734	3,719
Women	690	670	667	337	343	375	40	39	36	20	23	20	46	43	42	1,133	1,118	1,140
Total	2,929	3,021	3,010	871	886	938	641	636	613	141	140	127	182	169	171	4,764	4,852	4,859
Age																		
< 30 years	386	387	346	245	245	305	245	247	188	7	3	0	17	15	15	900	897	854
between 30 and 5	1,671	1,692	1,719	462	470	450	374	368	398	67	72	57	117	113	115	2,691	2,715	2,739
>50 years	872	942	945	164	171	183	22	21	27	67	65	70	48	41	41	1,173	1,240	1,266
Total	2,929	3,021	3,010	871	886	938	641	636	613	141	140	127	182	169	171	4,764	4,852	4,859
Category																		
Managers	181	189	208	19	21	23	31	28	31	20	24	23	8	8	11	259	270	296
White collars	501	541	539	240	236	233	232	233	222	20	16	11	36	36	35	1,029	1,062	1,040
Blue collars	2,247	2,291	2,263	612	629	682	378	375	360	101	100	93	138	125	125	3,476	3,520	3,523
Total	2,929	3,021	3,010	871	886	938	641	636	613	141	140	127	182	169	171	4,764	4,852	4,859
New employees																		
Men	266	229	309	175	90	132	101	49	70	18	8	19	15	2	30	575	378	560
Women	152	59	62	166	89	162	4	5	4	1	4	0	11	4	9	334	161	237
Total	418	288	371	341	179	294	105	54	74	19	12	19	26	6	39	909	539	797
Turnover incoming employees %																		
Men	12%	10%	13%	33%	17%	23%	17%	8%	12%	15%	7%	18%	8%	2%	23%	16%	10%	15%
Women	22%	9%	9%	49%	26%	43%	10%	13%	11%	5%	17%	0%	19%	9%	21%	29%	14%	21%
Total	14%	10%	12%	39%	20%	31%	16%	8%	12%	14%	9%	15%	11%	4%	23%	19%	11%	16%
Outgoing employees																		
Men	270	227	316	170	94	107	109	73	80	19	13	28	12	13	20	580	420	551
Women	94	93	75	158	88	132	3	7	4	0	1	2	5	6	9	260	195	222
Total	364	320	391	328	182	239	112	80	84	19	14	30	17	19	29	840	615	773
Turnover outgoing employees %																		
Men	12%	10%	13%	32%	17%	19%	18%	12%	14%	16%	11%	26%	7%	10%	16%	16%	11%	15%
Women	14%	14%	11%	47%	26%	35%	8%	18%	11%	0%	4%	10%	9%	14%	21%	23%	17%	19%
Total	12%	11%	13%	38%	21%	25%	18%	13%	14%	14%	10%	24%	7%	11%	17%	17%	13%	16%

ACCIDENT BREACKDOWN TABLE

	Europe			Americas			Asia			Oceania			Africa			Total		
Injury rates	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Work-related injuries	41	26	25	33	18	27	5	6	1	1	7	3	8	6	14	88	63	70
of which: temp workers	n.a.	3	4	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	3	4
of which: serious	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	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 injury	1293	827	1023	1438	839	1292	161	170	56	414	52	10	132	68	99	3438	1956	2480
Frequency rate*	6.14	4.41	4.28	14.55	8.58	12.16	2.95	3.27	0.55	3.35	24.11	10.62	21.71	13.01	37.57	7.78	5.95	6.64
Severity rate**	0.19	0.14	0.17	0.63	0.4	0.58	0.09	0.09	0.03	1.39	0.18	0.04	0.36	0.15	0.27	0.3	0.18	0.24
Absenteeism rate	0.15%	0.09%	0.10%	0.52%	0.29%	0.40%	0.08%	0.05%	0.01%	1.16%	1.30%	0.66%	0.31%	0.08%	0.15%	0.25%	0.15%	0.17%
Work-related ill health (no.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Work-related ill health (rate)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The frequency rate is calculated as the number of injuries multiplied by one million and divided by the total hours worked

** The severity rate is the product of the number of days lost per injury multiplied by a thousand, divided by the hours worked

A.5 Methodological note

The Sustainability report, approved by the board of directors on April 28, 2022, was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") defined by the Global Reporting Initiative (core option). The GRI Standards are the most widely used and internationally recognised standards for non-financial reporting today. In order to facilitate the reader in tracing the information in the document, the GRI Content Index is shown on pages 79-82. The reporting presented in the Sustainability report reflects the principle of materiality: the topics dealt with in the report are those which, following a materiality analysis and assessment, described on pages 20-21 of this document, have been identified as material in that they reflect the social and environmental impacts of the group's activities or influence the decisions of its stakeholders.

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, 2021. 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 2019 and 2020 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, 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 plant, 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 sites 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				
Saint Rémy sur Avre				
Kazanlak				
Wloclawek				
Sumy				
Minsk				
Worms				

Within the document, in the comment sections on the results and in the sections relating to certifications, the French sites of Chambray and Saint Rémy sur Avre are considered as a single production plant, since the second acts as a producer of semi-finished products for the first site.

Reporting process

The report was managed by the Groups' 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.

Calculation methods

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:

ELECTRICAL ENERGY	FUEL, WATER	RAW MATERIALS (INCLUDING PACKAGING)	WASTE TRANSPORT
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 plants 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 OF MEASUR.	TOTAL ENERGY CONSUMPTION (GJ)
Electrical energy	kWh	0.0036
Diesel	litres	0.03771
GPL	kg	0.05
Propane	kg	0.05
Natural gas	Sm3	0.03884
Diesel fuel	litres	0.03884

A.5 Bridging table: material topics and GRI standards

MATERIAL TOPICS FOR GUALA CLOSURES		REFERENCES	BOUNDARY	TYPE OF IMPACT
ENVIRONMENTAL RESPONSIBILITY	Preventing pollution	GRI 307 - ENVIRONMENTAL COMPLIANCE GRI 305 - EMISSIONS	GROUP, COMMUNITY	DIRECT
	Use of harmful substances	GRI 307 - ENVIRONMENTAL COMPLIANCE GRI 305 - EMISSIONS	GROUP	DIRECT
	Greenhouse gas emissions	GRI 305 - EMISSIONS	GROUP, COMMUNITY, SUPPLY CHAIN	DIRECT AND INDIRECT
	Energy efficiency	GRI 302 - ENERGY	GROUP	DIRECT
	Waste production	GRI 306 - WASTE	GROUP, COMMUNITY	DIRECT
	Recycling raw materials	GRI 301 - MATERIALS	GROUP, COMMUNITY	DIRECT
	Water resource management	GRI 303 - WATER	GROUP	DIRECT
	Product development with environmental benefits	*N.A.*	GROUP, SUPPLY CHAIN	DIRECT
SOCIAL RESPONSIBILITY	Occupational safety	GRI 403 - OCCUPATIONAL HEALTH AND SAFETY	GROUP	DIRECT
	Employee training	GRI 404 - TRAINING AND EDUCATION	GROUP	DIRECT
	Diversity and inclusion	GRI 405 - DIVERSITY AND EQUAL OPPORTUNITIES GRI 406 - NON-DISCRIMINATION	GROUP	DIRECT
	Employee satisfaction	GRI 401 - EMPLOYMENT	GROUP	DIRECT
	Employee development	GRI 404 - TRAINING AND EDUCATION	GROUP	DIRECT AND INDIRECT
ECONOMIC RESPONSIBILITY	Customer satisfaction	GRI 416 - CUSTOMER HEALTH AND SAFETY	GROUP, CONSUMERS	DIRECT
	Ethical business practices	GRI 408 - CHILD LABOR GRI 409 - FORCED OR COMPULSORY LABOR	GROUP	DIRECT
	Ethics and integrity	GRI 206 - ANTI-COMPETITIVE BEHAVIOR	GROUP	DIRECT
	Governance and compliance	GRI 419 - SOCIOECONOMIC COMPLIANCE	GROUP	DIRECT
	Innovation	*N.A.*	GROUP	DIRECT
	Economic performance	GRI 201 - ECONOMIC PERFORMANCE	GROUP	DIRECT AND INDIRECT
	Ethical purchasing practices	GRI 414 - SUPPLIER SOCIAL ASSESSMENT	GROUP	DIRECT AND INDIRECT
	Data privacy and security	GRI 418 - CUSTOMER PRIVACY	GROUP	DIRECT
	Transparency	*N.A.*	GROUP	DIRECT AND INDIRECT
	Corruption risk management	GRI 205 - ANTI-CORRUPTION	GROUP	DIRECT

GRI CONTENT INDEX

GRI Standard	Disclosure	Page	UNGC Principles	Omissions
GRI 101: Foundation 2016				
General disclosures				
	ORGANIZATIONAL PROFILE			
	102-1 Name of the organization	7		
	102-2 Activities, brands, products, and services	7-9		
	102-3 Location of headquarters	Spinetta Marengo - Alessandria (Italy)		
	102-4 Location of operations	10-11		
	102-5 Ownership and legal form	13		
	102-6 Markets served	9		
	102-7 Scale of the organization	10-11		
	102-8 Information on employees and other workers	58; 74	8	
	102-9 Supply chain	69		
	102-10 Significant changes to the organization and its supply	12		
	102-11 Precautionary principle or approach	34-37; 42-43	7	
	102-12 External initiatives	34-37; 61		
	102-13 Membership of associations	16-19		
	STRATEGY			
	102-14 Statement from senior decision-maker	3		
	102-15 Key impacts, risks, and opportunities	20-27; 34-37		
	ETHICS AND INTEGRITY			
	102-16 Values, principles, standards, and norms of behavior	31-33; 42-45	1-10	
	102-17 Mechanisms for advice and concerns about ethics	32-33	1-10	
GRI 102: General disclosures 2016	**GOVERNANCE**			
	102-18 Governance structure	30-31		
	STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	16-17; 20	3	
	102-41 Collective bargaining agreements	63		
	102-42 Identifying and selecting stakeholders	18-19		
	102-43 Approach to stakeholder engagement	18-19		
	102-44 Key topics and concerns raised	18-19		
	REPORTING PRACTICES			
	102-45 Entities included in the consolidated financial statements	75-77		
	102-46 Defining report content and topic Boundaries	75-77		
	102-47 List of material topics	20-27		
	102-48 Restatements of information	Any restatements of previously published comparative data are clearly indicated in the text		
	102-49 Changes in reporting	None		
	102-50 Reporting period	75-77		
	102-51 Date of the most recent report	3/2021		
	102-52 Reporting cycle	Annual		
	102-53 Contact point for questions regarding the report	plavazza@gualaclosures.com		
	102-54 Claims of reporting in accordance with the GRI Standards	75-77		
	102-55 GRI content index	79-84		
	102-56 External assurance	85		
	ECONOMIC PERFORMANCE			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	42-45; 64-65; 2021 financial statements		
	103-3 Evaluation of the management approach	42-45; 64-65; 2021 financial statements		
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	20-27; 34-37; 48-51; 2021 financial statements		
	ANTI-CORRUPTION		10	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32; 71		
	103-3 Evaluation of the management approach	71		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	There were no cases of active or passive corruption in 2021.		
	ANTI-COMPETITIVE BEHAVIOUR		10	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32; 71		
	103-3 Evaluation of the management approach	71		
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behavior, antitrust and monopoly practices	There were no legal actions commenced against the group for anti-competitive behavior, antitrust and monopoly practices.		
	TAX			
GRI 207: Tax 2019	207-1 Approach to tax	72-73		
	207-2 Tax governance, control and risk management	72-73		
	207-3 Stakeholder engagement and management of concerns related to tax issues	72-73		
	207-4 Country-by-country reporting	72-73		

GRI Standard	Disclosure	Page	UNGC Principles	Omissions
Series 300: Environmental topics				
	RAW MATERIALS		**7,8,9**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	42-47; 52		
	103-3 Evaluation of the management approach	42-47; 52		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	52		
	301-2 Recycled input materials used	52		
	ENERGY		**7,8,9**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	42-47; 51		
	103-3 Evaluation of the management approach	42-47; 51		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	51; 75-77		
	302-3 Energy intensity	51		
	302-4 Reduction of energy consumption	51		
	WATER		**7,8,9**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106		
	103-2 The management approach and its components	42-47; 53		
	103-3 Evaluation of the management approach	42-47; 53		
GRI 303: Water and effluents 2018	303-2 Management of water discharge-related impacts	53		
	303-3 Water withdrawal	53		
	303-5 Water consumption	53		
	EMISSIONS		**7,8,9**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	42-47; 48-49		
	103-3 Evaluation of the management approach	42-47; 48-49		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	48-49; 75-77		
	305-2 Energy indirect (Scope 2) GHG emissions	48-49; 75-77		
	305-3 Other indirect (Scope 3) emissions	48-49; 75-77		
	305-4 GHG emissions intensity	48-49		
	305-5 Reduction of GHG emissions	48-49		
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	48-49		
	WASTE		**7,8,9**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	42-47; 54-55		
	103-3 Evaluation of the management approach	42-47; 54-55		
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	54-55		
	306-1 Waste generation and significant waste-related impacts	54-55		
	306-3 Waste generated	54-55		
	306-4 Waste diverted from disposal	54-55		
	306-5 Waste directed to disposal	54-55		
	ENVIRONMENTAL COMPLIANCE			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	42-47; 54-55		
	103-3 Evaluation of the management approach	42-47; 54-55		
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	No significant fines or penalties were received in 2021.		
Series 400: Social topics				
	EMPLOYEMENT		**6**	
GRI 103: Management approach 2016	103-1 Spiegazione del tema materiale e del relativo perimetro	20-27		
	103-2 La modalità di gestione e le sue componenti	32-33; 44-45; 56-57		
	103-3 Valutazione delle modalità di gestione	32-33; 44-45; 56-57		
GRI 401: Employment 2016	401-1 Nuove assunzioni e turnover	58; 74		
	401-2 Benefit previsti per i dipendenti a tempo pieno ma non per idipendenti part-time o con contratto a tempo determinato	58; 60; 74		
	OCCUPATIONAL HEALTH AND SAFETY		**6**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57; 62-63		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57; 62-63		
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	42-43; 62-63		
	403-2 Hazard identification, risk assessment and incident investigation	42-43; 62-63; 74		
	403-3 Occupational health services	42-43; 62-63; 74		

GRI Standard	Disclosure	Page	UNGC Principles	Omissions
Series 400: Social topics				
	OCCUPATIONAL HEALTH AND SAFETY		**6**	
GRI 403: Occupational health and safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	42-43; 62-63; 74		
	403-5 Worker training on occupational health and safety	59		
	403-6 Promotion of worker health	42-43; 62-63; 74		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42-43; 62-63; 74		
	403-9 Work-related injuries	62-63; 74		
	403-10 Work-related ill health	74		
	TRAINING AND EDUCATION			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57; 59		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57; 59		
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	59		
	404-2 Programs for upgrading employee skills and transition assistance programs	59		
	DIVERSITY AND EQUAL OPPORTUNITIES		**6**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57; 60		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57; 60		
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	58; 60		
	NON-DISCRIMINATION		**6**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57; 60		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57; 60		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no significant incidents of discrimination recorded in 2021.		
	CHILD LABOR		**1, 2, 5**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57		
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	32-33; 42-43; 44-45; 56-57; No facility or supplier is deemed to be at risk for incidents of child labor thanks to the relevant policies in place and supplier screening.		
	FORCED OR COMPULSORY LABOR		**1, 2, 4**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57		
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	32-33; 42-43; 44-45; 56-57; No facility or supplier is deemed to be at risk for incidents of child labor thanks to the relevant policies in place and supplier screening.		
	SUPPLIER SOCIAL ASSESSMENT		**1, 2, 5**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 42-43; 44-45; 56-57; 69		
	103-3 Evaluation of the management approach	32-33; 42-43; 44-45; 56-57; 69		
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	44-45; 56-56; 69		
	CUSTOMER HEALTH AND SAFETY		**1, 2, 4, 5**	
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 42-43; 44-45; 56-57; 67		
	103-3 Evaluation of the management approach	32-33; 42-43; 44-45; 56-57; 67		
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	67		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	67		
	CUSTOMER PRIVACY			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 44-45; 56-57; 67		
	103-3 Evaluation of the management approach	32-33; 44-45; 56-57; 67		
GRI 418: Customer Privacy 2016	418-1 Substantial complaints concerning breaches of customer privacy and losses of customer data	67		
	SOCIOECONOMIC COMPLIANCE			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	20-27		
	103-2 The management approach and its components	32-33; 42-43; 44-45; 64-65		
	103-3 Evaluation of the management approach	32-33; 42-43; 44-45; 64-65		
GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	The group did not receive significant penalties for non-compliance with laws and regulations in the social and economic area during the reporting period.		

GRI Standard	Disclosure	Page	UNGC Principles	Omissions
Material topics not covered by GRI Standards				
	PRODUCT DEVELOPMENT WITH ENVIRONMENTAL BENEFITS		**7, 8, 9**	
GRI 103: Management approach 2016	103-1 Spiegazione del tema materiale e del relativo perimetro	20-27		
	103-2 La modalità di gestione e le sue componenti	42-45; 64-66		
	103-3 Valutazione delle modalità di gestione	42-45; 64-66		
	INNOVATION			
GRI 103: Management approach 2016	103-1 Spiegazione del tema materiale e del relativo perimetro	20-27		
	103-2 La modalità di gestione e le sue componenti	44-45; 64-66		
	103-3 Valutazione delle modalità di gestione	44-45; 64-66		
	TRANSPARENCY			
GRI 103: Management approach 2016	103-1 Spiegazione del tema materiale e del relativo perimetro	20-27		
	103-2 La modalità di gestione e le sue componenti	44-45; 64-65		
	103-3 Valutazione delle modalità di gestione	44-45; 64-65		

Gabriele Del Torchio
Chairman and CEO
(signed on the original)

(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 2021

(with independent auditors' report thereon)

KPMG S.p.A.

9 May 2022

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 2021 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 International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code), 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 carried out the following procedures:

1) analysing the reporting of material aspects process, specifically how these aspects are identified and prioritised for each stakeholder category 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 New Zeland Ltd. and Guala Closures Chile S.p.A.. We also performed selected 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 New Zealand Ltd. (Auckland site) and Guala Closures Chile S.p.A. (Santiago de Chile 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 2021 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.

Novara, 9 May 2022

KPMG S.p.A.

(signed on the original)

Silvia Rimoldi
Director