June 30, 2022

INTERIM FINANCIAL 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

H1 2022 NET REVENUE BY GEOGRAPHICAL AREA

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA	GROUP
€239.9m	€98.9m	€39.5m	€18.2m	€11.8m	€408.2m
58.8%	*24.2%*	*9.7%*	*4.5%*	*2.9%*	*100.0%*

H1 2022 NET REVENUE BY PRODUCT

SAFETY	LUXURY	ROLL-ON	OTHER REVENUE	GROUP
€149.4m	€33.3m	€209.7m	€15.9m	€408.2m
36.6%	*8.1%*	*51.4%*	*3.9%*	*100.0%*

H1 2022 NET REVENUE BY DESTINATION

SPIRITS	WINE	WATER	NON-ALC. BEVERAGES	OLIVE OIL & CONDIMENTS	OTHER MARKETS	GROUP
€256.8m	€74.2m	€36.2m	€9.0m	€10.1m	€22.0m	€408.2m
62.9%	*18.2%*	*8.9%*	*2.2%*	*2.5%*	*5.4%*	*100.0%*

COMPANY OFFICERS

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITORS

KPMG S.p.A.

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REPORT

Guala Closures Group

1.1 Introduction

€ 659.8m
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
&
2 SALES OFFICES

4,890
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 across its three product lines (safety, luxury, roll-on) and across five destination markets (spirits, wine, water, other non-alcoholic beverages, olive oil & condiments).

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

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

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

Vision and mission

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

The goal of providing two hours of training on the sustainability plan reflects Guala Closures' commitment:

Working together for sustainable growth

Values

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

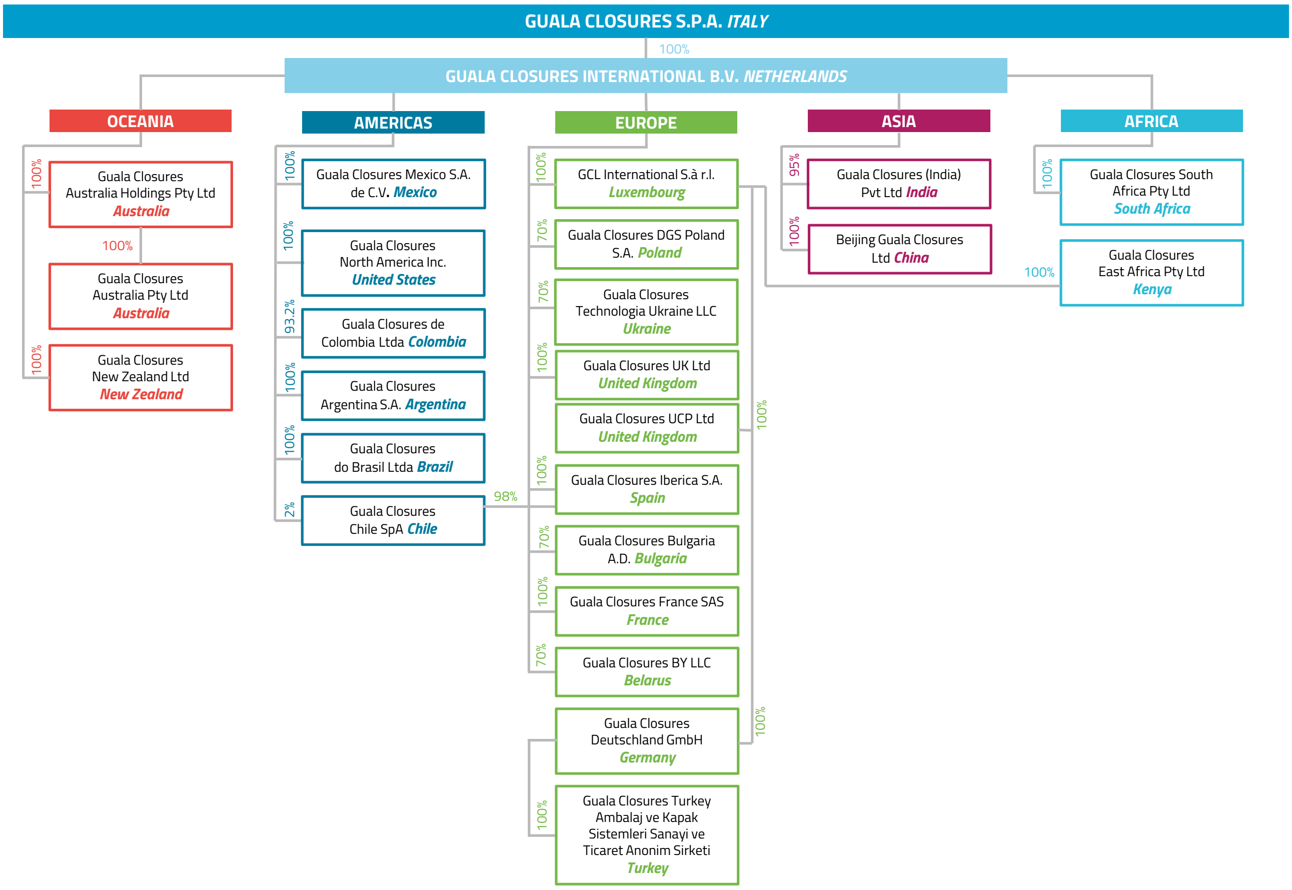
Professionalism: personnel training and growth in the pursuit of continuous and ongoing development;

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

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

1.2 The Group structure

The Guala Closures Group operates in five continents, with its headquarters in Italy.
The following chart illustrates the group structure at June 30, 2022 (companies consolidated on a line-by-line basis):

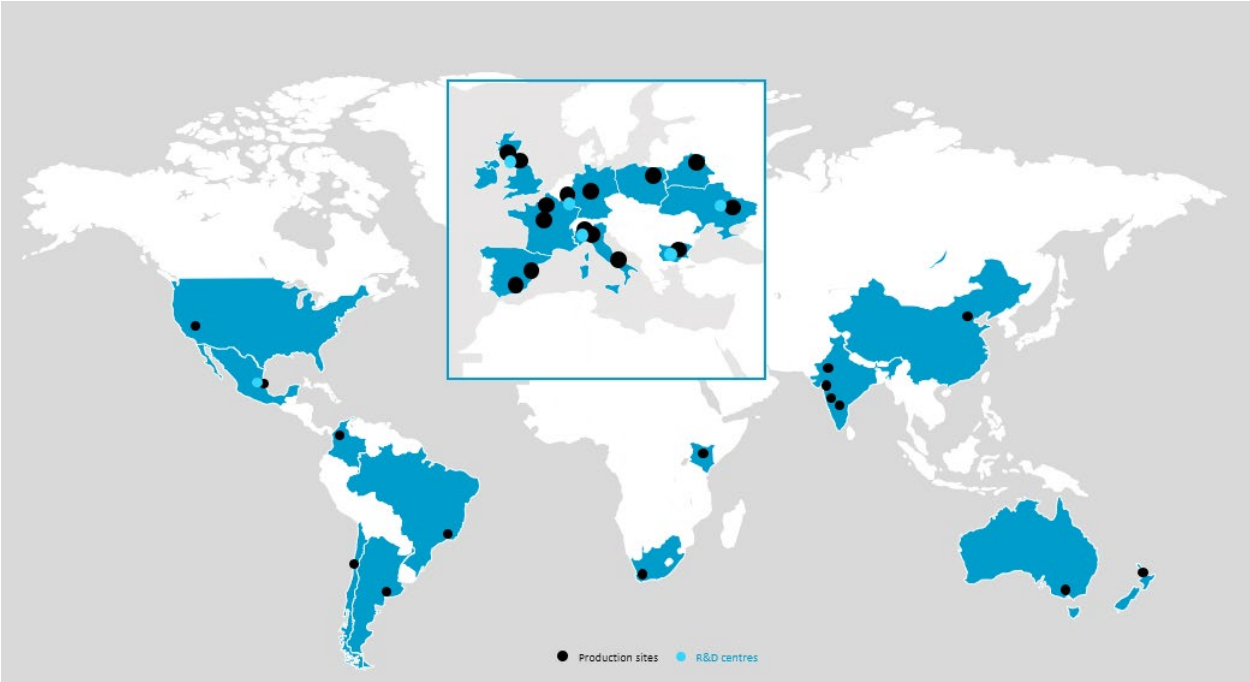


The group structure changed in the first half of 2022 as follows:

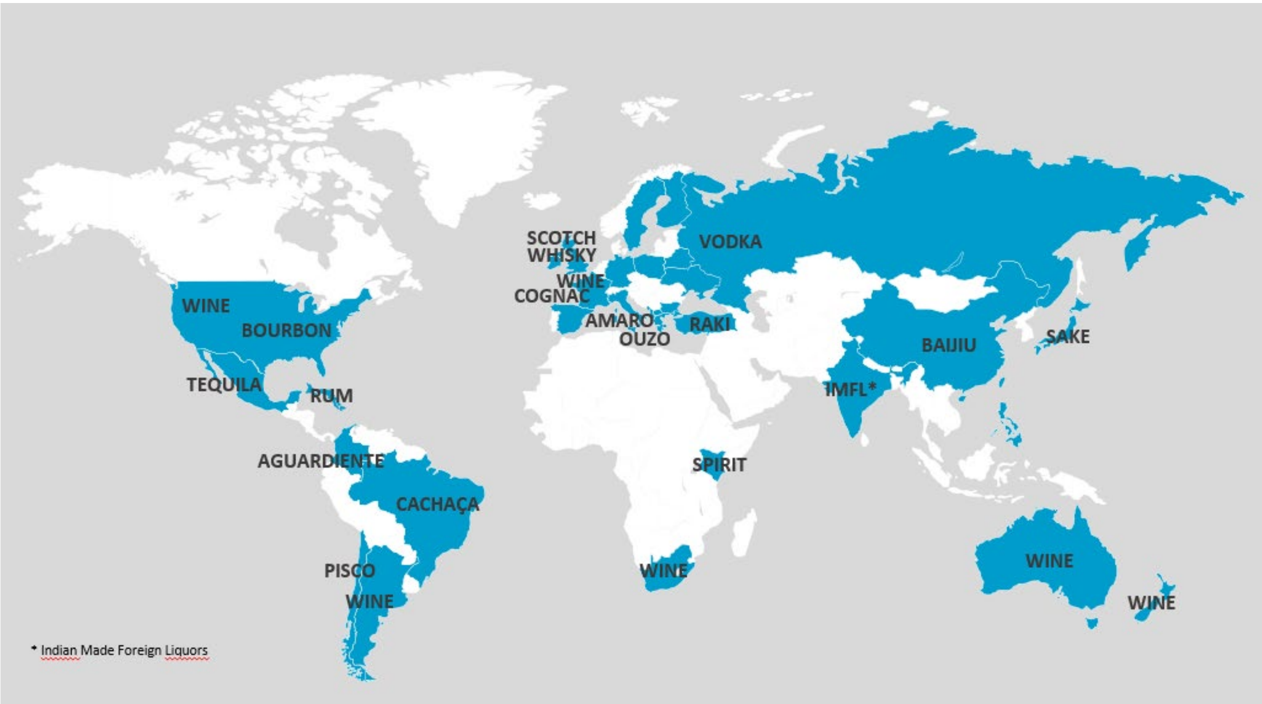
- Guala Closures Japan KK completed its liquidation process and was dissolved at the end of March 2022

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 proximity 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.

Safety closures

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.

Luxury closures

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.

Roll-on closures

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.

Spirits

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.

Wine

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.

Water

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 customised with high quality graphics to enhance the brand image.

Other non-alcoholic beverages

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.

Olive oil & condiments

1.5 Research and product and process innovation

In the first half of 2022, Guala Closures Group's R&D continued to focus on its strategic development priorities: sustainability, luxury and safety.

In terms of **sustainability**, new designs are being unveiled, aimed at reducing the environmental impact, and others are in the R&D pipeline: the goal is to create a new range of closures in response to the growing demand from the market for more sustainable packaging.

All new closures bring together sustainability and the usual functional and aesthetical added value that has made Guala Closures a market leader in innovation. The new closures will communicate their sustainable content to customers in a user-friendly manner, making it easy to properly dispose of the packaging at end of life without compromising on brand value. High quality recycled polymers remain a strong trend in our offer, and are designed with a view to reducing the use of materials.

The R&D teams are working in coordination to develop these solutions. Some of them are already available on the market while others will be ready next year.

In the **Luxury** range, the effort to widen our offer of solutions has led Guala Closures to create a further high quality range of luxury closures, called "Carat". In this range, Guala Closures Group offers high end closures and T-bars made of high quality materials like zama, glass and special resins. It was presented during the PLD Paris exhibition in June, receiving strong interest from the market.

Guala Closures Group R&D now has many more materials to play with, to translate into high quality closures based on the designs coming from the best design agencies of the world, with which our group collaborates.

Sustainability is also important in the luxury field and our R&D Centres have developed solutions using renewable and recycled materials to improve the sustainability of the T-bars without compromising their high quality.

Safety has always been the strongest specialisation of Guala Closures Group: our R&D Centres have years of experience and have been developing efficient solutions against the always evolving phenomena of counterfeiting for decades.

The focus is now on technological barriers that include features that are difficult to repeat or reuse in the closures. Moreover, advanced digital printing technologies under development will make every package, and every part of it, unique and seamless.

Anti-counterfeiting is currently focusing on these features and these solutions will soon be available to the market.

1.6 Sustainability

In the first half of 2022, Guala Closures Group confirmed its commitment to sustainability. In particular, the long-term activities continued and many other initiatives were launched.
The monitoring and reporting of environmental, social and industrial topics continued during the first half of 2022.

In February, through an audit conducted by Bureau Veritas, the group certified all its 2021 emissions (Scope 1,2 and 3). The amount of Scope 1 and Scope 2 emissions combined decreased by 28.5% compared to 2020, a result achieved mainly thanks to the increase in purchases of electricity from renewable sources.

As part of its Corporate Social Responsibility strategy, Guala Closures is focussed on identifying and constantly monitoring sustainability-related issues relevant to the company, based on the opinions of internal and external stakeholders. After three years, the group performed a new materiality **survey** in the first half of 2022 to check the development of the sustainability topics. Being part of Investindustrial Group since June 2021 is an additional reason to review the group's materiality matrix.
Participation in the survey was high and the group received 645 answers from 23 countries throughout the world. 485 of these answers were from internal stakeholders, representing 75% of the participants and 160 were external stakeholders (the remaining 25%). The results of this survey form the basis on which to build the new materiality matrix.

During the first quarter of 2022, the group prepared its **Sustainability Report**, in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" ("GRI Standards") published by the Global Reporting Initiative (core option), which currently constitutes the most widespread and internationally recognised standard in the field of non- financial reporting.
KPMG carried out a limited assurance engagement on this document on-site and remotely and the document is part of the "2021 Annual Report".

Confirming the group's commitment to offsetting its emissions, 55,000 **carbon credits** were purchased during the first half of the year.
Again in 2022, Guala Closures will continue the agreement with Vikalp, and will arrange to plant 38,000 trees in the Gujarat region.

The second sustainability programme will end this year, but the group is already working on the definition of our new journey to 2030.

In the first half of the year, the group has defined its main environmental and social **targets for 2030**.
The social targets will be focused on H&S and Diversity & Inclusion aspects.
The environmental targets will be focused on GHG emissions reduction, water consumption reduction in water stress areas, and hazardous and landfill waste reduction. Moreover, in May the Group committed to and signed up for SBTi (Science Based Targets initiative) and is developing the targets which were submitted in July.

In the second quarter, the group prepared its "**Sustainable Development annual report 2021**", available on the group's website.

Financial performance

2.1 Group performance

Key figures

(€m)		H1 2021	H1 2022	*% variation*
Net revenue		**297.2**	**408.2**	***37.4%***
Adjusted gross operating profit (Adjusted EBITDA)[1]		**50.8**	**77.5**	***52.6%***
Adjusted gross operating profit (Adjusted EBITDA)[1] ***margin***		***17.1%***	***19.0%***	
	June 30, 2021	**December 31, 2021**	**June 30, 2022**	
Net financial indebtedness [2]	477.6	462.0	460.4	
Employees				4,890
Facilities				30 production facilities and 2 sales offices in 24 countries on 5 continents
Intellectual property rights				over 170

Note:

[1] Reference should be made to the section Alternative performance indicators in this report for information on the adjusted gross operating profit.
[2] Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as financial assets.

After two challenging years due to the Covid pandemic which impacted health and social conditions as well as the global economy, the optimism at the beginning of 2022 after the winding-down of the pandemic was disrupted by the outbreak of the Russian invasion of Ukraine at the end of February together with increasing global geopolitical tensions. The ongoing Russia-Ukraine conflict and the related escalating geopolitical tensions have generated further volatility and uncertainty, adding further inflationary pressure and potentially impacting consumer demand, in addition to higher input costs pressure combined with logistics constraints.

Regarding the spirits industry, with the end of restrictive Covid-19 measures in most markets, the sector continues to benefit from a return to on-premise sales. The group's key economic and financial indicators for the first half of 2022 show a positive trend, with revenue up 37.4% compared to the first half of 2021 and an adjusted EBITDA margin of 19.0%, improving 1.9% compared to 17.1% for the first half of 2021.

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

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

Net financial indebtedness at June 30, 2022 was €460.4 million, with a €1.6 million decrease compared to December 31, 2021 (€462.0 million) and a decrease of €17.2 million compared to June 30, 2021 (€477.6 million).

Significant events of the period

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

BUSINESS:

Guala Closures Japan KK

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

Guala Closures UK Ltd

With regard to the pension scheme of Guala Closures UK Ltd, on March 23, 2022, the board of directors of Guala Closures UK approved a step-plan to enter into an insurance policy with a private insurance company 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 to take place in the first quarter of 2023.

Guala Closures France

On July 4, 2022, Guala Closures France informed its employees that intends to close the Saint Remy plant. This project's estimated cost is approximately €0.3 million, which has been provided for at June 30, 2022.

GOVERNANCE:

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

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

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

Russia - Ukraine conflict

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

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

In the first half of 2022, GC Ukraine recognised revenue of approximately €30 million and an EBITDA of approximately €2.5 million (respectively €28 million and €8 million in the first half of 2021), which included accruals linked to potential losses due to the conflict for an amount of €0.7 million and impairment losses of €5.1 million on the customer relationships attributable to the Russian market following the lack of visibility on the ongoing business in the Russian market, with net assets of €50 million.

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

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

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

At June 30, 2022, GC Ukraine had €0.7 million of trade receivables due from Russian customers, €2.4 million due from Ukrainian customers and €1 million due from GC Belarus, of which €0.4 million from Russian customers and €1 million from Ukrainian customers had been collected as of the date of this report.

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

The Group is continuously monitoring the current conflict, which is not affecting the area of Sumy, where the main plant is located. Due to the current situation, to improve among others the logistics, GC Ukraine has decided to move a minor part of its production lines to a satellite plant located in the city of Ternopil, near the Polish Border, where the company plans to employ around 100 people. The overall production capacity and product portfolio of GC Ukraine will not be affected by such transfer.

Until March 2022, GC Belarus revenue is mostly generated with Russia, selling closures produced from aluminium shells and components purchased from Ukraine. In the first half of 2022, the company realised revenue of approximately €2.9 million and an EBITDA close to zero (respectively €5.3 million and €0.3 million in the first half of 2021), with net assets of €0.2 million.
At June 30, 2022, GC Belarus had no trade receivables due from Russian customers and, due to the lack of supply and freeze on sales to Russian local customers, the company has been inoperative since March.

Financial performance

ANALYSIS OF THE FINANCIAL PERFORMANCE

The table below summarises the financial performance of the group for the first half of 2021 and 2022:

Statement of profit or loss	H1 2021 (*)		H1 2022	
	(€'000)	*% of net revenue*	*(€'000)*	*% of net revenue*
Net revenue	**297,176**	***100.0%***	**408,246**	***100.0%***
Change in finished goods and semi-finished products	8,607	*2.9%*	17,066	*4.2%*
Other operating income	3,573	*1.2%*	3,829	*0.9%*
Internal work capitalised	2,273	*0.8%*	2,013	*0.5%*
Costs for raw materials	(137,828)	*(46.4%)*	(201,957)	*(49.5%)*
Costs for services	(52,341)	*(17.6%)*	(75,859)	*(18.6%)*
Personnel expense	(68,261)	*(23.0%)*	(73,504)	*(18.0%)*
Other operating expense	(4,571)	*(1.5%)*	(5,732)	*(1.4%)*
Impairment losses	(174)	*(0.1%)*	(5,608)	*(1.4%)*
Gross operating profit (EBITDA)	**48,453**	***16.3%***	**68,494**	***16.8%***
Amortisation and depreciation	(31,693)	*(10.7%)*	(26,739)	*(6.5%)*
Operating profit (EBIT)	**16,760**	***5.6%***	**41,755**	***10.2%***
Financial income	10,464	*3.5%*	11,545	*2.8%*
Financial expense	(22,515)	*(7.6%)*	(17,912)	*(4.4%)*
Net financial expense	**(12,051)**	***(4.1%)***	**(6,368)**	***(1.6%)***
Profit before taxation	**4,708**	***1.6%***	**35,387**	***8.7%***
Income taxes	(3,065)	*(1.0%)*	(7,460)	*(1.8%)*
Profit for the period	**1,643**	***0.6%***	**27,927**	***6.8%***
Attributable to:				
- the owners of the parent	(2,337)	*(0.8%)*	23,245	*5.7%*
- non-controlling interests	3,980	*1.3%*	4,682	*1.1%*

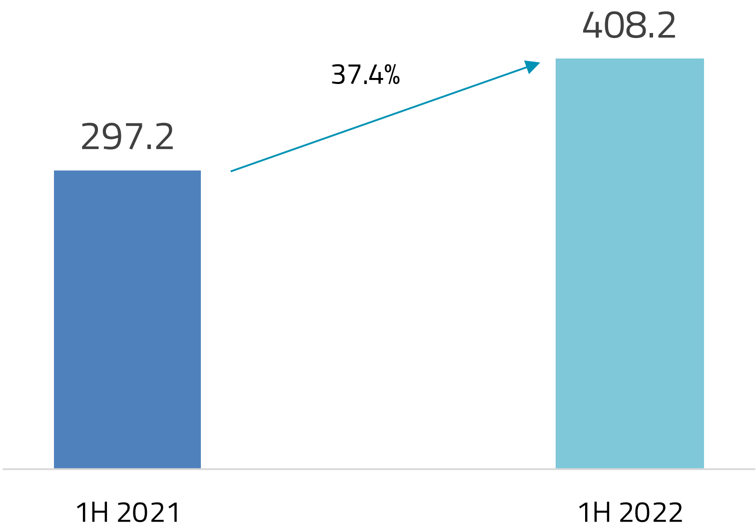
Adjusted gross operating profit (Adjusted EBITDA)	**50,812**	***17.1%***	**77,521**	***19.0%***

Note:

- *First half of 2021 figures have been reclassified in order to be consistent with 2022 classification*
- *For information on the calculation of the adjusted gross operating profit reference should be made to page 36.*

NET REVENUE

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

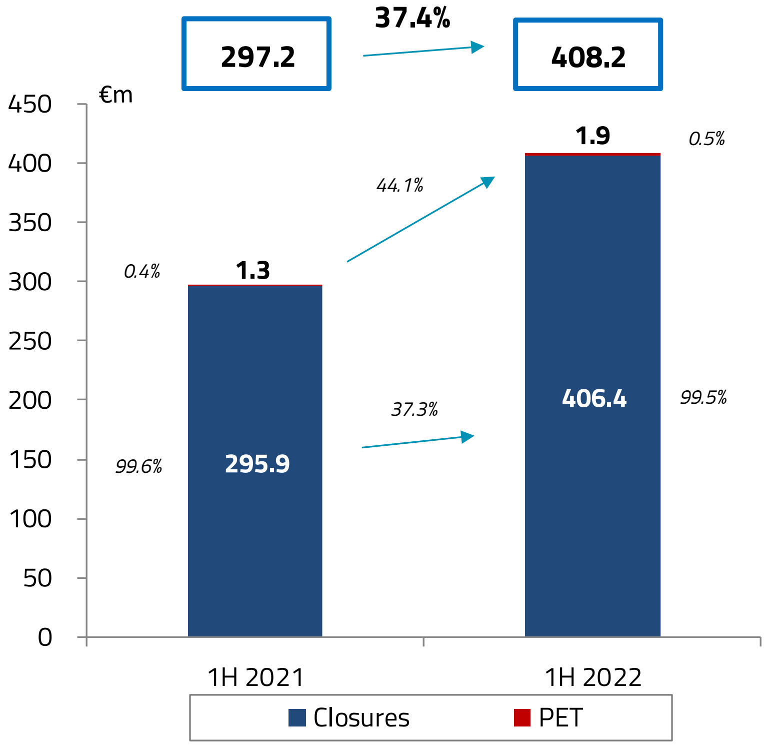


In the first half of 2022, consolidated net revenue was €408.2 million, up €111 million (+37.4%) on the first half of 2021 thanks to both volume/mix and selling price components.

Net revenue increased in all the regions in which the group operates with double-digit growth.

NET REVENUE BY DIVISION

The following chart shows a breakdown of net revenue by division:



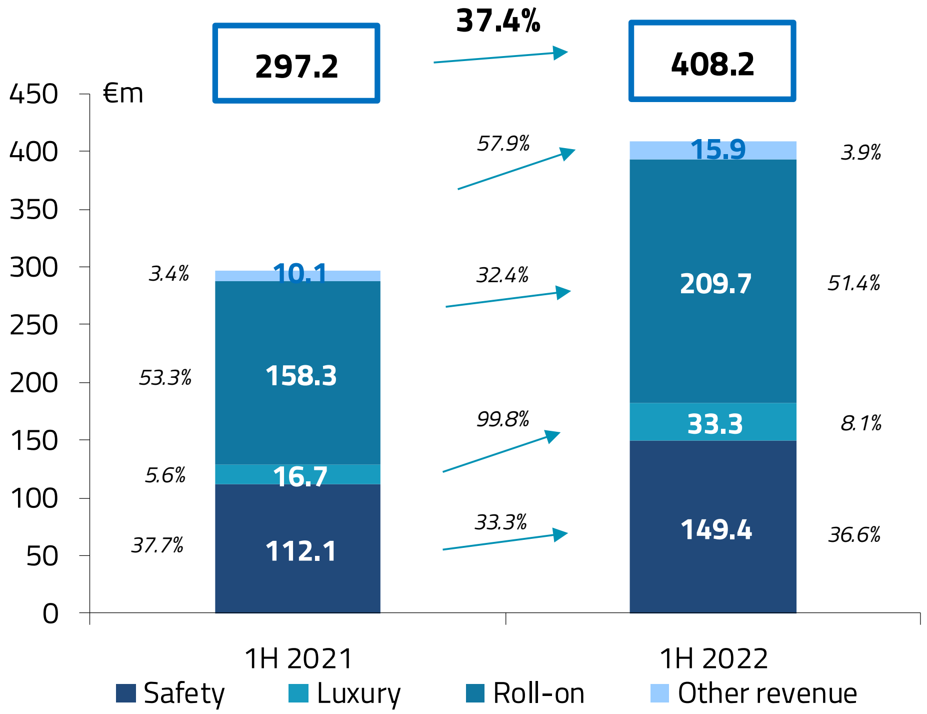
As the group's core business, the "Closures" division accounts for over 99% of net revenue. It is specialised in the production of safety, customised luxury and roll-on closures.

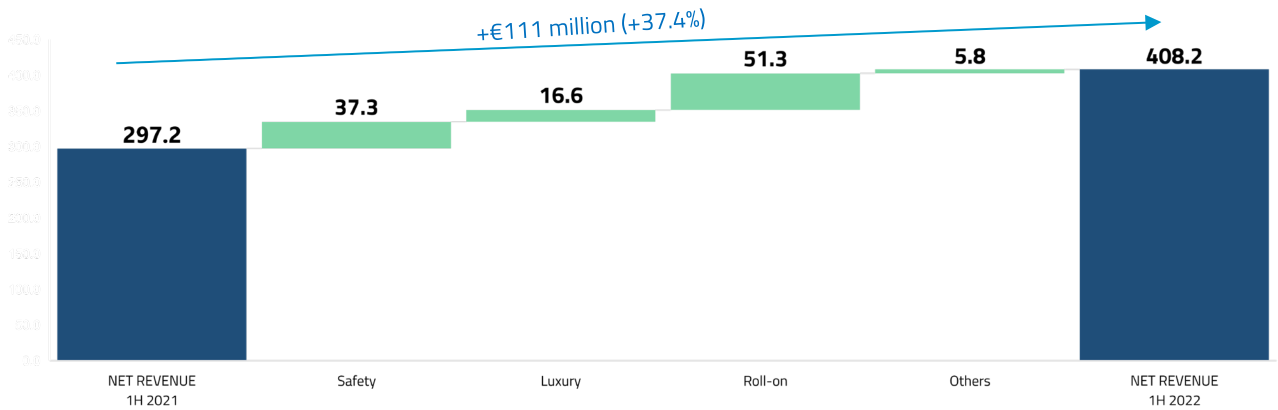
The net revenue of the Closures division increased by €110.5 million (+37.3%) in the first half of 2022 from €295.9 million in the first half of 2021 to €406.4 million in the first half of 2022.

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 show a breakdown of net revenue by product and variations versus the first half of 2021:





Net revenue increased in all the product lines.

Revenue from **safety** closures increased by €37.3 million (33.3% growth) from €112.1 million in the first half of 2021 (37.7% of net revenue) to €149.4 million in the first half of 2022 (36.6%). The growth is mainly driven by the increase in Mexico, UK, Italy and India.

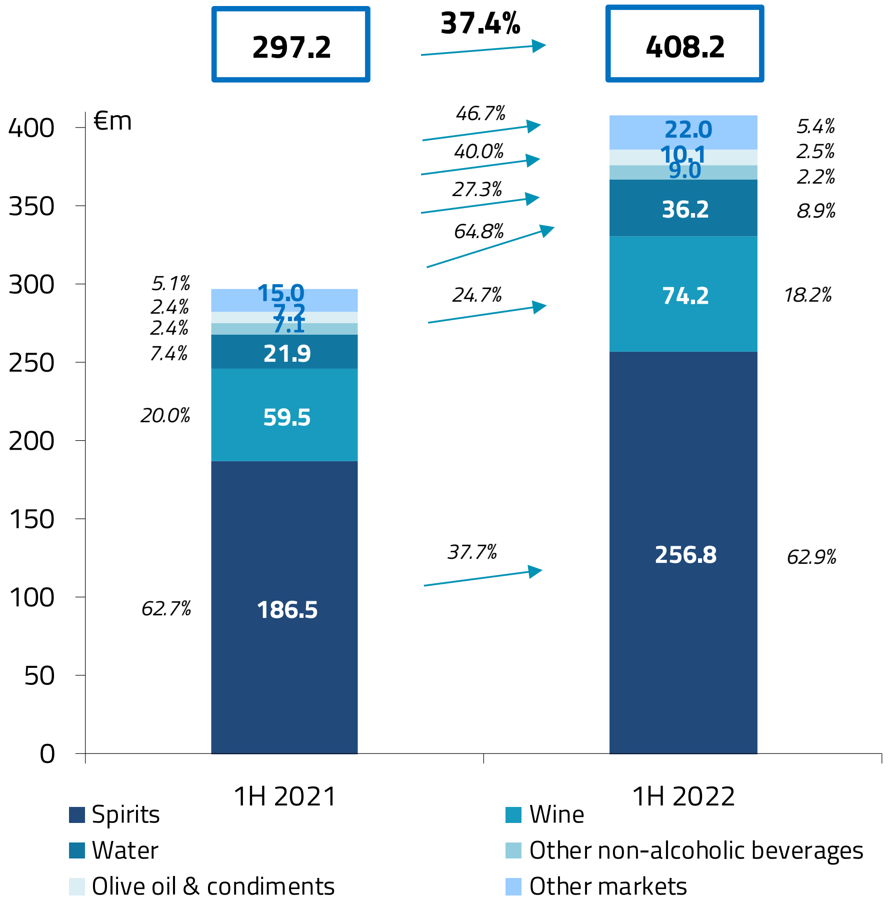
Revenue from **luxury** closures increased by €16.6 million (99.8% growth) from €16.7 million in the first half of 2021 (5.6% of net revenue) to €33.3 million in the first half of 2022 (8.1%), due to the increase in both volumes and average price, mainly related to the development of the luxury business in the Americas and Europe.

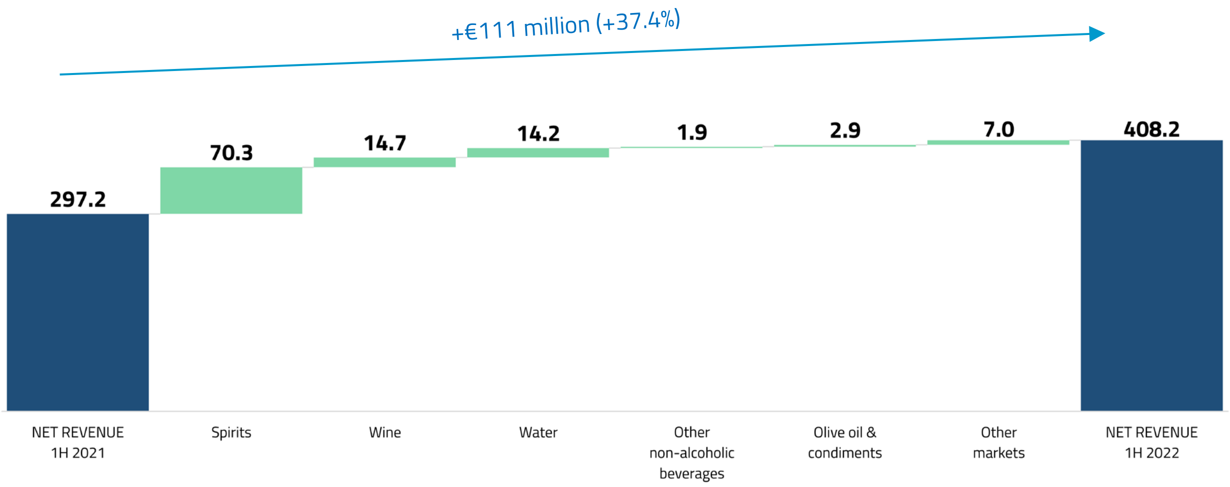
Revenue from **roll-on** closures increased by €51.3 million (32.4% growth) from €158.3 million in the first half of 2021 (53.3% of net revenue) to €209.7 million in the first half of 2022 (51.4%). This increase was due to both the volume and price increase in the spirits, wine and water markets.

Other revenue increased by €5.8 million (57.9% growth) from €10.1 million in the first half of 2021 (3.4% of net revenue) to €15.9 million in the first half of 2022 (3.9%). Other revenue includes sale of closures for the pharmaceutical sector, PET and other revenue not included in the previous categories.

NET REVENUE BY DESTINATION MARKET

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





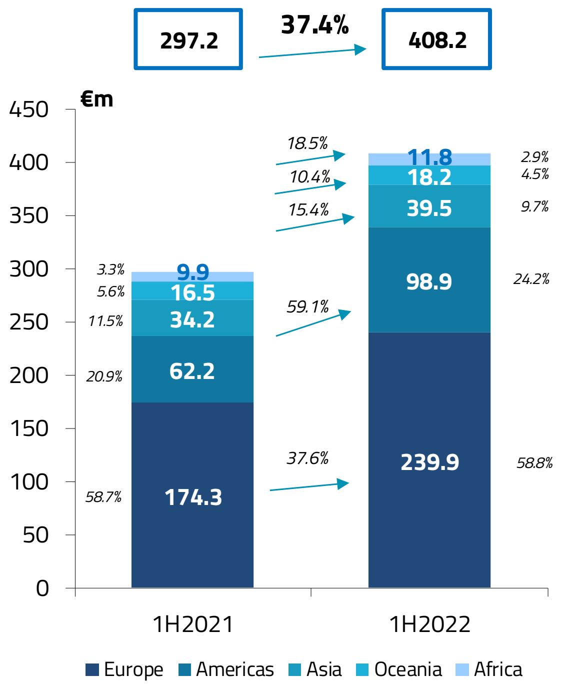
The increase in net revenue in the first half of 2022 was mainly due to the spirit market which is the group's main destination market.

Net revenue in the **spirits market** increased by €70.3 million (37.7% growth) from €186.5 million in the first half of 2021 (62.7% of net revenue) to €256.8 million in the first half of 2022 (62.9%). The increase was realised thanks to the increase in almost all the regions in which the Group operates.
The **wine market** is the group's second largest destination market and generated 18.2% of net revenue in the first half of 2022. Revenue from the sale of wine closures rose €14.7 million (24.7% growth) from €59.5 million in the first half of 2021 (20.0% of net revenue) to €74.2 million in the first half of 2022 (18.2%). The growth was mainly achieved in Europe and the Americas.

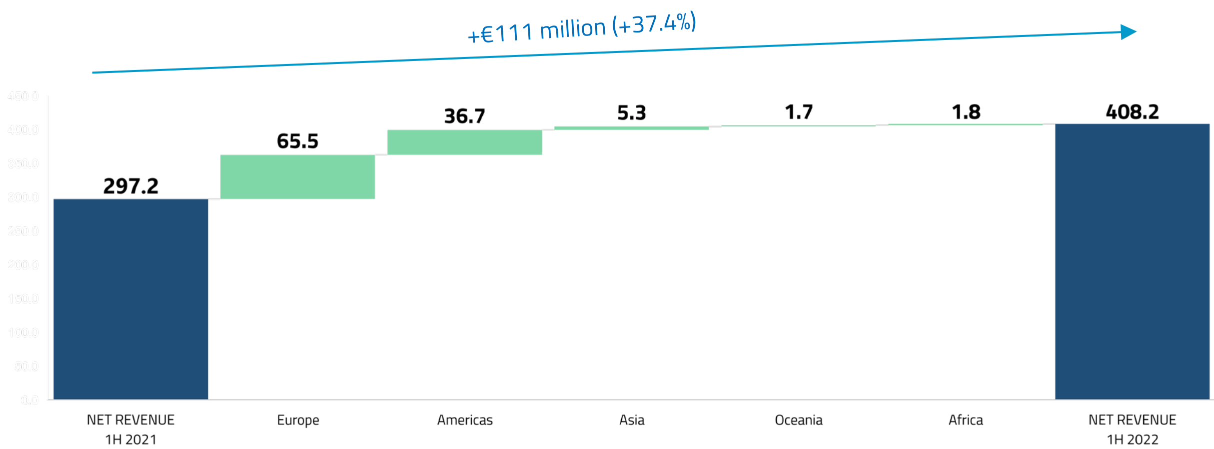
The **water market** recovered from the contraction of commercial activities caused by the Covid-19 pandemic and shows an increase of €14.2 million (64.8% growth) from €21.9 million in the first half of 2021 (7.4% of net revenue) to €36.2 million in the first half of 2022 (8.9%); the **other non-alcoholic beverages market** also increased compared to the first half of 2021 due to the growth of some customers in specialty beverages.

NET REVENUE BY GEOGRAPHICAL SEGMENT

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



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



The sales growth in the first half of 2022 was driven by double-digit growth in all regions in which the group operates.

Net revenue from operations in **Europe** increased by €65.5 million (37.6% growth) from €174.3 million in the first half of 2021 (58.7% of net revenue) to €239.9 million in the first half of 2022 (58.8%).
Such increase is mainly due to the good performance of the UK, Italy, Poland, Spain and Germany due to the recovery of the water business in the horeca channel together with the increase in spirits and wine.

Net revenue from operations in the **Americas** increased by €36.7 million (59.1% growth) from €62.2 million in the first half of 2021 to €98.9 million in the first half of 2022 (20.9% and 24.2% of net revenue, respectively) mainly due to the increase in spirits (both safety and luxury) and wine segments.

Net revenue from operations in **Asia** increased by €5.3 million (15.4% growth) from €34.2 million in the first half of 2021 (11.5% of net revenue) to €39.5 million in the first half of 2022 (9.7%). This increase is mainly attributable to Indian spirit market.

Net revenue from operations in **Oceania** increased by €1.7 million (10.4% growth) from €16.5 million in the first half of 2021, or 5.6% of net revenue, to €18.2 million in the first half of 2022, or 4.5%, mainly due to the increase in the wine segment.

Net revenue from operations in **Africa** increased by €1.8 million (18.5% growth) from €9.9 million in the first half of 2021 (3.3% of net revenue) to €11.8 million in the first half of 2022 (2.9%) driven by the increase in South Africa and eastern Africa in the spirits market.

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

OTHER OPERATING INCOME

Other operating income increased by €0.2 million from €3.6 million in the first half of 2021 (1.2% of net revenue) to €3.8 million in the first half of 2022 (0.9%). It includes government grants for €1.1 million in the first half of 2021 compared to €1.7 million in the first half of 2022 (of which €1.3 million received in 2022 by GC Deutschland for Covid compensation).

INTERNAL WORK CAPITALISED

This caption decreased by €0.3 million from €2.3 million in the first half of 2021 (0.8% of net revenue) to €2.0 million in the first half of 2022 (0.5%). 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 €64.2 million from €137.8 million in the first half of 2021 (46.4% of net revenue) to €202.0 million in the first half of 2022 (49.5%), due to the increase in the cost of plastic and aluminium partially mitigated by the increase in selling price. The cost of aluminium in first half of 2022 also includes a negative impact of €3.2 million due to the negative fair value of aluminium derivatives.

COSTS FOR SERVICES

Costs for services increased by €23.6 million from €52.3 million in the first half of 2021 (17.6% of net revenue) to €75.9 million in the first half of 2022 (18.6%). Compared to 2021, the increase is mainly due to higher utilities costs, both energy and gas, and higher transport costs.

PERSONNEL EXPENSE

Personnel expense increased by €5.2 million from €68.3 million in the first half of 2021 to €73.5 million in the first half of 2022, due to increased activities in 2022, while it decreased as a percentage of net revenue from 23.0% in the first half of 2021 to 18.0% in the first half of 2022.

OTHER OPERATING EXPENSE

The table below analyses other operating expense in the two periods:

	H1		
(€'000)	**2021**	**2022**	**diff.**
Accruals to provisions	1,641	1,401	(241)
Taxes and duties	899	1,221	322
Use of third-party assets	904	1,014	110
Impairment losses on trade receivables and contract assets	43	359	316
Other charges	1,084	1,738	654
Total	**4,571**	**5,732**	**1,161**

Other operating expense increased by €1.1 million from €4.6 million in the first half of 2021 (1.5% of net revenue) to €5.7 million in the first half of 2022 (1.4%), mainly due to the higher taxes and duties and to impairment losses on trade receivables in Ukraine deriving from the interruption of activities with Russia.

IMPAIRMENT LOSSES

Impairment losses increased by €5.4 million from €0.2 million in the first half of 2021 to €5.6 million in the first half of 2022. Impairment losses mainly related to the customer relationship of Guala Closures Technologia Ukraine LLC which has been impaired by around €5 million due to the loss of the business in Russia.

ADJUSTED GROSS OPERATING PROFIT

In the first half of 2022, the adjusted gross operating profit (adjusted EBITDA) is €77.5 million, up €26.7 million (+52.6%) on the first half of 2021 (€50.8 million), thanks to the positive effect of the sales volume/mix, selling price increase and production efficiency, partially offset by the negative effect of the increase in raw materials, utilities, transport and other costs.

The adjusted gross operating profit margin increased from 17.1% in the first half of 2021 to 19.0% in the first half of 2022.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased by €5.0 million from €31.7 million in the first half of 2021 (10.7% of net revenue) to €26.7 million in the first half of 2022 (6.5%).
Such decrease was mainly due to the changes in useful life of intangible assets adopted at the end of 2021 and the revision in 2021 of useful life related to specific machinery based on a specific technical and economic analysis.

FINANCIAL INCOME AND EXPENSE

The following table shows the detail of financial income and expense by nature in the first half of 2021 and 2022:

	H1		
(€'000)	**2021**	**2022**	**diff.**
Net interest expense	(9,853)	(9,605)	248
Interest expense for refinancing	(3,771)	-	3,771
Net fair value gains/(losses) on financial liabilities to non-controlling investors	(2,658)	2,919	5,577
Net exchange gains/(losses)	(1,217)	12	1,229
Net fair value gains on market warrants	5,673	-	(5,673)
Other net financial income/(expense)	(225)	306	531
Net financial expense	**(12,051)**	**(6,368)**	**5,683**

Net financial expense decreased by €5.7 million from €12.1 million in the first half of 2021 to €6.4 million in the first half of 2022.

Such decrease is mainly due to the €5.6 million positive effect of the change in fair value of financial liabilities to non-controlling investors (a loss of €2.7 million in the first half of 2021 versus a gain of €2.9 million in the first half of 2022), the €3.8 million decrease in the interest expense for refinancing due to transaction costs booked in June 2021, the €1.2 million positive impact of exchange rates (a loss of €1.2 million in first half of 2021 versus an immaterial gain in the first half of 2022), the €0.5 million decrease in other net financial income/(expense) and the €0.2 million decrease in net interest expense, partially offset by the €5.7 million effect of the change in fair value of market warrants (a gain of €5.7 million in the first of half of 2021 versus zero in the first half of 2022, as these instruments were delisted from the Italian Stock Exchange on July 2021).

INCOME TAXES

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

	H1		
(€'000)	**2021**	**2022**	**diff.**
Current taxes	(7,915)	(12,897)	(4,982)
Deferred taxes	4,849	5,437	588
Total income taxes	**(3,065)**	**(7,460)**	**(4,395)**

Income taxes increased by €4.4 million from €3.1 million in the first half of 2021 (1.0% of net revenue) to €7.5 million in the first half of 2022 (1.8%), mainly due to higher current taxes due to higher profit before taxation.

PROFIT FOR THE PERIOD

The profit for the first half of 2022 amounts to €27.9 million, up €26.3 million on the €1.6 million profit for the first half of 2021.

The increase in 2022 is mainly due to the increase in the gross operating profit (EBITDA) (€20.0 million), the reduction in amortisation and depreciation (€5.0 million) and the decrease in net financial expense (€5.7 million), which have been partly offset by higher taxes (-€4.4 million).

Reclassified statement of financial position

The following table shows the reclassified financial position of the Guala Closures Group as at June 30, 2022 with comparative figures as at December 31, 2021:

(€'000)	December, 31 2021	June 30, 2022
Intangible assets	823,518	816,882
Property, plant and equipment	219,292	217,874
Right-of-use assets	15,525	19,068
Net working capital	139,083	180,621
Investment in associates	2,536	2,363
Net derivative assets/(liabilities)	68	(3,227)
Employee benefits	(8,913)	(8,965)
Other net liabilities	(96,206)	(98,161)
Net invested capital	**1,094,904**	**1,126,455**
Financed by:		
Net financial liabilities	491,497	491,503
Financial liabilities - leases	16,136	19,077
Financial liabilities - non-controlling investors	34,419	31,500
Market warrants	4	-
Cash and cash equivalents	(80,032)	(81,645)
Net financial indebtedness	**462,024**	**460,435**
Equity	632,880	666,020
Sources of financing	**1,094,904**	**1,126,455**

INTANGIBLE ASSETS

This caption decreased by €6.6 million from December 31, 2021 due to the impairment losses of €5.1 million recognised on the customer relationships of Guala Closures Ukraine LLC due to potential losses of the business in Russia and to the amortisation for the period of €6.3 million, partially offset by the positive translation effect of €4.1 million and the net increases of the period of €0.6 million.

PROPERTY, PLANT AND EQUIPMENT

The €1.4 million reduction in property, plant and equipment compared to December 31, 2021 mainly refers to the depreciation (€17.5 million) and the impairment losses (€0.5 million) for the period, partly offset by the net investments (€13.6 million) and the positive translation effect (€4.4 million).
Net capital expenditure in 2022, totalling €13.6 million, refers to investments made to increase production capacity, develop new products, perform plant maintenance and EHS (Environment, Health and Safety) investments. Capex mainly refers to equipment across all five continents where the group operates, with a specific focus on the group's facilities in Italy, Poland, Mexico and Bulgaria, also as back-up plan due to the shift to other group companies of Ukraine production lines following the conflict for total investment of €1.5 million.

RIGHT-OF-USE ASSETS

At June 30, 2022, right-of-use assets amount to €19.1 million and mainly relate to the leases of the facilities where the group operates. This caption increased by €4.6 million mainly due to the renewal of property leases in the UK.

NET WORKING CAPITAL

The table below provides the breakdown of net working capital:

(€'000)	June 30, 2021	December 31, 2021	June 30, 2022
Inventories	123,105	120,265	152,580
Trade receivables	110,880	119,532	145,452
Trade payables	(89,198)	(100,714)	(117,412)
Net working capital (*)	**144,787**	**139,083**	**180,621**

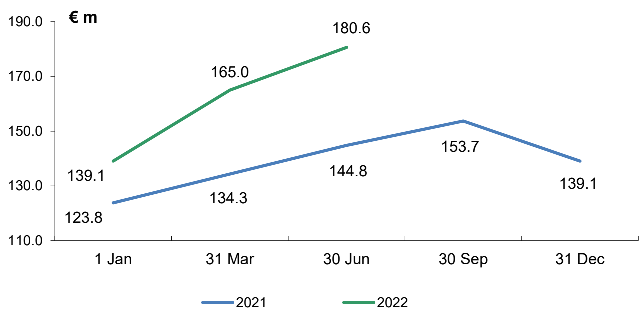
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable period as those amounts have been adjusted to reflect changes in exchange rates on the opening balances. The above net working capital includes certain reclassifications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

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

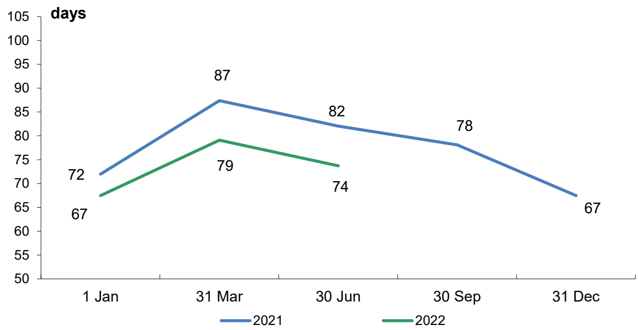
Days	June 30, 2021	December 31, 2021	June 30, 2022
Inventories	70	58	62
Trade receivables	63	58	59
Trade payables	(51)	(49)	(48)
Net working capital days	**82**	**67**	**74**

The charts below refer to the historical trend in net working capital by quarter:

VALUE



DAYS



Net working capital at June 30, 2022 amounts to €180.6 million, up €41.5 million on December 31, 2021, mainly due to the business seasonality and to the strong increase in turnover.

Compared to December 31, 2021, net working capital days increased by seven days at the end of June 2022 mainly due to the business seasonality, but decreased by eight days compared to the end of June 2021.
The impact of without-recourse factoring at June 30, 2022 amounts to €36.9 million, compared to €37.2 million at December 31, 2021 and €27.8 million at June 30, 2021. The increase is due to an overall increase in turnover with customers whose receivables are usually factored.
Total net working capital days excluding factoring would have increased from 86 days at the end of 2021 to 89 days at the end of June 2022, but decreased compared to 98 days at the end of June 2021.

OTHER NET LIABILITIES

Other net liabilities amount to €98.2 million at June 30, 2022, compared to €96.2 million at December 31, 2021. This caption mainly includes the net deferred tax liabilities (€63.0 million) mainly related to the increase in the group's identified assets as per the PPA procedure following the corporate reorganisation in 2018, payables to employees and social security (€18.3 million), provisions (€3.6 million), liabilities for dividends (€3.5 million), liabilities for investments (€3.1 million) and other net liabilities (€6.6 million).

(€'000)	December 31, 2021	June 30, 2022
Deferred tax assets	29,029	30,913
Deferred tax liabilities	(95,979)	(93,883)
Net DTA/(DTL)	**(66,950)**	**(62,970)**
Liabilities to employees and social security	(16,390)	(18,257)
Provisions	(2,817)	(3,639)
Liabilities for dividends	-	(3,534)
Liabilities for investments	(3,196)	(3,142)
Other net liabilities	(6,853)	(6,619)
Total net other liabilities	**(96,206)**	**(98,161)**

EQUITY

The table below shows a breakdown of equity:

(€'000)	December 31, 2021	June 30, 2022
Equity attributable to the owners of the parent	590,894	623,324
Equity attributable to non-controlling interests	41,985	42,696
Equity	**632,880**	**666,020**

The increase in equity is mainly due to the profit for the period (€27.9 million) and to the change in the translation reserve which increased by €9.0 million in the first half of 2022, partially offset by the distribution of dividends to non-controlling investors (€4.1 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, 2021	June 30, 2022
Net financial liabilities - third parties	491,497	491,503
Financial liabilities - IFRS 16 effects	16,136	19,077
Financial liabilities - non-controlling investors	34,419	31,500
Market warrants	4	-
Cash and cash equivalents	(80,032)	(81,645)
Net financial indebtedness	**462,024**	**460,435**

Note:

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

Net financial indebtedness at June 30, 2022 was €460.4 million, with a decrease of €1.6 million compared to December 31, 2021 (€462.0 million), mainly as a result of the cash flows generated by operating activities (€27.5 million), partially offset by the cash flows used in investing activities (€14.2 million) and in financing activities (€11.7 million). This change is €14.9 million better than the increase recorded in the first half of 2021 (+€13.3 million) thanks to higher cash flows generated by operating activities (€10.4 million) and lower cash flows used in financing activities (€3.7 million) and in investing activities (€0.8 million).

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

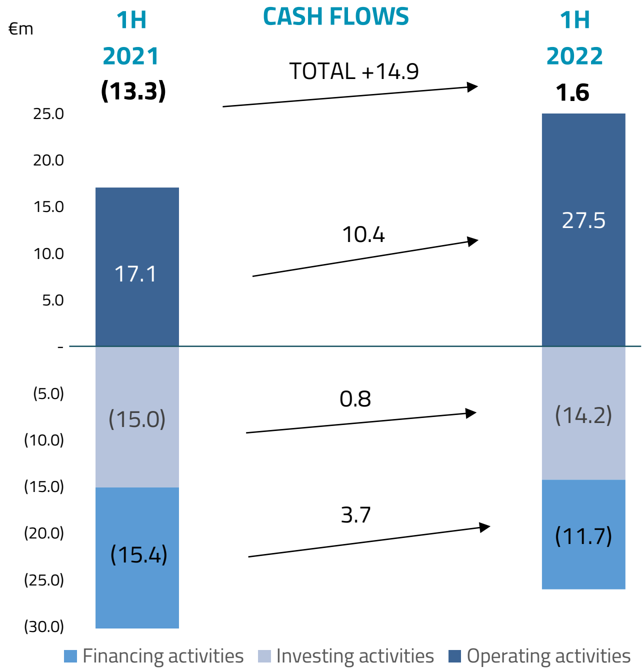
RECLASSIFIED STATEMENT OF CHANGES IN NET FINANCIAL INDEBTEDNESS

The reclassified statement of changes in net financial indebtedness for the first half of 2022, compared to the first half of 2021, is given below:

(€'000)	**H1 2021**	**H1 2022**
A) Opening net financial indebtedness	**(464,210)**	**(462,024)**
Gross operating profit	48,453	68,494
Net gains on sale of non-current assets	(382)	(134)
Change in net working capital	(18,124)	(37,898)
Other operating items	(1,342)	10,724
Derivatives	-	(847)
Taxes	(11,502)	(12,797)
B) Net cash flows from operating activities	**17,103**	**27,543**
Capex	(15,441)	(14,217)
Acquisition of non-controlling interest in SharpEnd (UK)	(1,608)	-
Sales of GCL Pharma S.r.l. (net of cash transferred)	2,000	-
C) Cash flows used in investing activities	**(15,049)**	**(14,217)**
Increases in right-of-use assets	(1,869)	(4,601)
Transaction costs not yet paid on Bond issued in 2021	-	(486)
Net interest expense	(10,078)	(9,298)
Non-recurring financial expense due to transaction costs on 2024 Notes and 2024 RCF	(3,771)	-
Dividends paid	(3,160)	(423)
Change in financial liabilities for put options	(2,658)	2,919
Fair value gains (losses) on market warrants	5,673	-
Other financial items	444	1,042
Effect of exchange fluctuation	20	(889)
D) Change in net financial indebtedness due to financing activities	**(15,400)**	**(11,737)**
E) Total change in net financial indebtedness (B+C+D)	**(13,346)**	**1,588**
F) Closing net financial indebtedness (A+E)	**(477,556)**	**(460,435)**

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 condensed interim consolidated financial statements.

The following chart gives a breakdown of the change in net financial indebtedness, detailing the various items in the first half of 2022 with respect to the end of 2021, compared to the first half of 2021 with respect to the end of 2020:



Net cash flows from operating activities

Net cash flows from operating activities came to €27.5 million, up €10.4 million on the first half of 2021 (€17.1 million). The higher operating cash flows were mainly due to higher gross operating profit (EBITDA) (€20.0 million) and other operating items (€12.1 million), partially offset by the higher absorption by the change in net working capital (€19.8 million) and to the higher cash outflows for taxes (€1.3 million).

The higher absorption by the change in net working capital is due to the strong increase in net revenue recorded in the first half of 2022 compared to the first half of 2021 and to the increase of raw materials prices.

The increase in other operating items mainly includes €5 million attributable to the impairment loss recognised on the business relationships with customers to reflect the potential loss of the business with Russia.

Cash flows used in investing activities

Cash flows used in investing activities were €14.2 million, down €0.8 million on the first half of 2021 (€15.0 million). Such decrease is due to lower capital expenditure (€1.2 million) and lower M&A activities (€0.4 million in the first half of 2021 vs zero in the first half of 2022).
In relation to M&A activities, in 2021, the group paid €1.6 million to acquire an additional 10% stake in the UK associate SharpEnd and received €2.0 million as deferred payment for the sale of GCL Pharma which took place in 2020.

Change in net financial indebtedness due to financing activities

The change in net financial indebtedness due to financing activities in the first half of 2022 amounts to €11.7 million, down €3.7 million on the first half of 2021 (€15.4 million).

Such decrease refers to the following main positive effects:

- decrease in fair value losses on non-controlling investors' put options (+€5.6 million);
- no exceptional financial expense in the first half of 2022 (in the first half of 2021 the group accounted for €3.8 million as pro-rata unamortised transaction costs reversal as a consequence of the group's refinancing;
- lower dividend paid (+€2.7 million);
- lower net interest expense (+€0.8 million);

partially offset by the following negative factors:

- no impact of the change in fair value on the market warrants in the first half of 2022 (€5.7 million in first half 2021);
- higher increase in right-of-use assets (-€2.7 million);
- negative effect of exchange rate fluctuation (-€0.9 million);
- partial payment of the residual transaction costs on the Bond issued in 2021 (-€ 0.5 million).

Current trading and outlook

Looking at the markets, the Horeca segment for mineral water continues to be strong since there are no signs of slowdown. The closure luxury business continues to grow at high pace reflecting the trend of premiumization of our customers and consumer demand confirming the adequacy of our strategy.

We expect to have to continue to face with raw material prices at high level, also influenced by the US Dollar revaluation against Euro and increases in energy costs in the second half of the fiscal year 2022 representing a major concern. Price increase efforts and manufacturing cost efficiencies initiatives are continuing in order to mitigate the impact of the expected cost increase.

The trend already experienced in 2021 of customer research of innovative and sustainable premium closures is confirmed. In these segments (types) our 6 R&D centers are continuously working in order to offer customers increasingly distinctive solutions. Several new models are expected to be launched in 2022.

Russia – Ukraine conflict: the plant in Ukraine has been operational again since the end of March and we are constantly monitoring the evolution of the conflict. Sales in Russia remained suspended and as a consequence, the Minsk satellite plant, which exclusively supplied Russian customers, remains closed. The Group is continuously monitoring the current conflict, which is not affecting the area of Sumy, where the main plant is located. Due to the current situation, to improve among others the logistics, GC Ukraine has decided to move a minor part of its production lines to a satellite plant located in the city of Ternopil, near the Polish Border, where the company plans to employ around 100 people. The overall production capacity and product portfolio of GC Ukraine will not be affected by such transfer.

During the fourth quarter of the fiscal year 2022 we will complete the integration of Labrenta and the establishment of the Guala Closure Luxury division, in line with our strategy to boost results in the segment.

On August 25, 2022, we signed an agreement to develop a new plant in Chendgu in the Chinese Province of Sichuan. We expect GC China to complete the refurbishment of our new plant over the next 24 months.

Alternative performance indicators

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 period 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 period to exclude the effect of taxation, net financial expense, amortisation/depreciation and the effects of other costs, such as expense related to the SPSI public tender offer, reorganisation costs, expenses on mergers and acquisitions activities (M&A), losses due to war, impairment losses and losses on equity investments.

Operating profit is calculated by adjusting the profit (loss) for the period 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 and the effects of other costs, such as expense related to the SPSI public tender offer, reorganisation costs, expenses on mergers and acquisitions activities (M&A), losses due to war, impairment losses and losses on equity investments.

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

Adjusted gross operating profit

	H1	
(€'000)	**2021**	**2022**
Profit for the period	1,643	27,927
Income taxes	3,065	7,460
Profit before tax	**4,708**	**35,387**
Net financial expense	12,051	6,368
Amortisation and depreciation	31,693	26,739
Gross operating profit	**48,453**	**68,494**
Adjustments:		
Public tender offer expenses	835	-
Reorganisation costs	1,405	1,392
Merger and acquisition expenses	-	1,649
Change in equity-accounted investments	119	120
Losses due to war	-	1,596
Non-recurring grants	-	(1,274)
Impairment losses	-	5,543
Adjusted gross operating profit	**50,812**	**77,521**

Adjusted operating profit

	H1	
(€'000)	**2021**	**2022**
Profit for the period	1,643	27,927
Income taxes	3,065	7,460
Profit before tax	**4,708**	**35,387**
Net financial expense	12,051	6,368
Operating profit	**16,760**	**41,755**
Adjustments:		
Public tender offer expenses	835	-
Reorganisation costs	1,405	1,392
Merger and acquisition expenses	-	1,649
Change in equity-accounted investments	119	120
Losses due to war	-	1,596
Non-recurring grants	-	(1,274)
Impairment losses	-	5,543
Adjusted operating profit	**19,119**	**50,781**

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 condensed interim 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.

Annexes to the directors' report

Annex A)

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

Annex B)

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

Annex C)

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

Annex A)

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

(€'000)

Classification in reclassified financial income and expense	H1 2021	H1 2022	Classification in the notes to the condensed interim consolidated financial statements (notes 13-14)
Net exchange gains/(losses)	3,620	6,416	Exchange gains
Net exchange gains/(losses)	(4,838)	(6,404)	Exchange losses
Net fair value gains (losses) on market warrants	5,673	-	Fair value gains on market warrants
Net fair value gains on financial liabilities to non-controlling investors	-	2,919	Financial income on financial liabilities to non-controlling investors
Net fair value losses on financial liabilities to non-controlling investors	(2,658)	-	Financial expense on financial liabilities to non-controlling investors
Net interest expense	52	152	Interest income
Other net financial income/(expense)	1,118	2,058	Other financial income
Net interest expense	(9,905)	(9,757)	Interest expense
Other net financial income/(expense)	(1,343)	(1,751)	Other financial expense
Non-recurring financial expense for refinancing	(3,771)	-	Non-recurring financial expense for refinancing
Total net financial expense	**(12,051)**	**(6,368)**	

Annex B)

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

(€'000)

Classification in the reclassified statement of financial position	December 31, 2021	June 30, 2022	Classification in the condensed interim consolidated financial statements
Net working capital	119,532	145,452	Trade receivables
Net working capital	120,265	152,580	Inventories
Net working capital	(100,714)	(117,412)	Trade payables
Total net working capital	**139,083**	**180,621**	
Net derivative assets	127	-	Derivative assets
Net derivative liabilities	(58)	(3,227)	Derivative liabilities
Net derivative assets/(liabilities)	**68**	**(3,227)**	
Other net liabilities	5,831	6,605	Current direct tax assets
Other net liabilities	10,151	10,984	Current indirect tax assets
Other net liabilities	7,541	15,255	Other current assets
Other net liabilities	153	87	Contract costs
Other net liabilities	29,029	30,913	Deferred tax assets
Other net liabilities	394	535	Other non-current assets
Other net liabilities	(6,563)	(6,872)	Current direct tax liabilities
Other net liabilities	(9,990)	(10,987)	Current indirect tax liabilities
Other net liabilities	(2,594)	(3,411)	Current provisions
Other net liabilities	(985)	(2,970)	Contract liabilities
Other net liabilities	(32,939)	(44,166)	Other current liabilities
Other net liabilities	(95,979)	(93,883)	Deferred tax liabilities
Other net liabilities	(223)	(228)	Non-current provisions
Other net liabilities	(32)	(23)	Other non-current liabilities
Total net other liabilities	**(96,206)**	**(98,161)**	
Net financial liabilities - third parties	(165)	(197)	Current financial assets
Net financial liabilities - third parties	(394)	(381)	Non-current financial assets
Net financial liabilities - third parties	6,165	5,593	Current financial liabilities
Market warrants	4	-	Current financial liabilities
Financial liabilities - Lease	3,639	3,609	Current financial liabilities
Net financial liabilities - third parties	488,112	488,776	Non-current financial liabilities
Non controlling investors' put option	34,419	31,500	Non-current financial liabilities
Financial liabilities - Lease	10,276	13,180	Non-current financial liabilities
Cash and cash equivalents	(80,032)	(81,645)	Cash and cash equivalents
Total net financial indebtedness	**462,024**	**460,435**	

Annex C)

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

(€'000)

	June 30, 2021	June 30, 2022
Total change in net financial indebtedness	**(13,346)**	**1,589**
Increase in right-of-use assets	1,869	4,601
Proceeds from new borrowings and bonds	713	1,353
Repayment of borrowings and bonds	(9,640)	(1,759)
Repayment of finance leases	(2,710)	(2,451)
Translation effect on foreign currency assets and liabilities	692	179
Net fair value gains on non-controlling investors' put options	2,658	(2,919)
Change in liabilities for financial expense	(714)	1,526
Payment of transaction costs on bond issued in 2021	-	(486)
Change in financial assets	35	(19)
Total change in financial assets and liabilities	**(7,096)**	**25**
Total change in cash and cash equivalents	**(20,442)**	**1,614**

Condensed interim consolidated financial statements at June 30, 2022

Statement of profit or loss

For the six months ended June 30 *(€'000)*	2021 (*)	2022	Note
Net revenue	**297,176**	**408,246**	6
Change in finished goods and semi-finished products	8,607	17,066	
Other operating income	3,573	3,829	7
Internal work capitalised	2,273	2,013	8
Costs for raw materials	(137,828)	(201,957)	9
Costs for services	(52,341)	(75,859)	10
Personnel expense	(68,261)	(73,504)	11
Other operating expense	(4,410)	(5,253)	12
Impairment losses on trade receivables and contract assets	(43)	(359)	
Impairment losses	(174)	(5,608)	19-21
Amortisation and depreciation	(31,693)	(26,739)	19-20-21
Financial income	10,464	11,545	13
Financial expense	(22,515)	(17,912)	14
Share of loss of equity-accounted investees, net of the tax effect	(119)	(120)	
Profit before taxation	**4,708**	**35,387**	
Income taxes	(3,065)	(7,460)	15
Profit for the period	**1,643**	**27,927**	
Attributable to:			
- the owners of the parent	(2,337)	23,245	
- non-controlling interests	3,980	4,682	

Statement of profit or loss and other comprehensive income

For the six months ended June 30 *(€'000)*	2021	2022	
Profit for the period	**1,643**	**27,927**	
Other comprehensive income (expense):			
Actuarial gains on defined benefit plans	365	509	
Taxes on items that will not be reclassified to profit or loss	(111)	(150)	
Items that will not be reclassified to profit or loss:	***254***	***359***	
Foreign currency translation differences for foreign operations	10,099	9,008	
Hedging reserve	58	58	
Hedging reserve for cash flow hedges reclassified to profit or loss	(695)	(126)	
Tax on items that will or may be reclassified subsequently to profit or loss	188	20	
Items that will or may be reclassified subsequently to profit or loss:	**9,651**	**8,960**	
Other comprehensive income for the period, net of tax	**9,905**	**9,318**	
Comprehensive income for the period	**11,547**	**37,246**	
Attributable to:			
- the owners of the parent	6,156	32,430	
- non-controlling interests	5,391	4,816	

(*) The comparative figures for the first half of 2021 were restated to be consistent with 2022 classification.

The notes on pages 48 to 84 are an integral part of these condensed interim consolidated financial statements.

Statement of profit or loss

For the three months ended June 30 *(€'000)*	2021 (*)	2022	Note
Net revenue	**158,841**	**220,486**	6
Change in finished goods and semi-finished products	1,736	6,479	
Other operating income	2,453	3,064	7
Internal work capitalised	1,040	1,170	8
Costs for raw materials	(74,050)	(109,791)	9
Costs for services	(27,972)	(38,189)	10
Personnel expense	(34,368)	(37,929)	11
Other operating expense	(2,559)	(2,278)	12
Impairment losses on trade receivables and contract assets	(19)	(35)	
Impairment losses	(174)	(219)	19-21
Amortisation and depreciation	(16,014)	(13,275)	19-20-21
Financial income	6,468	5,353	13
Financial expense	(11,464)	(11,020)	14
Share of loss of equity-accounted investees, net of the tax effect	(35)	(101)	
Profit before taxation	**3,882**	**23,718**	
Income taxes	(1,693)	(5,649)	15
Profit for the period	**2,189**	**18,069**	
Attributable to:			
- the owners of the parent	298	14,786	
- non-controlling interests	1,890	3,283	

Statement of profit or loss and other comprehensive income

For the three months ended June 30 *(€'000)*	2021	2022
Profit for the period	**2,189**	**18,069**
Other comprehensive income (expense):		
Actuarial gains on defined benefit plans	24	509
Taxes on items that will not be reclassified to profit or loss	(7)	(150)
Items that will not be reclassified to profit or loss:	***17***	***359***
Foreign currency translation differences for foreign operations	1,083	5,459
Hedging reserve	(109)	(3,329)
Tax on items that will or may be reclassified subsequently to profit or loss	32	984
Items that will or may be reclassified subsequently to profit or loss:	**1,006**	**3,114**
Other comprehensive income for the period, net of tax	**1,023**	**3,473**
Comprehensive income for the period	**3,211**	**21,542**
Attributable to:		
- the owners of the parent	826	17,282
- non-controlling interests	2,385	4,260

(*) The comparative figures for the second quarter of 2021 were restated to be consistent with 2022 classification.

The notes on pages 48 to 84 are an integral part of these condensed interim consolidated financial statements.

Statement of financial position – ASSETS

(€'000)	December 31, 2021	June 30, 2022	Note
ASSETS			
Current assets			
Cash and cash equivalents	80,032	81,645	16
Current financial assets	165	197	
Trade receivables	119,532	145,452	17
Inventories	120,265	152,580	18
Current direct tax assets	5,831	6,605	
Current indirect tax assets	10,151	10,984	
Derivative assets	127	-	
Other current assets	7,541	15,255	
Total current assets	**343,644**	**412,720**	
Non-current assets			
Non-current financial assets	394	381	
Investments in associates	2,536	2,363	
Property, plant and equipment	219,292	217,874	19
Right-of-use assets	15,525	19,068	20
Intangible assets	823,518	816,882	21
Contract costs	153	87	
Deferred tax assets	29,029	30,913	
Other non-current assets	394	535	
Total non-current assets	**1,090,841**	**1,088,103**	
TOTAL ASSETS	**1,434,485**	**1,500,822**	

The notes on pages 48 to 84 are an integral part of these condensed interim consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	**December 31, 2021**	**June 30, 2022**	**Note**
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	9,808	9,202	22
Trade payables	100,714	117,412	23
Contract liabilities	985	2,970	
Current direct tax liabilities	6,563	6,872	
Current indirect tax liabilities	9,990	10,987	
Current provisions	2,594	3,411	24
Derivative liabilities	58	3,227	
Other current liabilities	32,939	44,166	25
Total current liabilities	**163,651**	**198,247**	
Non-current liabilities			
Non-current financial liabilities	532,807	533,456	22
Employee benefits	8,913	8,965	
Deferred tax liabilities	95,979	93,883	
Non-current provisions	223	228	24
Other non-current liabilities	32	23	
Total non-current liabilities	**637,954**	**636,555**	
Total liabilities	**801,605**	**834,802**	
Share capital and reserves attributable to non-controlling interests	33,209	38,014	
Profit for the period/(year) attributable to non-controlling interests	8,776	4,682	
Equity attributable to non-controlling interests	**41,985**	**42,696**	**27**
Share capital	68,907	68,907	
Share premium reserve	423,837	423,837	
Legal reserve	1,824	2,310	
Translation reserve	(11,764)	(2,891)	
Hedging reserve	48	-	
Retained earnings and other reserves	108,826	107,916	
Profit / (loss) for the period/(year)	(782)	23,245	
Equity attributable to the owners of the parent	**590,894**	**623,324**	**26**
Total equity	**632,880**	**666,020**	
TOTAL LIABILITIES AND EQUITY	**1,434,485**	**1,500,822**	

The notes on pages 48 to 84 are an integral part of these condensed interim consolidated financial statements.

Statement of cash flows for the six months ended June 30, 2022

(€'000)	H1 2021	H1 2022	Note
Opening cash and cash equivalents	**63,882**	**80,032**	
A) Cash flows from operating activities			
Profit before taxation	4,708	35,387	
Adjustments:			
Amortisation and depreciation	31,693	26,739	19-20-21
Financial income	(10,464)	(11,545)	
Financial expense	22,515	17,912	
Impairment losses	174	5,608	
Share of loss of equity-accounted investees, net of the tax effect	119	120	
Net gains on sale of non-current assets	(382)	(134)	
Variation:			
Receivables	(16,522)	(23,273)	17
Payables	19,283	16,467	23
Inventories	(20,886)	(31,092)	18
Other operating items	(1,635)	4,996	
Derivatives		(847)	
VAT and indirect tax assets/liabilities	(2,161)	152	
Income taxes paid	(9,340)	(12,949)	
Net cash flows from operating activities	**17,103**	**27,543**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(15,835)	(14,929)	19-20-21
Proceeds from sale of property, plant and equipment and intangible assets	394	712	19-20-21
Acquisition of non-controlling interest in SharpEnd (UK)	(1,608)	-	
Sale of GCL Pharma S.r.l. (net of cash transferred)	2,000	-	
Net cash flows used in investing activities	**(15,049)**	**(14,217)**	
C) Cash flows from financing activities			
Interest received	1,171	370	
Interest paid	(9,988)	(10,455)	
Transaction costs paid for bonds issued in 2021	-	(486)	
Other financial items	372	2,869	
Dividends paid	(3,160)	(423)	
Proceeds from new borrowings and bonds	713	1,353	22
Repayment of borrowings and bonds	(9,640)	(1,759)	22
Repayment of leases	(2,710)	(2,451)	
Change in financial assets	35	(19)	
Net cash flows used in financing activities	**(23,208)**	**(11,002)**	
Net cash flows of the period	**(21,154)**	**2,324**	
Effect of exchange fluctuations on cash held	712	(710)	
Closing cash and cash equivalents	**43,440**	**81,645**	**16**

The notes on pages 48 to 84 are an integral part of these condensed interim consolidated financial statements.

Statement of changes in equity for the six months ended June 30, 2022

(€'000)	January 1, 2021	Allocation of 2020 result	Profit (loss) for the period	Other comprehensive income	Comprehensive income for the period	Dividends	Total transactions with owners	June 30, 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)			8,688	**8,688**		-	**(16,991)**
Hedging reserve	449			(449)	**(449)**		-	**0**
Retained earnings and other reserves	123,583	(15,103)		254	**254**		-	**108,734**
Profit (loss) for the period	(14,546)	14,546	(2,337)		**(2,337)**		-	**(2,337)**
Equity	**577,817**	-	**(2,337)**	**8,493**	**6,156**	-	-	**583,973**
Non-controlling interests:								
Share capital and reserves	29,515	8,627	-	1,411	**1,411**	(6,616)	**(6,616)**	**32,937**
Profit for the period	8,627	(8,627)	3,980		**3,980**		-	**3,980**
Equity	**38,143**	-	**3,980**	**1,411**	**5,391**	**(6,616)**	**(6,616)**	**36,917**
Total equity	**615,959**	-	**1,643**	**9,905**	**11,547**	**(6,616)**	**(6,616)**	**620,890**

(€'000)	January 1, 2022	Allocation of 2021 result	Profit for the period	Other comprehensive income	Comprehensive income for the period	Dividends	Total transactions with owners	June 30, 2022
	A)	B)			C)		D)	A)+B)+C)+D)
Attributable to the owners of the parent:								
Share capital	68,907				-		-	**68,907**
Share premium reserve	423,837				-		-	**423,837**
Legal reserve	1,824	487			-		-	**2,310**
Translation reserve	(11,764)			8,874	**8,874**		-	**(2,891)**
Hedging reserve	48			(48)	**(48)**		-	**0**
Retained earnings and other reserves	108,826	(1,269)		359	**359**		-	**107,916**
Profit for the period	(782)	782	23,245		**23,245**		-	**23,245**
Equity	**590,894**	-	**23,245**	**9,184**	**32,430**	-	-	**623,324**
Non-controlling interests:								
Share capital and reserves	33,209	8,776		134	**134**	(4,106)	(4,106)	**38,014**
Profit for the period	8,776	(8,776)	4,682		**4,682**	-	-	**4,682**
Equity	**41,985**	-	**4,682**	**134**	**4,816**	**(4,106)**	**(4,106)**	**42,696**
Total equity	**632,880**	-	**27,927**	**9,318**	**37,246**	**(4,106)**	**(4,106)**	**666,020**

The notes on pages 48 to 84 are an integral part of these condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements at June 30, 2022

General information

(1) General information

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

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

The group's activities are separated into two divisions:

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

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

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

(2) Accounting policies

These condensed interim consolidated financial statements at June 30, 2022 have been prepared in accordance with IAS 34 - Interim Financial Reporting endorsed by the European Union.
Except for that set out in section 3 "Changes to standards", the accounting policies applied to prepare the condensed interim consolidated financial statements by all the group companies are the same as those applied to prepare the consolidated financial statements of the Guala Closures Group at December 31, 2021, to which reference should be made.

These condensed interim consolidated financial statements have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between the condensed interim 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.
6M/H1 mean the first six months of the year from January 1 to June 30.

The condensed interim 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 non-controlling investors' put options) which are measured at fair value and investments in associates which are measured using the equity method. They have been prepared 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.

The condensed interim consolidated financial statements comprise the following schedules:

- 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.

In relation to external manufacturing costs, a reclassification between cost for raw materials and cost for services have been made for the H1 2021 figures in order to be consistent with the H1 2022 figures.

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.

In preparing the condensed interim consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the carrying amount of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to recognise the loss allowance, the allowance for inventory write-down, current assets and liabilities classified as held for sale, depreciation/amortisation and impairment losses on non-current assets, employee benefits, taxes, provisions, measurement of derivatives, market warrants and measurement of the effects of business combinations.

In accordance with IAS 34 - Interim Financial Reporting, the interim measurement of the figures of the condensed interim consolidated financial statements may rely on a greater use on estimation methods than annual consolidated financial statements. The measurement procedures carried out to this end ensure the reliability of the information provided and that all material financial information necessary to understand the group's financial position and financial performance is provided. During the first half of 2022 significant judgements were used to review the expected credit losses based on the group business model to manage financial instruments namely with reference to the markets directly impacted by the Russia-Ukraine conflict.

Sales of certain group products are more affected than others by seasonal factors because of different final customer consumption patterns or consumer habits. Seasonal consumption cycles in the markets in which the Guala Closures Group operates may impact its financial results and operations. In general, the Group's diversified product portfolio and its sales geographical spread substantially help to reduce risks relating to seasonal factors. Moreover, in order not to be excessively exposed to seasonal peaks, the Group is carrying out initiatives to de-seasonalise the consumption patterns of the main closures.

Hyperinflation in Turkey

As from April, Turkey is included in the list of hyperinflationary economies and therefore, according to IAS 29, the local financial statements were translated into Euros using the closing rate of the period both for the statement of financial position and statement of profit and loss and other comprehensive income. At June 30, 2022, the group's operations in Turkey have an immaterial impact on consolidated figures.

List of investments in subsidiaries and associates at June 30, 2022

	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
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

(*) Reference should be made to the chart illustrating the group structure for further details on the indirect investments.
The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes) as they are not consolidated due to their immaterial size.

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

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

€1 = x foreign currency	Average exchange rates		Spot exchange rates	
	H1 2021	**H1 2022**	**December 31, 2021**	**June 30, 2022**
Pound sterling	0.86844	0.84219	0.8403	0.8582
US dollar	1.20567	1.09398	1.1326	1.0387
Indian rupee	88.44868	83.32485	84.2292	82.1130
Mexican peso	24.32073	22.17470	23.1438	20.9641
Colombian peso	4,369.36333	4,283.55500	4,598.6800	4,279.0700
Brazilian real	6.49172	5.55785	6.3101	5.4229
Chinese renmimbi	7.79803	7.08273	7.1947	6.9624
Argentine peso	113.64350	129.89840	116.3622	129.8984
Polish zloty	4.53655	4.63287	4.5969	4.6904
New Zealand dollar	1.68102	1.64922	1.6579	1.6705
Australian dollar	1.56285	1.52072	1.5615	1.5099
Ukrainian hryvnia	33.47910	31.70497	30.9219	30.4017
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	17.5333	16.8496	18.0625	17.0143
Japanese yen	129.8117	134.2987	130.3800	141.5400
Chilean peso	867.9883	902.7733	964.3500	962.0600
Kenyan shilling	131.0900	125.8488	128.1495	122.4029
Turkish lira	9.5126	17.3220	15.2335	17.3220

The average rates are used for the statement of profit or loss and the statement of profit or loss and other comprehensive income captions while the spot rates are used for the statement of financial position captions, except for Argentina and Turkey, where the spot rates are used both for the statement of financial position captions and for the statement of profit or loss and the statement of profit or loss and other comprehensive income in order to normalize the hyperinflation.

(3) Changes to standards

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

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

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

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

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Amendments to IAS 12 - 'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021)
- IFRS 17 - Insurance contracts and Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information 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 condensed interim 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 the first half of 2022.

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**	
	H1 2021	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**
Net revenue	295,868	406,187	1,308	2,059	297,176	408,246
Amortisation and depreciation	(31,571)	(26,680)	(122)	(59)	(31,693)	(26,739)
Financial income	10,464	11,545	-	-	10,464	11,545
Financial expense	(22,515)	(17,912)	-	-	(22,515)	(17,912)
Share of loss of equity-accounted investees, net of the tax effect	(119)	(120)	-	-	(119)	(120)
Profit (loss) before taxation	4,718	35,408	(9)	(20)	4,708	35,387
Net capex (*)	15,280	14,217	161	0	15,441	14,217

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

(€'000)	Closures		Other operations		Total	
	2Q 2021	2Q 2022	2Q 2021	2Q 2022	2Q 2021	2Q 2022
Net revenue	158,046	219,422	795	1,064	158,841	220,486
Amortisation and depreciation	(15,952)	(13,275)	(61)	-	(16,014)	(13,275)
Financial income	6,468	5,353	-	-	6,468	5,353
Financial expense	(11,464)	(11,020)	-	-	(11,464)	(11,020)
Share of loss of equity-accounted investees, net of the tax effect	(35)	101	-	-	(35)	101
Profit before taxation	3,853	23,692	29	25	3,882	23,718

(€'000)	Closures		Other operations		Total	
	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022
Trade receivables	119,336	145,271	196	182	119,532	145,452
Inventories	119,543	151,834	721	746	120,265	152,580
Trade payables	(100,680)	(116,670)	(33)	(742)	(100,714)	(117,412)
Property, plant and equipment and right-of-use assets	233,641	235,907	1,176	1,035	234,817	236,942

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, Mexico, Poland, India, Spain, Germany, North America, Ukraine, Argentina, Australia, France and South Africa.

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)	Q2 2021	Q2 2022	H1 2021	H1 2022
United Kingdom	27,497	36,347	50,723	70,688
Italy	19,730	26,929	35,412	49,702
Mexico	12,863	24,293	23,450	43,039
Poland	14,924	23,180	29,791	42,795
India	15,010	18,246	30,979	36,360
Spain	8,705	13,189	15,268	24,138
Germany	8,251	13,147	15,229	23,405
North America	9,132	12,851	16,733	22,811
Ukraine	6,935	6,431	12,865	12,182
Argentina	5,023	7,434	9,036	12,111
Australia	5,330	6,165	10,836	11,987
France	4,122	5,235	7,554	10,007
South Africa	4,398	4,462	7,840	8,536
Other countries	16,922	22,578	31,459	40,485
Net revenue	**158,841**	**220,486**	**297,176**	**408,246**

	Non-current assets other than financial instruments and deferred tax assets: property, plant and equipment, rights of use assets and intangible assets		Deferred tax assets	
(€'000)	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**	**June 30, 2022**
Italy	577,220	576,349	15,765	16,948
Australia	84,274	86,617	2,140	2,109
India	59,680	58,854	1,201	1,453
Poland	49,842	48,744	-	-
Spain	38,634	38,300	685	692
Mexico	34,928	40,156	50	55
Ukraine	31,828	25,158	-	-
UK	20,039	20,774	1,444	1,584
South Africa	12,940	13,547	517	549
Germany	11,082	10,849	2,364	1,989
Brazil	9,497	10,905	-	-
New Zealand	10,663	10,186	207	203
Kenya	8,417	8,406	330	274
France	7,705	7,457	0	0
Chile	7,395	7,281	1,729	1,751
China	7,234	7,088	234	163
Argentina	4,348	5,103	533	1,158
Other countries	23,527	25,178	710	687
Consolidation adjustmenst	59,080	52,871	1,120	1,299
Total	**1,058,335**	**1,053,824**	**29,029**	**30,913**

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

Information about key customers

In the Closures segment, there is one customer that generated over 10% of revenue in the first half of 2022 of around €59 million (roughly 14% of net revenue).

(5) Russia - Ukraine conflict

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

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

In the first half of 2022, GC Ukraine recognised revenue of approximately €30 million and an EBITDA of approximately €2.5 million (respectively €28 million and €8 million in the first half of 2021), which included accruals linked to potential losses due to the conflict for an amount of €0.7 million and impairment losses of €5.1 million on the customer relationships attributable to the Russian market following the lack of visibility on the ongoing business in the Russian market, with net assets of €50 million.

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

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

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

At June 30, 2022, GC Ukraine had €0.7 million of trade receivables due from Russian customers, €2.4 million due from Ukrainian customers and €1 million due from GC Belarus, of which €0.4 million from Russian customers and €1 million from Ukrainian customers had been collected as of the date of this report.

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

The Group is continuously monitoring the current conflict, which is not affecting the area of Sumy, where the main plant is located. Due to the current situation, to improve among others the logistics, GC Ukraine has decided to move a minor part of its production lines to a satellite plant located in the city of Ternopil, near the Polish Border, where the company plans to employ around 100 people. The overall production capacity and product portfolio of GC Ukraine will not be affected by such transfer.

Until March 2022, GC Belarus revenue is mostly generated with Russia, selling closures produced from aluminium shells and components purchased from Ukraine. In the first half of 2022, the company realised revenue of approximately €2.9 million and an EBITDA close to zero (respectively €5.3 million and €0.3 million in the first half of 2021), with net assets of €0.2 million.
At June 30, 2022, GC Belarus had no trade receivables due from Russian customers and, due to the lack of supply and freeze on sales to Russian local customers, the company has been inoperative since March.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(6) Net revenue

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

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Europe	94,263	126,983	174,349	239,871
Asia	16,563	19,968	34,228	39,493
Americas	34,357	57,543	62,171	98,890
Oceania	8,169	9,824	16,506	18,230
Africa	5,488	6,169	9,922	11,762
Total	**158,841**	**220,486**	**297,176**	**408,246**

The table below illustrates net revenue by product:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Safety closures	59,080	80,709	112,128	149,429
Luxury closures	9,363	18,501	16,651	33,266
Roll-on closures	84,832	112,966	158,344	209,676
Other revenue	5,566	8,309	10,053	15,875
Total	**158,841**	**220,486**	**297,176**	**408,246**

The table below illustrates net revenue by destination market:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Spirits closures	100,039	139,817	186,454	256,765
Wine closures	30,173	39,731	59,510	74,225
Olive oil & condiments closures	3,750	5,203	7,193	10,068
Water closures	12,613	20,189	21,936	36,157
Non-alcoholic beverages closures	3,945	4,915	7,072	9,003
Closures for other markets	8,320	10,632	15,013	22,027
Total	**158,841**	**220,486**	**297,176**	**408,246**

(7) Other operating income

This caption includes:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Government grants	550	1,618	1,079	1,701
Sundry recoveries/repayments	1,697	1,068	1,937	1,586
Gains on sale of non-current assets	55	94	382	154
Other	151	282	175	386
Total	**2,453**	**3,064**	**3,573**	**3,829**

Government grant of €1.7 million in the first half of 2022 includes €1.3 million received by GC Deutschland for Covid compensation.

(8) Internal work capitalised

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Internal work capitalised	1,040	1,171	2,273	2,013
Total	**1,040**	**1,171**	**2,273**	**2,013**

(9) Costs for raw materials

This caption includes:

	Q2		H1	
(€'000)	**2021 (*)**	**2022**	**2021 (*)**	**2022**
Raw materials and supplies	72,005	107,311	137,321	197,963
Packaging	3,275	4,814	6,205	8,698
Consumables and maintenance	2,176	2,764	4,522	5,501
Fuels	94	152	180	299
Other purchases	965	1,486	1,840	2,972
Change in inventories	(4,465)	(6,736)	(12,240)	(13,475)
Total	**74,050**	**109,791**	**137,828**	**201,957**

(*) The comparative figures for the first half of 2021 were restated to be consistent with 2022 classification.

Costs for raw materials increased by €64.2 million from €137.8 million in the first half of 2021 (46.4% of net revenue) to €202.0 million in the first half of 2022 (49.5%), due to the increase in the cost of plastic and aluminium, mitigated by the increase in selling price. The cost of aluminium in first half of 2022 also includes a negative impact of €3.2 million due to the negative fair value of aluminium derivatives.

(10) Costs for services

This caption includes:

(€'000)	Q2 2021 (*)	Q2 2022	H1 2021 (*)	H1 2022
Electricity / heating	7,436	11,827	14,167	24,119
Transport	7,188	11,083	13,348	20,531
External processing	1,812	2,572	3,322	4,839
Maintenance	2,097	2,264	4,271	4,553
Sundry industrial services	1,960	1,947	3,399	4,473
Legal and consulting fees	1,889	2,193	3,642	4,426
Insurance	917	1,007	1,609	1,796
Administrative services	1,144	732	1,931	1,584
Travel	410	896	828	1,575
Technical assistance	464	439	873	1,555
Directors' fees	387	721	614	1,327
External labour / porterage	338	510	615	919
Cleaning service	433	432	821	853
Commissions	509	302	812	663
Advertising services	76	158	206	401
Telephone costs	156	164	327	343
Security	110	163	215	314
Entertainment expenses	45	102	153	204
Commercial services	58	22	136	119
Other	542	657	1,053	1,262
Total	**27,972**	**38,189**	**52,341**	**75,859**

(*) The comparative figures for the first half of 2021 were restated to be consistent with 2022 classification.

(11) Personnel expense

This caption includes:

(€'000)	Q2 2021	Q2 2022	H1 2021	H1 2022
Wages and salaries	27,036	30,929	53,813	59,388
Social security contributions	3,979	4,568	7,844	8,827
Expense from defined benefit plans	494	425	1,008	908
Other costs	2,859	2,007	5,596	4,382
Total	**34,368**	**37,929**	**68,261**	**73,504**

Details of fees paid to the key management personnel are provided in note 30) Related party transactions.

At December 31, 2021 and June 30, 2022, the group had the following number of employees:

	December 31, 2021	June 30, 2022
Blue collars	3,523	3,582
White collars	1,040	1,015
Managers	296	293
Total	**4,859**	**4,890**

(12) Other operating expense

This caption includes:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Accruals to provisions	1,038	249	1,641	1,401
Taxes and duties	554	724	899	1,221
Use of third-party assets	474	524	904	1,014
Other charges	494	780	966	1,618
Total	**2,559**	**2,278**	**4,410**	**5,253**

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

(13) Financial income

This caption includes:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Exchange gains	475	1,834	3,620	6,416
Interest income	29	86	52	152
Financial income on financial liabilities to non-controlling investors	(348)	2,281	-	2,919
Fair value gains on market warrants	5,673	-	5,673	-
Other financial income	639	1,152	1,118	2,058
Total	**6,468**	**5,353**	**10,464**	**11,545**

(14) Financial expense

This caption includes:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Interest expense	5,052	4,890	9,905	9,757
Exchange losses	1,212	5,119	4,838	6,404
Financial expense on financial liabilities to non-controlling investors	2,658	-	2,658	-
Non-recurring financial expense for refinancing	3,771	-	3,771	-
Fair value losses on market warrants	(1,780)	-	-	-
Other financial expense	550	1,011	1,343	1,751
Total	**11,464**	**11,020**	**22,515**	**17,912**

Interest expense of €9.8 million mainly refers to the Guala Closures S.p.A. bond.

In the first half of 2022 there were no changes in the fair value of market warrants following the delisting on July 20, 2021.

Other financial expense for the first half of 2022 includes €551 thousand related to the application of IFRS 16 (€543 thousand in the first half of 2021).

(15) Income taxes

This caption includes:

	Q2		H1	
(€'000)	**2021**	**2022**	**2021**	**2022**
Current taxes	(3,884)	(7,010)	(7,915)	(12,897)
Deferred taxes	2,190	1,361	4,849	5,437
Total	**(1,693)**	**(5,649)**	**(3,065)**	**(7,460)**

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 (€20 thousand).

The decrease in tax rate from 65.1% in the first half 2021 to 21.1% in the first half 2022 is mainly attributable to the almost the same level of withholding tax on dividend collected with an increase of pre-tax result and and higher deferred tax assets recognized on the losses carried forward.

Statement of financial position

(16) Cash and cash equivalents

Cash and cash equivalents totalled €81,645 thousand at June 30, 2022 (€80,032 thousand at December 31, 2021).

(17) Trade receivables

This caption may be analysed as follows:

(€'000)	December 31, 2021	June 30, 2022
Trade receivables	121,731	147,591
Loss allowance	(2,199)	(2,138)
Total	**119,532**	**145,452**

The balance of trade receivables reflects the use of without-recourse factoring by the group companies. Such impact at June 30, 2022 was €36.9 million, compared to €37.2 million at December 31, 2021 and €27.8 million at June 30, 2021. The reduction of factoring compared to December 2021 is due to the fact that we sold less to customers that use factoring.

The loss allowance changed as follows:

(€'000)	June 30, 2022
Opening balance	2,199
Net exchange losses	56
Accruals	359
Utilisations/releases of the period	(475)
Closing balance	**2,138**

At June 30, 2022, the allowance relates to a few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

Accruals of the period include charges related to Russian and Ukrainian customers.

(18) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2021	June 30, 2022
Raw materials, consumables and supplies	67,977	82,595
Allowance for inventory write-down	(4,279)	(5,168)
Work in progress and semi-finished products	28,401	37,965
Allowance for inventory write-down	(1,058)	(1,904)
Finished products and goods	30,257	40,893
Allowance for inventory write-down	(1,336)	(2,681)
Payments on account	303	880
Total	**120,265**	**152,580**

Changes in the first half of 2022 are as follows:

(€'000)	
January 1, 2022	120,265
Exchange gains	1,197
Change in raw materials, consumables and supplies	13,475
Change in finished goods and semi-finished products	17,066
Change in payments on account	577
June 30, 2022	**152,580**

The allowance for inventory write-down changed as follows:

(€'000)	June 30, 2022
Opening balance	6,673
Net exchange losses	53
Accruals	3,027
Closing balance	**9,753**

The increase in the allowance for inventory write-down is mainly due to the adoption of a more conservative approach for those items that have not moved for more than one year.

(19) Property, plant and equipment

The following table shows the changes in this caption in the first half of 2022:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2021	63,326	239,555	24,881	3,747	9,021	**340,530**
Accumulated depreciation and impairment losses at December 31, 2021	(7,320)	(101,539)	(10,317)	(2,062)	-	**(121,238)**
Carrying amount at December 31, 2021	**56,006**	**138,017**	**14,563**	**1,685**	**9,021**	**219,292**
Net exchange gains	1,291	1,907	193	23	1,518	**4,932**
Increases	6	803	0	248	13,008	**14,066**
Disposals	-	(17)	(442)	(6)	(8)	**(473)**
Impairment losses	-	(91)	-	(34)	(361)	**(485)**
Reclassifications	482	4,252	1,292	46	(7,541)	**(1,468)**
Depreciation	(1,049)	(15,095)	(1,113)	(250)	-	**(17,507)**
Historical cost at June 30, 2022	64,797	246,908	25,057	3,958	15,638	**356,358**
Accumulated depreciation and impairment losses at June 30, 2022	(8,544)	(117,131)	(10,563)	(2,246)	-	**(138,484)**
Carrying amount at June 30, 2022	**56,253**	**129,777**	**14,494**	**1,712**	**15,638**	**217,874**

In first half of 2022, net capex of €13.6 million mainly refers to investments made to increase production capacity, develop new products, perform plant maintenance and EHS (Environment, Health and Safety) investments.

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

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

None of the group's property, plant and equipment has been pledged as collateral at the reporting date, except for the items indicated in note 29) Commitments and guarantees.

(20) Right-of-use assets

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

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2021	21,970	2,914	3,279	3,966	**32,128**
Accumulated depreciation and impairment losses at December 31, 2021	(10,278)	(1,768)	(2,170)	(2,386)	**(16,603)**
Carrying amount at December 31, 2021	**11,691**	**1,146**	**1,108**	**1,579**	**15,525**
Net exchange gains/(losses)	133	289	(22)	42	**442**
Increases	3,748	141	453	258	**4,601**
Reclassifications	-	1,468	-	-	**1,468**
Depreciation of right-of-use assets	(1,813)	(413)	(333)	(409)	**(2,968)**
Historical cost at June 30, 2022	25,851	4,812	3,710	4,266	**38,639**
Accumulated depreciation and impairment losses at June 30, 2022	(12,091)	(2,181)	(2,503)	(2,796)	**(19,571)**
Carrying amount at June 30, 2022	**13,760**	**2,631**	**1,207**	**1,470**	**19,068**

The main increases in right-of-use assets relate to land and buildings, specifically for renewal of property leases in the UK.

(21) Intangible assets

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

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2021	5,195	133,397	505,224	242,264	2,440	**888,521**
Accumulated amortisation and impairment losses at December 31, 2021	(2,760)	(31,532)	-	(30,711)	-	**(65,002)**
Carrying amount at December 31, 2021	**2,435**	**101,865**	**505,224**	**211,554**	**2,440**	**823,518**
Net exchange gains (losses)	131	144	0	3,953	(126)	**4,102**
Increases	148	25	-	10	571	**754**
Disposals	-	-	-	-	(105)	**(105)**
Impairment losses	-	-	-	(5,122)	(1)	**(5,123)**
Amortisation	(369)	(2,152)	-	(3,742)	-	**(6,263)**
Historical cost at June 30, 2022	5,447	133,573	505,224	243,693	2,779	**890,715**
Accumulated amortisation and impairment losses at June 30, 2022	(3,102)	(33,691)	-	(37,039)	-	**(73,833)**
Carrying amount at June 30, 2022	**2,344**	**99,881**	**505,224**	**206,654**	**2,779**	**816,882**

The macro-economic trend in the first half of 2022 triggers the need to perform an in-depth assessment of the net realisable value of customer relationship namely for the market directly impacted by the Russia-Ukraine conflict: this caption decreased from December 31, 2021 due to the impairment losses recognised on the business relationships with customer of €5.1 million to reflect the potential loss of the business with Russia (refer to note 5) Russia – Ukraine conflict for further information) and the amortisation for the period of €6.3 million, partially offset by the positive translation effect of €4.1 million and the net increases of the period of €0.6 million.

Licences and patents mainly refer to the Guala Closures trademark which is not amortised as from 2021 as it has an indefinite useful life and is tested annually for impairment. The main economic and financial indicators of the group for the first half of 2022 show an external revenue trend higher than that of the 2022 budget used for the purposes of the impairment test as at December 31, 2021. On this basis, the directors have not identified specific trigger events and/or additional circumstances compared to December 31, 2021 that could indicate an impairment of the trademark and, therefore, the need to update the impairment test carried out for the consolidated financial statements at December 31, 2021. Reference should be made to the 2021 annual report for information on the previous impairment test.
The line "Other" mostly refers to business relationships with customers.

Goodwill arising on the PPA procedures is unchanged at June 30, 2022 compared to December 31, 2021.
Goodwill is not amortised, but 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). Since its recognition on July 31, 2018, goodwill has never been impaired. Reference should be made to the 2021 annual report for information on the previous impairment test.

The macro-economic trend in the first half of 2022 did not trigger any significant change in customer contracts or any change in the revenue recognition criteria previously identified. The main economic and financial indicators of the group for the first half of 2022 show an improvement in the trend for the group in term of adjusted gross operating profit (adjusted EBITDA), net working capital and net financial position improved compared to the 2022 budget used for the purposes of the impairment test as at December 31, 2021.

The level of net invested capital at June 30, 2022 is consistent and substantially in line with the most recent forecasts at that date and therefore there have been no changes in the amount of the net invested capital that could affect the validity of the impairment test carried out at December 31, 2021.

On this basis, the directors have not identified specific trigger events and/or additional circumstances compared to December 31, 2021 that could indicate an impairment of goodwill and, consequently, the need to update the impairment test carried out for the consolidated financial statements at December 31, 2021.

(22) 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 28) Fair value of financial instruments and sensitivity analysis for further information on the group's exposure to interest and currency risks.

Financial liabilities at June 30, 2022 and December 31, 2021 are shown below:

(€'000)	December 31, 2021	June 30, 2022
Current financial liabilities		
Bonds	722	677
Bank loans and borrowings	5,443	4,915
Other financial liabilities	3,643	3,611
	9,808	***9,202***
Non-current financial liabilities		
Bonds	485,123	486,142
Bank loans and borrowings	768	347
Other financial liabilities	46,916	46,968
	532,807	***533,456***
Total	**542,615**	**542,658**

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

The 2028 Notes bear fixed interest at a rate of 3.25% per annum, payable semi-annually in arrears on June 15 and December 15 of each year and will mature on June 15, 2028. The 2028 Notes Indenture contain key covenants based on incurrence tests that, among other things, limit the ability of Guala Closures and its restricted subsidiaries to incur or guarantee additional indebtedness and issue certain preferred stock, pay dividends, redeem capital stock and make certain investments, make certain other restricted payments, create or permit to exist certain liens, impose restrictions on the ability of its subsidiaries to pay dividends or make other payments, dispose of its assets, merge or consolidate with other entities, and impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to a number of important limitations and exceptions.

Guala Closures has an available amount of €80 million (equivalent) multi-currency revolving credit facility (the "**2028 RCF**") governed by English law (with information undertakings, restrictive covenants, events of default and related definitions interpreted in accordance with New York law), entered into on June 28, 2021, by and between Guala Closures, as borrower, U.S. Bank Global Corporate Trust Limited, as the agent, and Deutsche Bank Aktiengesellschaft, Credit Suisse AG, Milan Branch, Goldman Sachs Bank Europe SE, Unicredit S.p.A. and Bank of America Designated

Activity Company, as mandated lead arrangers. The 2028 RCF bears an interest rate applicable to drawn amounts equal to EURIBOR (for loans in euro), SONIA (for loans in pounds sterling) and LIBOR (for loans in any other currency) (subject, in each case, to a floor of zero) + 2.0%. This margin decreased from the original rate of 2.5% to 2.0% based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF will expire January 7, 2028.

The interest rates and maturity dates of the financial liabilities at June 30, 2022 and December 31, 2021 are shown below:

				Nominal Amount				
					Current	Non-current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 2021	Within one year	Between one and five years	More than five years	Total non-current
Bonds								
Bonds - Senior Secured Notes issued by Guala Closures S.p.A.	€	3.25%	2028	500,000	-	-	500,000	500,000
Interest on bonds	€	n.a.	2022	722	722	-	-	-
Transaction costs	€	n.a.	2028	(14,877)	-	-	(14,877)	(14,877)
TOTAL SSN 2028 bonds - Guala Closures S.p.A.				**485,845**	**722**	**-**	**485,123**	**485,123**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€	Euribor 3M+2.5%	2028	-	-	-	-	-
Transaction costs	€	n.a.	2028	(966)	-	-	(966)	(966)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(966)**	**-**	**-**	**(966)**	**(966)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2022	130	130	-	-	-
Millennium S.A. facilities (Poland)	PLN	Wibor 1M (*)	n.a.	3,921	3,921	-	-	-
Banco Chile loan (Chile)	CLP	3.48%	2023	166	153	13	-	13
Santander loan (Brazil)	BRL	n.a.	2022	2	2	(0)	-	(0)
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"

				Nominal amount				
					Current	Non- current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total June 30, 2022	Within one year	Between one and five years	More than five years	Total non-current
Bonds								
Bonds - Senior Secured Notes issued by Guala Closures S.p.A.	€	3.25%	2028	500,000	-	-	500,000	500,000
Interest on bonds	€	n.a.	2022	677	677	-	-	-
Transaction costs	€	n.a.	2028	(13,858)	-	-	(13,858)	(13,858)
TOTAL SSN 2028 bonds - Guala Closures S.p.A.				**486,819**	**677**	**-**	**486,142**	**486,142**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€	Euribor 3M+2.00%	2028	-	-	-	-	-
Transaction costs	€	n.a.	2028	(887)	-	-	(887)	(887)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(887)**	**-**	**-**	**(887)**	**(887)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2022	120	120	-	-	-
Allianz Bank (Bulgaria)	BGN	3.00%	n.a.	506	506	-	-	-
Millennium S.A. facilities (Poland)	PLN	Wibor 1M (*)	n.a.	2,797	2,797	-	-	-
Banco Chile loan (Chile)	CLP	3.48%	2023	123	123	-	-	-
Loans Itaú Bank (Brazil)	BRL	n.a.	2024	46	16	30	-	30
Facilities (Argentina)	ARS	n.a.	n.a.	4	4	-	-	-
Bancomer loans (Mexico)	USD	n.a.	2023	2,551	1,348	1,203	-	1,203
TOTAL bank loans and borrowings				**5,261**	**4,915**	**1,233**	**(887)**	**347**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	-	-	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	19,077	3,609	13,180	2,288	15,468
Non-controlling investors' put options	€	n.a.	n.a.	31,500	-	-	31,500	31,500
Other liabilities	€	n.a.	n.a.	1	1	-	-	-
TOTAL other financial liabilities				**50,578**	**3,611**	**13,180**	**33,788**	**46,968**
TOTAL				**542,658**	**9,202**	**14,413**	**519,043**	**533,456**

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

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 28 to the condensed interim 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 period, 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 28) Fair value of financial instruments and sensitivity analysis for further details.

The Senior Revolving Credit Facility's availability at June 30, 2022 is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at June 30, 2022	Residual available amount at June 30, 2022	Repayment date
Senior Revolving Credit Facility due 2028	80,000	-	80,000	final repayment 07/01/2028
Total	**80,000**	**-**	**80,000**	

(23) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2021	June 30, 2022
Suppliers	99,937	115,531
Payments on account	776	1,881
Total	**100,714**	**117,412**

(24) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2021	June 30, 2022
Provision for company reorganisations	1,027	931
Provision for returns	1,151	1,303
Other provisions	416	1,177
Total current provisions	**2,594**	**3,411**

The provision for company reorganisations includes:

- €348 thousand for the closing of the plant of Saint Remy in France;
- €254 thousand for the reorganisation of the company in Luxembourg;
- €207 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.
- About €100 thousand for the early retirement of staff in Germany.

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

Other provisions include the extra costs accounted for by Ukraine in relation to extra charges deriving from the interruption of activities with Russia and Belarus.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

(€'000)	June 30, 2022
Opening balance	2,594
Exchange losses	15
Accruals	1,394
Utilisations	(593)
Closing current provisions	**3,411**

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

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2021	June 30, 2022
Provision for legal disputes	77	76
Provision for agents' termination indemnity	146	152
Total	**223**	**228**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

(€'000)	June 30, 2022
Opening balance	223
Exchange gains	(1)
Accruals	6
Closing non-current provisions	**228**

(25) Other current liabilities

This caption may be analysed as follows:

(€'000)	December 31, 2021	June 30, 2022
Amounts due to employees	12,930	14,401
Liabilities for investments	3,196	3,142
Social security charges payable	3,459	3,856
Liabilities for dividends	-	3,534
Liabilities for transaction costs on 2028 Bonds	486	-
Other liabilities	12,867	19,234
Total	**32,939**	**44,166**

(26) Equity attributable to the owners of the parent

The paid-up and subscribed share capital of Guala Closures S.p.A. at June 30, 2022 remained unchanged compared to December 31, 2021 and amounts to €68,907 thousand consisting of 70,028,654 ordinary shares.

In addition to the shares, there are 19,367,393 market warrants and 2,500,000 sponsor warrants.

For market warrants, reference should be made to section 22) Current and non-current financial liabilities of the 2021 Consolidated Financial Statements.

The sponsor warrants give 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.

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.

(27) Equity attributable to non-controlling interests

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

(€'000)	Non-controlling interests (%) at December 31, 2021	Non-controlling interests (%) at June 30, 2022	Balance at December 31, 2021	Balance at June 30, 2022
Guala Closures Technologia Ukraine LLC	30.0%	30.0%	14,798	15,066
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,385	3,449
Guala Closures de Colombia LTDA	6.8%	6.8%	536	586
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,549	2,857
Guala Closures DGS Poland S.A.	30.0%	30.0%	20,433	20,664
Guala Closures BY LLC	30.0%	30.0%	284	75
Total			**41,985**	**42,696**

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

OTHER INFORMATION

(28) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2021 and June 30, 2022. There were no movements from one level to another in the reporting period. The "Accounting policies" section provides information about the fair value hierarchy.

December 31, 2021		Carrying amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading		-	127			127		127		127
		-	127	-	-	127	-	127	-	127
Financial assets not measured at fair value (*)										
Trade receivables	17			119,532		119,532				-
Financial assets				559		559				-
Investments in associates				2,536		2,536		-		-
Cash and cash equivalents	16			80,032		80,032				-
		-	-	202,659	-	202,659	-	-	-	-
Financial liabilities measured at fair value										
Market warrants	22	(4)				(4)			(4)	(4)
Aluminium derivatives used for trading			(58)			(58)		(58)		(58)
Non-controlling investors' put options	22	(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	22				(3,921)	(3,921)		(3,921)		(3,921)
Secured bank loans	22				(2,122)	(2,122)		(3,088)		(3,088)
Unsecured bank loans	22				(168)	(168)		(168)		(168)
Secured bond issues	22				(485,845)	(485,845)		(499,745)		(499,745)
Lease liabilities (IFRS 16)	22				(16,136)	(16,136)				-
Trade payables	23				(100,714)	(100,714)				-
		-	-	-	(608,906)	(608,906)	-	(506,923)	-	(506,923)

June 30, 2022		Carrying amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading		-	(3,227)			(3,227)		(3,227)		(3,227)
		-	(3,227)	-	-	(3,227)	-	(3,227)	-	(3,227)
Financial assets not measured at fair value (*)										
Trade receivables	17			145,452		145,452				-
Financial assets				578		578				-
Investments in associates				2,363		2,363		-		-
Cash and cash equivalents	16			81,645		81,645				-
		-	-	230,039	-	230,039	-	-	-	-
Financial liabilities measured at fair value										
Non-controlling investors' put options	22	(31,500)				(31,500)		-	(31,500)	(31,500)
		(31,500)	-	-	-	(31,500)		-	(31,500)	(31,500)
Financial liabilities not measured at fair value (*)										
Bank overdraft	22				(3,307)	(3,307)		(3,307)		(3,307)
Secured bank loans	22				(1,785)	(1,785)		(1,785)		(1,785)
Unsecured bank loans	22				(169)	(169)		(169)		(169)
Secured bond issues	22				(486,819)	(486,819)		(479,058)		(479,058)
Lease liabilities (IFRS 16)	22				(19,077)	(19,077)				-
Trade payables	23				(117,412)	(117,412)				-
Other financial liabilities	22				(1)	(1)				-
		-	-	-	(628,570)	(628,570)	-	(484,319)	-	(484,319)

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

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Level 1

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

Level 2

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

Financial instruments measured and not measured at fair value

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

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

Sometimes the group decided not to designate aluminium currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the Group are forward and option exchange contracts covering aluminium exposure on raw material purchases. All derivatives contracts were designated as hedge accounting relationships in H1 2021 while not all derivatives are designated as hedges in H1 2022.

Level 3

The market warrants are measured until 2Q21 at fair value through profit or loss and classified under other financial liabilities. Fair value was calculated based on the market price at 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 exercisable by their respective holders, except in the case of re-listing of the Issuer's ordinary shares on the Italian Stock Exchange (Mercato Telematico Azionario). The last market price available at the date of the delisting (July 7, 2021) was €0.0002 per market warrant. Due to the immateriality of the FV, no further analysis was carried out on these instruments.

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	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 (€49 million); • inflation data about Ukraine, Bulgaria, Poland and the USA, used to calculate risk-free rates (1.8%-2.5%); • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk (7%-29%); • expected date of put option exercise based on demographic assumptions (age of retirement 67-74) and any change of control clauses.	The estimated fair value would increase if: • the gross operating profit was higher; • the net financial position was better; • the risk-free rate of the country decreased; • the expected dividend yield decreased; • the inflation rate differential between Ukraine and the USA increased the discount rate adjusted by the group's credit risk; • the expected inflation rate of the country in which the subsidiary is domiciled increased in the last year of the Projections; • the expected exercise date for the put option was earlier due to the bringing forward of the pensionable or mortality date and/or exercise of the change-of-control clauses of Guala Closures Group and local administrators.

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

Level 3 fair values at December 31, 2021 and at the reporting date are shown below:

(€'000)	
December 31, 2021	34,423
Included in "financial income" Net fair value loss (unrealised)	(2,919)
Market warrants variation	(4)
Balance at June 30, 2022	**31,500**

Sensitivity analysis

Reasonably possible changes at June 30, 2022 to one of the significant inputs that is not directly observable, while assuming other inputs remain constant, would have had the following effects on the fair value of the non-controlling investors' put options:

(€'000)	**Increase/(decrease) in input data not directly observable**	**Favourable/(unfavourable) effect on the profit (loss) for the period**
Risk-adjusted discount rate	1%	2,143
	(1%)	(2,654)
Growth rate	1%	(1,320)
	(1%)	1,207
Expected date of put option exercise	+ 1 anno	1,727
	- 1 anno	(1,865)

(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.
For additional information, reference should be made to the 2021 annual report.

(29) 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 "Initial Guarantors").

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

(i) Australian law-governed specific security deed granted by Guala Closures International B.V. in respect of (i) shares held in Guala Closures Australia Holdings, Pty Ltd and (ii) intra-group receivables owed to it by Guala Closures Australia Holdings, Pty Ltd;
(ii) Australian law-governed specific security deed granted by Guala Closures Australia Holdings, Pty Ltd in respect of (i) shares held in Guala Closures Australia Pty Ltd and (ii) intra-group receivables owed to it by Guala Closures Australia Pty Ltd;
(iii) Dutch law-governed receivables pledge granted by Guala Closures in respect of intra-group receivables owed to it by Guala Closures International B.V.;
(iv) Polish law-governed share pledge granted by Guala Closures International B.V. in respect of shares held in Guala Closures DGS Poland S.A.;
(v) Scottish 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..

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

(30) Related party transactions

Transactions with key management personnel are set out below:

(€'000)	**Costs recognised in the period**							
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Total	Other liabilities at June 30, 2022	**Cash flows for the period**
Total key management personnel	560	805	489	25	14	**1,892**	1,025	3,234

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..

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) of the 2021 consolidated financial statements.

There are no significant transactions with other related parties in addition to those indicated in this report.

(31) Contingent liabilities

Guala Closures India

In 2021 a tax audit was opened in India by the local Transfer Pricing Officer, after which, the entire management fees paid by Guala Closures India were disallowed as the arm's length price was calculated as 'nil'. The Transfer Pricing Officer applied the same adjustment to Indian FYs 2011-12, 2012-13, FY 2015-16 to FY 2017-18, for a total taxable amount of about INR400 million (€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 2021, the Chilean subsidiary had to stop its production activities, in order to undergo the procedure to obtain a new license. Following some changes in the facility, the company has undertaken the relevant authorisation process.
Having fulfilled the relevant intermediary requirements, the competent authority (Direcciones de Obras Municipales) carried out the final inspection, with a positive outcome.
The company obtained the definitive authorisation to operate in the premises in the existing plant configuration on June 22, 2022.

Guala Closures UK Ltd

The lease agreements concerning the premises where Guala Closures UK Limited operates expired in June 2022 and have not yet been renewed. The landlord served Guala Closures UK Limited a notice to quit, requiring their removal from the premises on or before June 19, 2022.
The company signed an agreement with the landlord to extend the term of the agreements, concerning both the sites of Kirkintilloch and Broomhill, for a further five years at a revised rental fee. Such agreements also provide for the right of the tenant to unilaterally terminate the lease contract after three years upon the payment of a pre-determined penalty.

Beijing Guala Closures

The lease agreement concerning the premises where Beijing Guala Closures Ltd operates expired 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 in February 2023).

Guala Closures do Brasil

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

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

Local management is preparing its defence, requesting the annulment of the action due to the expired deadline.

(32) Events after the reporting period

For the subsequent events related to the Russia – Ukraine conflict please refer to note 5).

Acquisition of Labrenta S.r.l.

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

Labrenta S.r.l. owns subsidiaries in Mexico, Brazil and Portugal, as well as a commercial entity in North America.

Labrenta has a production capacity of approximately 180 million annual closures, mainly concentrated in Italy and Portugal and in 2021 it achieved a turnover of approximately €22 million, with an EBITDA of €3.5 million. These results are expected to grow in 2022, with an expected turnover of €33 million and an EBITDA of €6 million and an improved contribution margin. The target currently has around 140 employees and over 800 customers in more than 70 countries.

The closing of the acquisition will most likely occur at the beginning of the fourth quarter, upon the fulfillment of the conditions precedent contemplated in the executed agreement.

Due to a confidential agreement, the acquisition amount cannot be disclosed till the closing.

Luxembourg

On July 11, 2022, GCL International S.à r.l. informed its employees that it intends to terminate its activities by the end of 2022 and that all projects of GCL Technologies will be transferred to Guala Closures S.p.A.. Figures as at June 30, 2022 do not include accruals for this restructuring project.

Purchase of sponsor warrant

In July 2022, Guala Closures S.p.A. purchased from Space Holding S.r.l. the 2,500,000 "Sponsor Warrant Guala Closures S.p.A." (the "Sponsor Warrant") as, following the delisting of the Guala Closures ordinary shares from the "Mercato Telematico Azionario", a regulated market managed and organised by Borsa Italiana S.p.A., the Sponsor Warrants are not exercisable.

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

On August 8, 2022, the board of directors of Guala Closures S.p.A. approved the subscription of an additional facility to the "2028 RCF" governed by English law (with information undertakings, restrictive covenants, events of default and related definitions interpreted in accordance with New York law), entered into on June 28, 2021, by and between Guala Closures, as borrower, U.S. Bank Global Corporate Trust Limited, as the agent, and Deutsche Bank Aktiengesellschaft, Credit Suisse AG, Milan Branch, Goldman Sachs Bank Europe SE, Unicredit S.p.A. and Bank of America Designated Activity Company, as mandated lead arrangers. Guala Closures S.p.A. requested Cassa Depositi e Prestiti S.p.A. ("CDP") as "Additional Facility Lender" to make an additional facility available for an amount €16 million. The expiry date of the additional facility will be in line with the 2028 RCF and will bear an interest rate applicable to drawn amounts equal to EURIBOR, LIBOR or a different parameter identified as the Compounded Reference Rate (2028 RCF + 2.5% p.a.), but based on the decreasing leverage-based margin ratchet set out in the 2028 RCF. The 2028 RCF margin decreased from the original rate of 2.5% to 2.0% based on the decreasing leverage-based margin. Guala Closures paid an upfront fee of €0.4 million.

Announcement of plan to open a new plant in China

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

Located in a renowned baijiu (Chinese traditional liquor) region, the plant and R&D center will focus on closures for the premium and luxury segments, with plans to produce an estimated 130 million closures per year, positioning the plant as a world-class facility tailored for the Chinese spirits market. The new plant will cover an area of 13,800 square meters, and is expected to employ 110 people and envisages an ambitious investment plan over the next 24 months focused on the production of closures for the luxury segment, enabling the Group to provide concrete support to the local economy which will also benefit from the Group's technological know-how and R&D activities. The investment confirms the Group's commitment to territorial development in the spirits sector and customer support in China, where the Group has been operating for over 20 years through a plant in Beijing.

Belarus

Due to changes in the legislation of the Republic of Belarus regarding rent formation (from September 23, 2022 to January 1, 2024 it is prohibited for lessors to determine in the contract the amount of rent equivalent to a certain amount in foreign currency), the component has concluded an additional agreement with the lessor on payment of the amount of rent payments for the next two years of lease in order to avoid devaluation risks. The amount that has been paid to the lessor for the two years of the lease is €335 thousand.

On behalf of the board of directors
Chairman and CEO
Gabriele Del Torchio

September 8, 2022