Guala Closures Group

FIRST QUARTER REPORT
2023

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

Q1 2023 GROUP HIGHLIGHTS

1954 Establishment	31 Production sites	5,131 Employees	221M€ Turnover 1Q 2023	6 R&D Centres UK, Ukraine, Bulgaria, Mexico and 2 in Italy
4bn+ Closures per year	300+ Closure models	3 Product lines: safety, luxury and roll-on	170+ Active intellectual property rights	100 Countries where we have strong customer partnerships

Q1 2023 NET REVENUE BY GEOGRAPHICAL SEGMENT

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA	GROUP
€125.9m	€60.7m	€19.5m	€9.5m	€5.7m	€221.3m
56.9%	*27.4%*	*8.8%*	*4.3%*	*2.6%*	*100.0%*

Q1 2023 NET REVENUE BY PRODUCT

SAFETY	LUXURY	ROLL-ON	OTHER REVENUE	GROUP
€74.6m	€31.4m	€104.1m	€11.1m	€221.3m
33.7%	*14.2%*	*47.1%*	*5.0%*	*100.0%*

Q1 2023 NET REVENUE BY DESTINATION

SPIRITS	WINE	WATER	NON-ALC. BEVERAGES	OLIVE OIL & CONDIMENTS	OTHER MARKETS	GROUP
€144.3m	€37.5m	€19.2m	€4.7m	€4.0m	€11.6m	€221.3m
65.2%	*16.9%*	*8.7%*	*2.1%*	*1.8%*	*5.3%*	*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

PricewaterhouseCoopers S.p.A.

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REPORT

Guala Closures Group

1.1 Introduction

€ 221.3m
1Q23 NET REVENUE

SALES NETWORK
IN OVER **100**
COUNTRIES

Around 4 **BILLION**
CLOSURES
PRODUCED IN 1Q 2023

3 **PRODUCT**
CATEGORIES

OVER
170 INTELLECTUAL
PROPERTY RIGHTS

31 FACILITIES
&
2 SALES OFFICES

5,131
EMPLOYEES
AROUND THE WORLD

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

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

In the first quarter 2023, the group produced and sold over 4 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.

Our vision

We produce closures that offer consumers innovation, protection, safety and convenience, while also enhancing our customers' brands.

Our mission

We understand our customers' goals and embrace them as our own, applying creativity, experience, integrity and dedication to deliver superior closures and solutions to them, while reducing our environmental impact on society.

Values

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

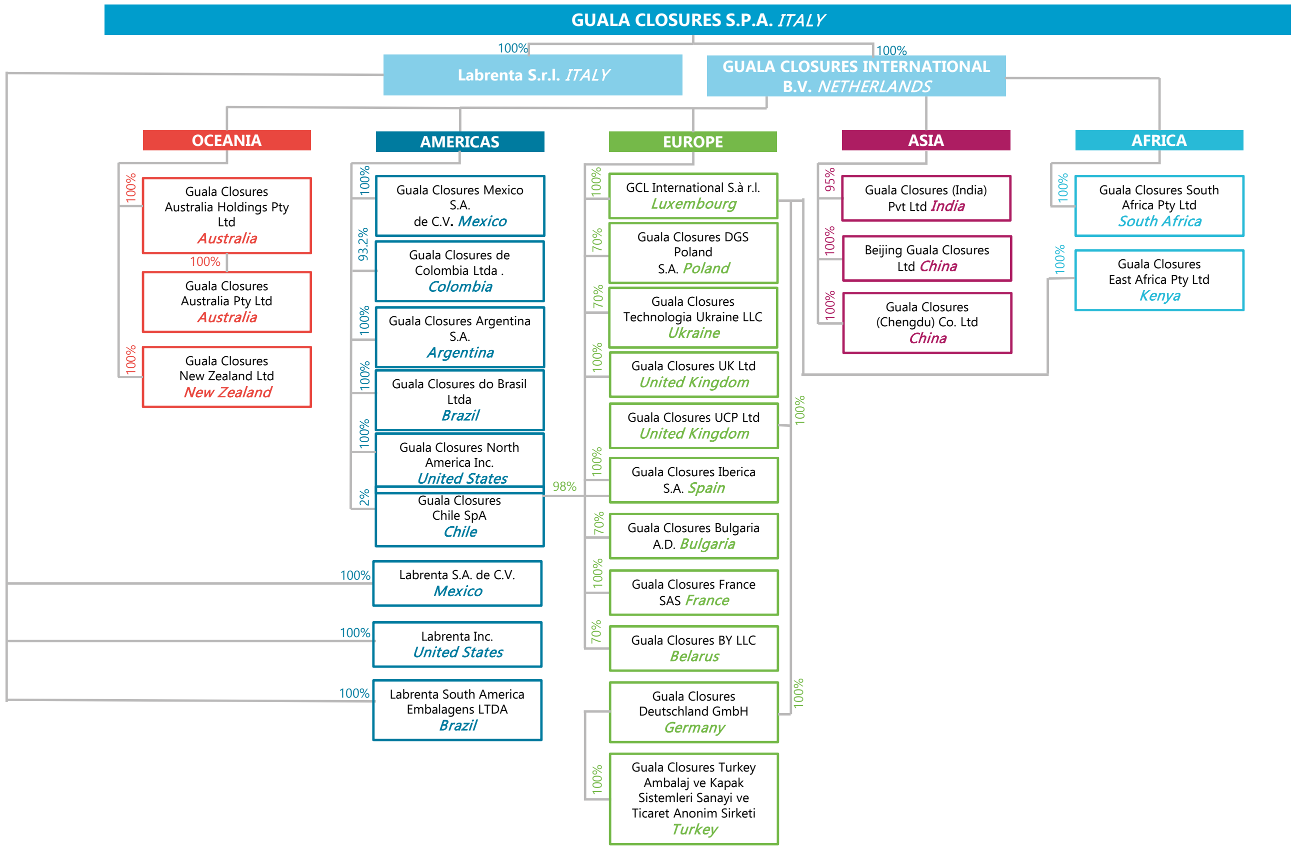
Professionalism: personnel training and growth in the pursuit of continuous and ongoing development.

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

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

1.2 The group structure

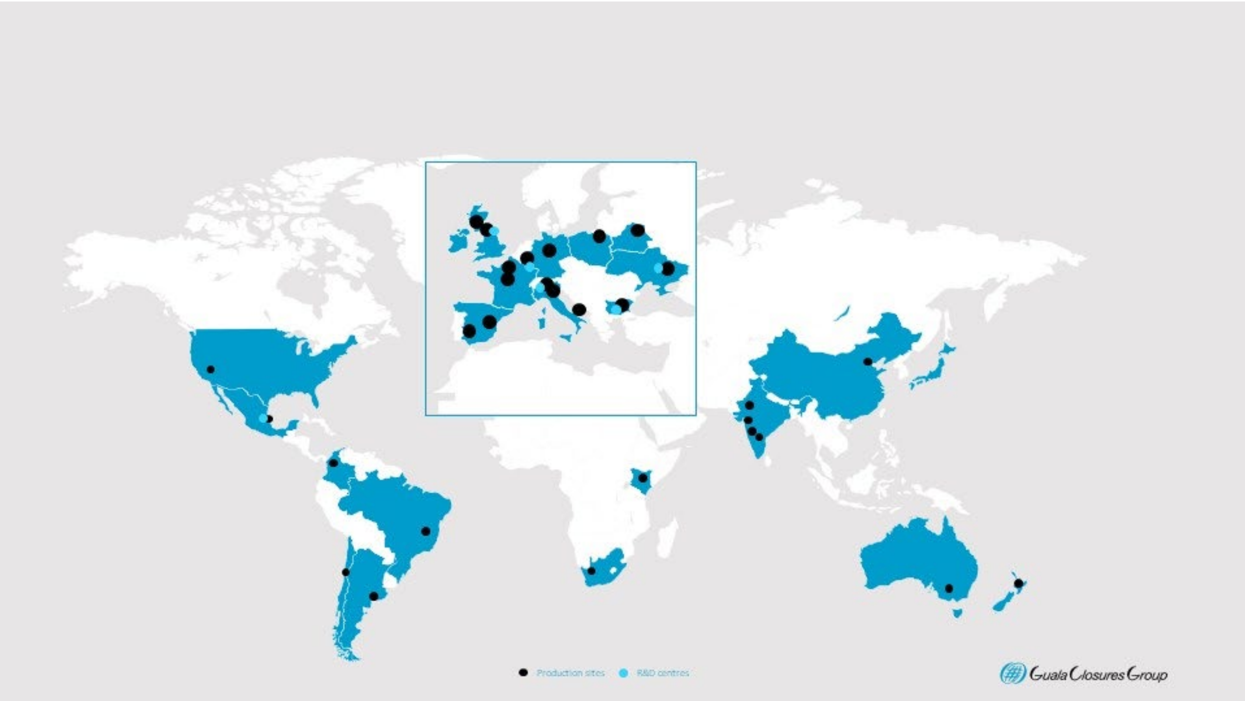
The Guala Closures Group, owned by the operational company Guala Closures S.p.A., operates on five continents.
The following chart illustrates the group structure at March 31, 2023 (companies consolidated on a line-by-line basis):



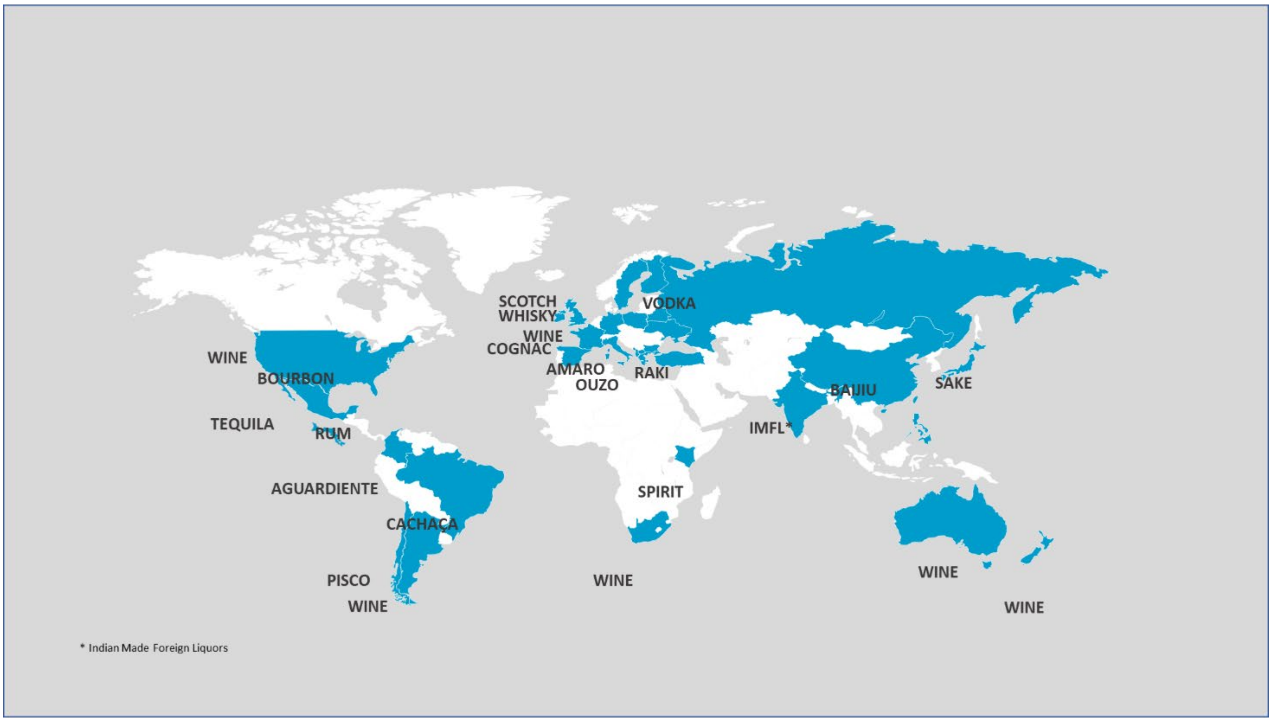
The group structure didn’t change in the first quarter 2023.

1.3 International footprint

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



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



1.4 Product lines and destination markets

In the first quarter 2023, the group produced and sold more than 4 billion closures in three product lines and across five destination markets.

Product lines:

Safety closures:

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

Luxury closures:

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

Roll-on:

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

Destination markets

Spirits:

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

Wine:

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

Water:

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

Other non-alcoholic beverages:

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

Olive oil & condiments:

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

1.5 Research and product and process research and innovation

The first quarter of 2023 has demonstrated full of new projects for the Group R&D structure; in March more than 200 live projects were going on in the 6 R&D Centres, to which we should add the numerous projects targeting the Chinese market, managed by our new designer for the future Chinese R&D Centre, working during his training period in Italy and in UK.

The market trends that characterized the 2022 are still consolidating, and the R&D Centres are working to think and design new solutions that could anticipate them; a key success factor for our Group is the strong effort dedicated in collecting, thinking and sharing both market information and technical solutions to better address all the efforts.

In the **luxury market**, we are introducing a continuously growing number of solutions aimed to create value for the brands; this involves new materials, effects and designs, that always respond also to the sustainability requests coming from each brand; aside premiumization trends, that we fulfil with our product portfolio, brands request strong sustainability credentials.

As far as **sustainability** is concerned, the Group R&D structure is introducing in the market, and in the meantime studying, new several solutions, aimed also to fulfil not only the sustainability targets that all the brands have set-up, but also the future legislations regulations that, mainly in Europe, will become active in the next future; these regulations, under a carefully study by our R&D and Legal Departments, will push our product range toward a complete revision with new designs and new materials.

In **anticounterfeiting** the market is more and more focusing in safer solutions with a particular attention to product authentication, a field where our R&D Centres have already collected a wide and successful experience that allows our Group to offer solutions spanning from simple QR codes to sophisticated connected closures.

1.6 Sustainability

The start of 2023 confirmed the commitment of the Guala Closures Group to sustainability. During the first quarter, the activities consolidated over time continued and many other initiatives were launched.

The monitoring and reporting activities regarding environmental, social and industrial topics continued during the first quarter.

In February, through an audit conducted by Bureau Veritas, we certified all our 2022 emissions (Scope 1,2&3). The absolute value of emissions of Scope 1 and Scope 2 combined decreased by 16.5%, compared to 2020. This result was achieved thanks to the increase of purchasing electricity from renewable sources to several projects rolled out to reduce the consumption of energy.

In March we achieved our target to have 100% of our food safety management systems certified (ISO2200 or FSSC22000), excluding China (waiting for new plant) and Labrenta (recently acquired).

In February the Italian plant of Spinetta Marengo achieved the ISO45001 certification (occupational health and safety management system).

During the first quarter 2023, the Sustainability department prepared the Sustainability Report 2022, according to the "Global Reporting Initiative Sustainability Reporting Standards" ("GRI Standards"), which currently constitutes the most widespread and internationally recognized standard in the field of non-financial reporting.

The data reported in this document has been verified by external auditors through on site and remote audit.

In the first quarter 2023, the new 2030 strategy "Sustainable together 2030" has been defined and it will be presented during the second quarter.

Financial Performance

2.1 Group performance

Key figures

(€m)		1Q 2022	1Q 2023	% variation
Net revenue		**187.8**	**221.3**	*17.9%*
Adjusted gross operating profit (Adjusted EBITDA)[1]		**34.4**	**44.3**	*29.0%*
Adjusted gross operating profit (Adjusted EBITDA)[1] *margin*		*18.3%*	*20.0%*	
	Mar 31, 2022	**Dec 31, 2022**	**Mar 31, 2023**	
Net financial indebtedness [2]	469.4	489.0	471.6	
Employees			5,131	
Facilities: 31 production facilities and 2 sales offices in 24 countries on 5 continents				
Intellectual property rights			over 170	

Note:

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

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

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

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

The key economic and financial indicators of the Group in the first quarter 2023 show a positive trend with revenue up 17.9% compared to the same period 2022 and an Adjusted EBITDA margin of 20.0% improving compared to the 18.3% margin of the same period of previous year.

Revenue growth was mainly driven by selling price increase. The first quarter 2023 performance was realized mainly thanks to growth in Americas, Europe and Oceania regions.

The increase in adjusted gross operating profit (adjusted EBITDA) in the first quarter 2023 compared to 2022 was achieved mainly thanks to a higher average selling price combined with overheads control.

Net financial indebtedness at March 31, 2023 was €471.6 million, with a decrease of €17.4 million compared to the value at December 31, 2022 (€489.0 million). Net financial indebtedness at March 31, 2023 is in line with the same period of 2022.

Significant events of the period

The main events which affected the Guala Closures Group in the first quarter 2023 are summarised below:

BUSINESS:

Guala Closures Bulgaria Amendment to Shareholders' Agreement

On February 2, 2023, Guala Closures International B.V. and TD Partners entered into an amendment to the Shareholders' Agreement signed in 2010, which provides, among others, new trigger events for the put and call option rights as well as the definition of "Fair Market Value" to be applied in case such right are exercised.

Guala Closures Chengdu

In the first three months of 2023, the Company has almost terminated the preparation of the new production site in Qionglai, in line with the timetable originally scheduled.

Russia – Ukraine conflict

On February 24, 2022, as a result of the start of the war, GC Ukraine was forced to shut down the factory located in Sumy. No damage was suffered in relation to the assets of the company.

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

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

No business interruption occurred and impacted the customers thanks to the Group business model which guarantees product delivery thanks to the availability of alternative production sites within the Group.

At the date of these condensed interim consolidated financial statements, there have not been significant impacts with respect to what was reported in the 2022 consolidated financial statements.

Financial performance

ANALYSIS OF THE FINANCIAL PERFORMANCE

The table below summarises the financial performance of the Guala Closures Group for the first quarter 2023 and 2022. For comparative purposes, the 2023 figures include, for the first quarter, those of Labrenta Group (acquired in the last quarter 2022).

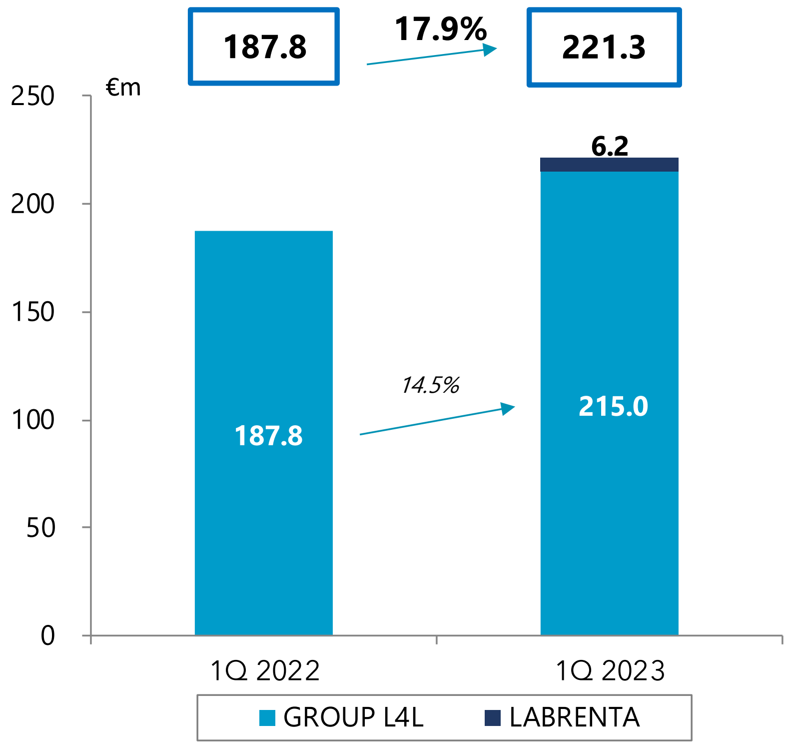
Statement of profit or loss	**1Q 2022**		**1Q 2023**	
	(€'000)	*% of net revenue*	*(€'000)*	*% of net revenue*
Net revenue	**187,760**	*100.0%*	**221,292**	*100.0%*
Change in finished goods and semi-finished products	10,587	*5.6%*	7,168	*3.2%*
Other operating income	765	*0.4%*	766	*0.3%*
Internal work capitalised	843	*0.4%*	1,895	*0.9%*
Costs for raw materials	(92,166)	*(49.1%)*	(103,814)	*(46.9%)*
Costs for services	(37,670)	*(20.1%)*	(41,495)	*(18.8%)*
Personnel expense	(35,575)	*(18.9%)*	(40,202)	*(18.2%)*
Other operating expense	(3,318)	*(1.8%)*	(2,390)	*(1.1%)*
Impairment losses	(5,390)	*(2.9%)*	(0)	*(0.0%)*
Gross operating profit (EBITDA)	**25,836**	*13.8%*	**43,220**	*19.5%*
Amortisation and depreciation	(13,465)	*(7.2%)*	(12,906)	*(5.8%)*
Operating profit (EBIT)	**12,371**	*6.6%*	**30,315**	*13.7%*
Financial income	6,191	*3.3%*	4,135	*1.9%*
Financial expense	(6,892)	*(3.7%)*	(14,857)	*(6.7%)*
Net financial expense	**(701)**	*(0.4%)*	**(10,722)**	*(4.8%)*
Profit before taxation	**11,670**	*6.2%*	**19,593**	*8.9%*
Income taxes	(1,811)	*(1.0%)*	(5,960)	*(2.7%)*
Profit for the period	**9,858**	*5.3%*	**13,633**	*6.2%*
Attributable to:				
- the owners of the parent	8,459	*4.5%*	9,935	*4.5%*
- non-controlling interests	1,399	*0.7%*	3,698	*1.7%*
Adjusted gross operating profit (Adjusted EBITDA)	**34,374**	*18.3%*	**44,336**	*20.0%*

Note:

For information on the calculation of the adjusted gross operating profit reference should be made to page 36.

NET REVENUE

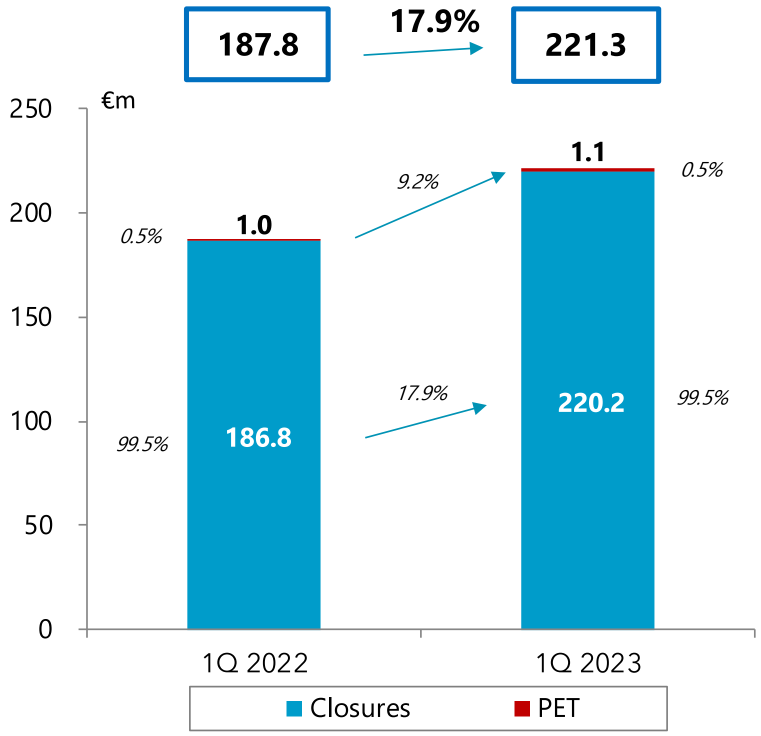
The following chart illustrates the first quarter 2023 trend in revenue compared to 2022.



In the first quarter 2023, consolidated net revenue was €221.3 million, up €33.5 million (+17.9%) on the first quarter 2022 mainly thanks to higher selling price. Organic growth of €27.2 million (+14.5%) (without considering 3 months revenues coming from Labrenta acquisition of €6.2 million) is due to the increase in all product lines in almost all regions.

NET REVENUE BY DIVISION

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



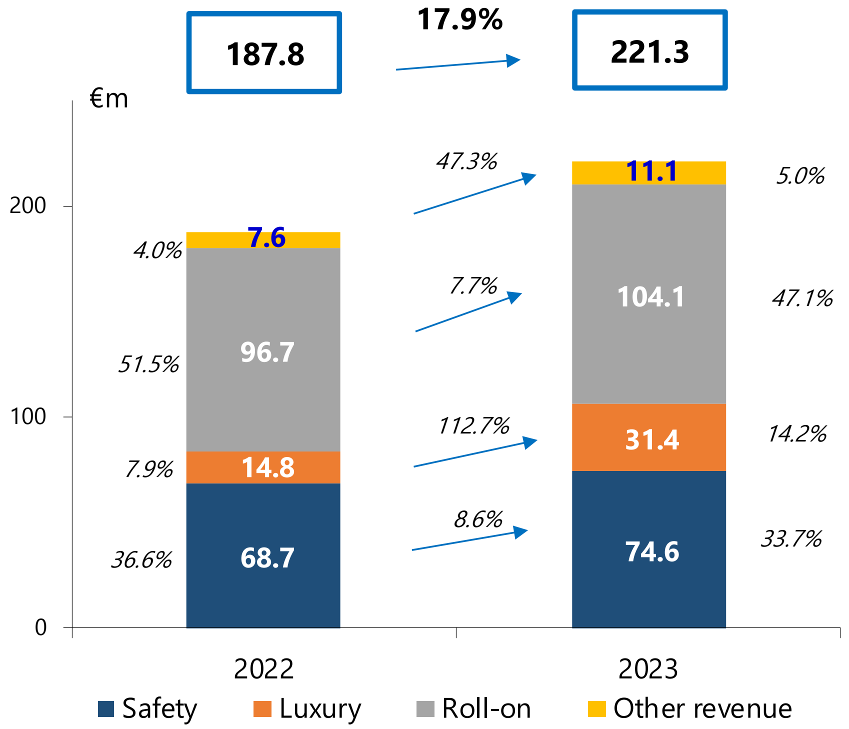
The group's core business, the "Closures" division, accounts for over 99% of net revenue. It is specialised in the production of safety, customised luxury and roll-on closures.

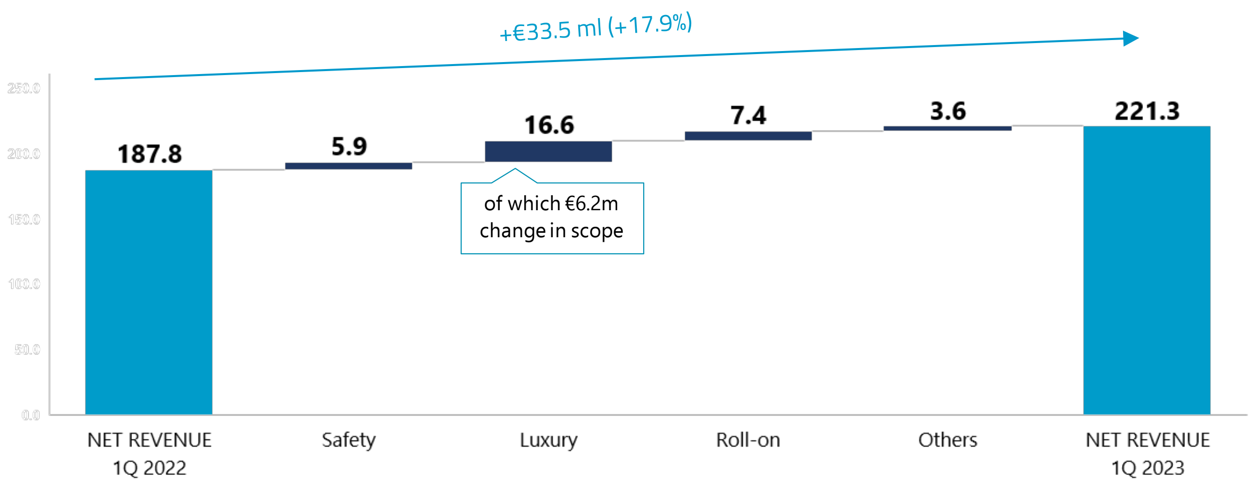
The net revenue of the Closures division increased by €33.4 million (+17.9%) in the first quarter 2023 from €186.8 million in the first quarter 2022 to €220.2 million in the first quarter 2023, of which €6.2 million was due to the acquisition of Labrenta business.

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

NET REVENUE BY PRODUCT

The following graphs give a breakdown of and changes in net revenue by product versus the first quarter 2022:





Net revenue increased in all the product segments.

Revenue from **safety** closures increased by €5.9 million from €68.7 million in the first quarter 2022 (36.6% of net revenue) to €74.6 million in the first quarter 2023 (33.7%). The growth is entirely organic and it is mainly driven by the increase in Italy, Ukraine and Mexico.

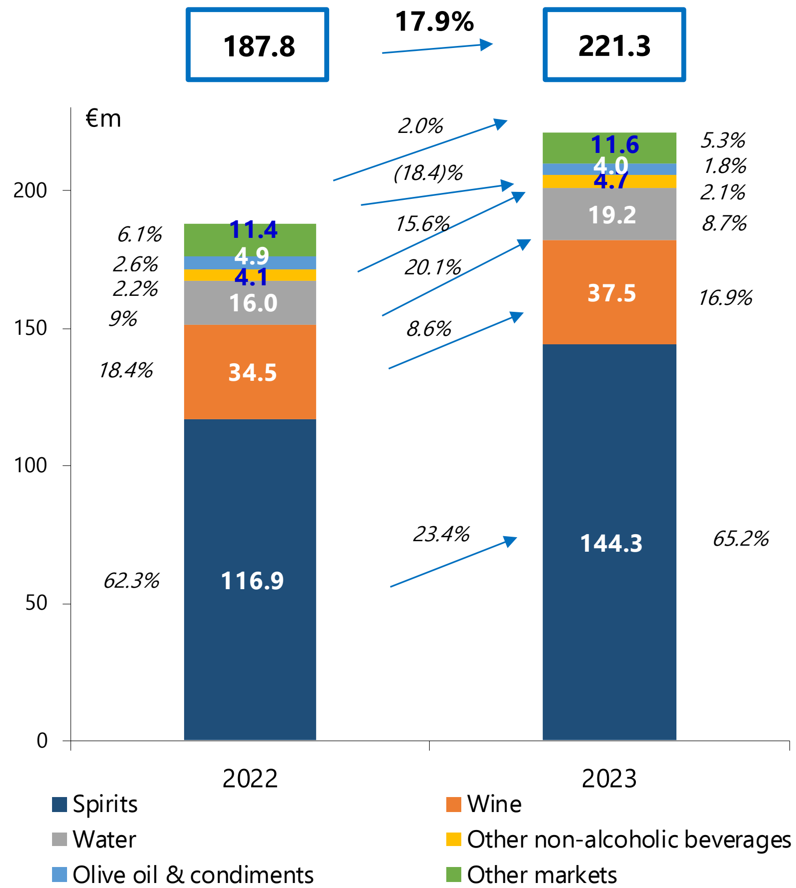
Revenue from **luxury** closures increased by €16.6 million from €14.8 million in the first quarter 2022 (7.9% of net revenue) to €31.4 million in the first quarter 2023 (14.2%), due to the increase in both volumes and average price, mainly related to the development of the luxury business in the Americas and Europe and to the change in perimeter of €6.2 million related to the acquisition of Labrenta business.

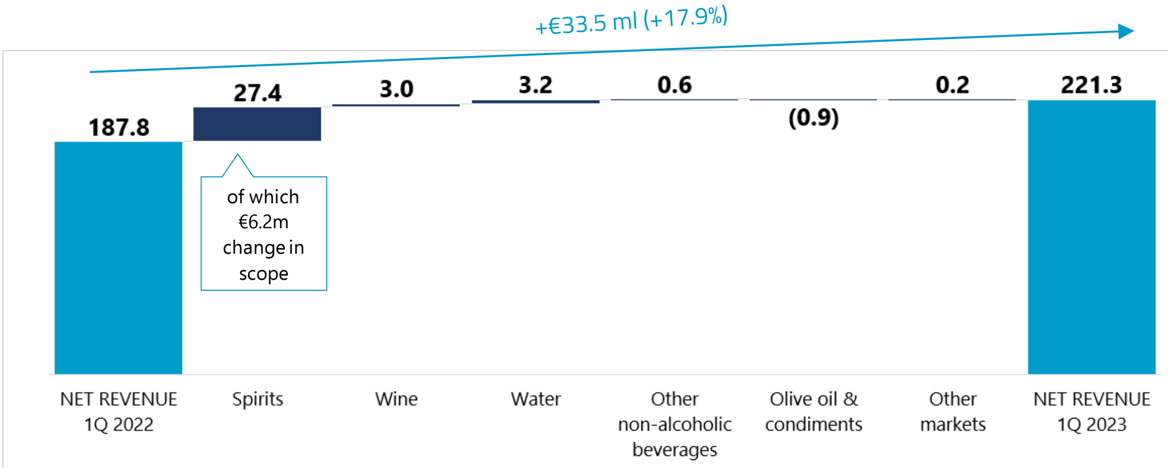
Revenue from **roll-on** closures increased by €7.4 million from €96.7 million in the first quarter 2022 (51.5% of net revenue) to €104.1 million in the first quarter 2023 (47.1%) thanks to the increase in water, wine and spirits markets.

Other revenue increased by €3.6 million from €7.6 million in the first quarter 2022 (4.0% of net revenue) to €11.1 million in the first quarter 2023 (5.0%). 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 net revenue increase in first quarter 2023 was mainly due to the spirits market which is the Group main destination market.

Net revenue in the **spirits market** increased by €27.4 million from €116.9 million in the first quarter 2022 (62.3% of net revenue) to €144.3 million in the first quarter 2023 (65.2%). The increase was realised thanks to the increase in all the regions in which the Group operates and to the contribution coming from the acquisition of the Labrenta business.

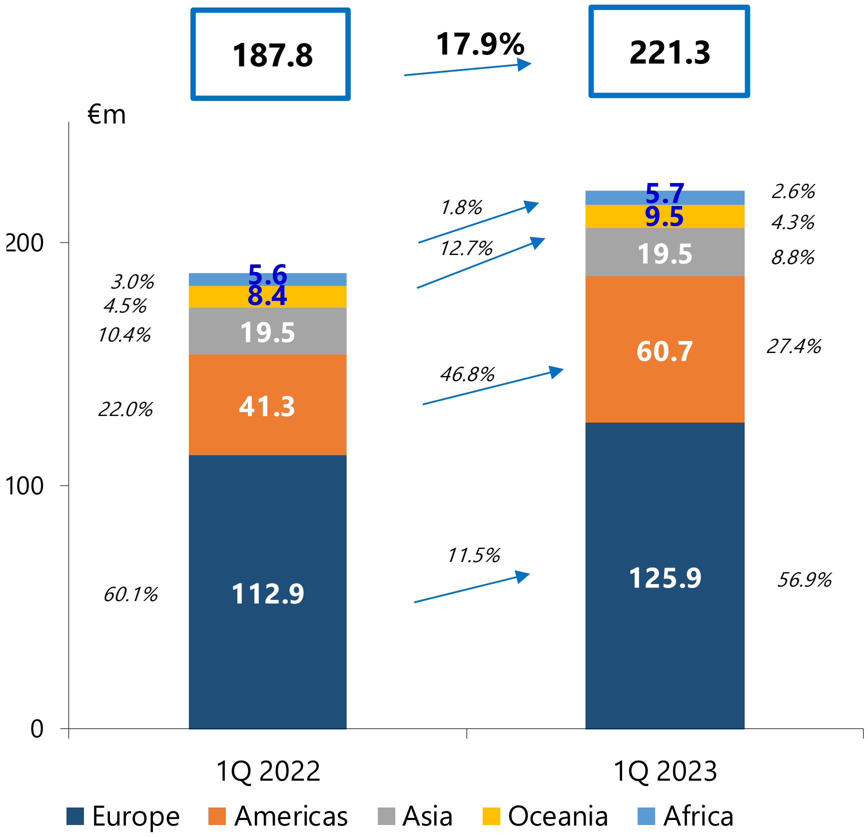
The **wine market** is the group's second largest destination market and generated 16.9% of net revenue in 2023. Revenue from the sale of wine closures rose €3.0 million from €34.5 million in the first quarter 2022 (18.4% of net revenue) to €37.5 million in the first quarter 2023 (16.9%). The growth was mainly achieved in Europe and in the Americas.

The **water market** recovered from the contraction of commercial activities caused by the Covid-19 pandemic and shows growth of 20.1% rising from €16.0 million in the first quarter 2022 (8.5% of net revenues) to €19.2 million in the first quarter 2023 (8.7%).

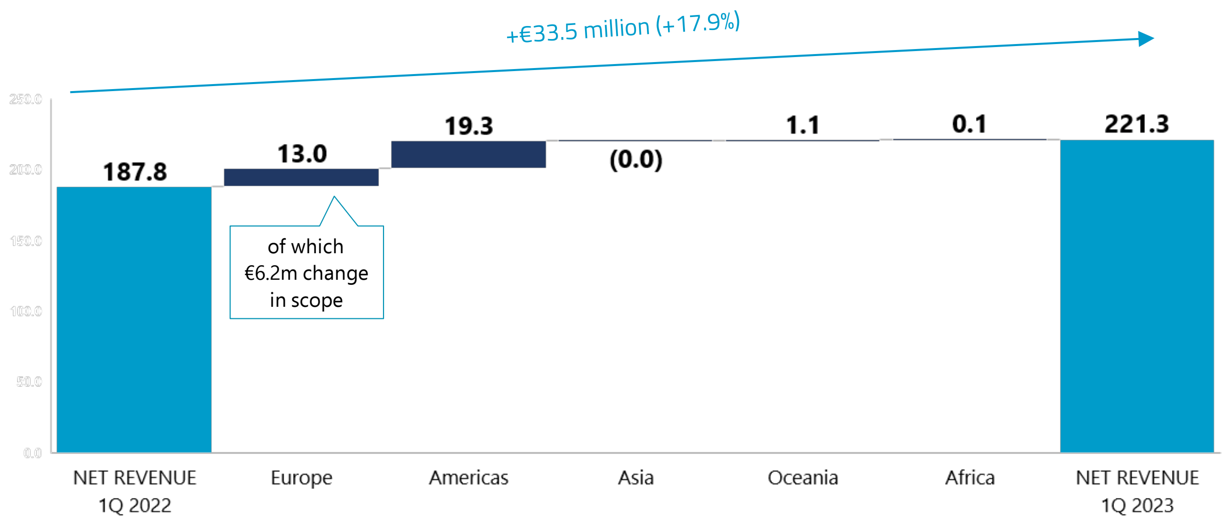
The **other non-alcoholic beverages market** increased by 15.6% compared to 2022 due to some customers growth in specialty beverages.

NET REVENUE BY GEOGRAPHICAL SEGMENT

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



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



The sales growth in the first quarter 2023 was mainly driven by growth in Americas, Europe and Oceania regions.

Net revenue from operations in **Europe** increased by €13.0 million from €112.9 million in the first quarter 2022 (60.1% of net revenue) to €125.9 million in the first quarter 2023 (56.9%).
This increase is due to the good performance of the UK, Italy, Poland, Spain and Germany thanks to the increase in spirits, water and wine markets together with the contribution from the acquisition of the Labrenta business (€6.2 million).

Net revenue from operations in the **Americas** increased by €19.3 million from €41.3 million in the first quarter 2022 to €60.7 million in the first quarter 2023 (22.0% and 27.4% of net revenue, respectively) mainly due to the increase in the spirits (both safety and luxury) and wine segments.

Net revenue from operations in **Asia** remained stable to €19.5 million, both in the first quarter 2022 and in the first quarter 2023.

Net revenue from operations in **Oceania** increased by €1.1 million from €8.4 million in the first quarter 2022, or 4.5% of net revenue, to €9.5 million in the first quarter 2023, or 4.3% mainly due to the increase in the wine market.

Net revenue from operations in **Africa** increased by €0.1 million from €5.6 million in the first 2022 (3.0% of net revenue) to €5.7 million in the first quarter 2023 (2.6%) driven by the increase in East Africa's spirits market.

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

OTHER OPERATING INCOME

Other operating income is mainly composed by government grants received at the beginning of the year and other recoveries; the amount (€0.8 million in the first quarter 2023) is in line with first quarter 2022 (€0.8 million).

INTERNAL WORK CAPITALISED

This caption increased by €1.1 million from €0.8 million in the first quarter 2022 (0.4% of net revenue) to €1.9 million in the first quarter 2023 (0.9%). 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 in absolute value by €11.6 million from €92.2 million in the first quarter 2022 to €103.8 million in the first quarter 2023, but decreased in percentage of net revenue from 49.1% in the first quarter 2022 to 46.9% in 2023. The impact of the consolidation of the Labrenta business was €1.9 million.

COSTS FOR SERVICES

Costs for services increased by €3.8 million from €37.7 million in the first quarter 2022 (20.1% of net revenue) to €41.5 million in the first quarter 2023 (18.8%). Compared to 2022, the increase is mainly due to utilities and freight costs. The impact of the consolidation of the Labrenta business was €1.2 million.

PERSONNEL EXPENSE

Personnel expense increased by €4.6 million from €35.6 million in the first quarter 2022 to €40.2 million in the first quarter 2023, due to increased activities in 2023 compared to last year, while it decreased as a percentage of net revenue from 18.9% in the first quarter 2022 to 18.2% in the first quarter 2023. The impact of the consolidation of the Labrenta business was €1.9 million.

OTHER OPERATING EXPENSE

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

(€'000)	First quarter		
	2022	**2023**	**diff.**
Accruals to provisions	1,151	184	(968)
Taxes and duties	497	674	177
Use of third-party assets	490	573	83
Impairment losses on trade receivables and contract assets	324	64	(260)
Other charges	856	896	39
Total	**3,318**	**2,390**	**(928)**

Other operating expense decreased by €0.9 million from €3.3 million in the first quarter 2022 (1.8% of net revenue) to €2.4 million in the first quarter 2023 (1.1%), mainly due to lower accruals to provisions and lower impairment losses on trade receivables.

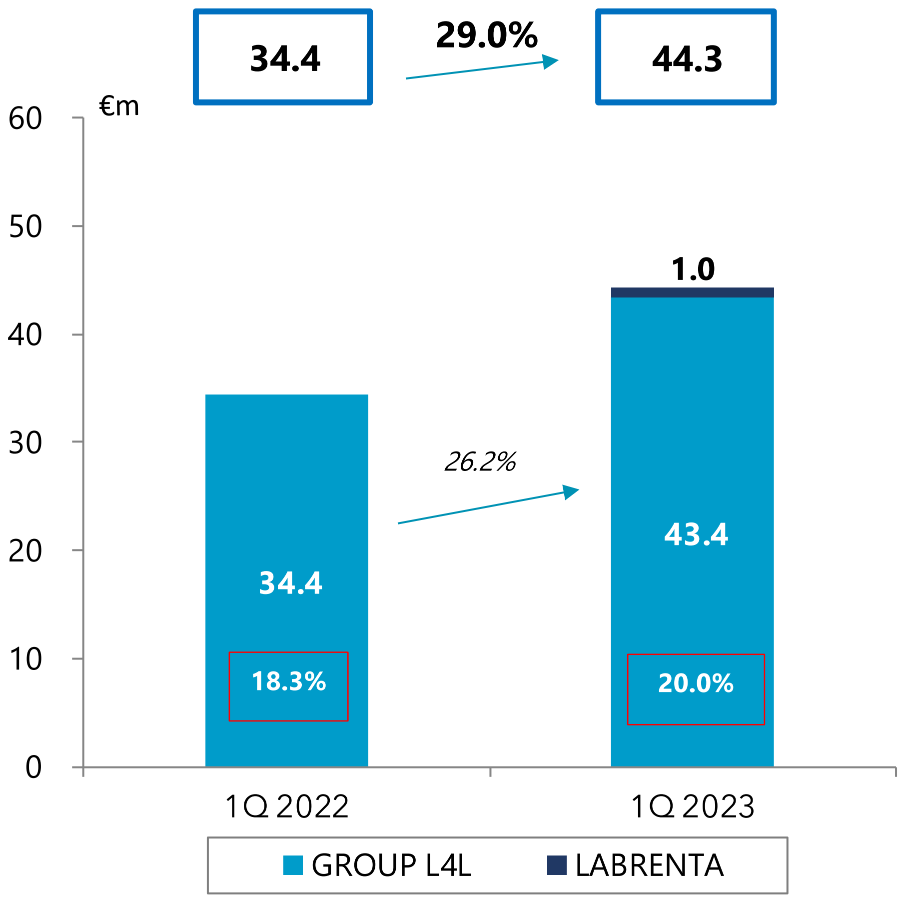
IMPAIRMENT LOSSES

Impairment losses decreased by €5.4 million from €5.4 million in the first quarter 2022 (2.9% of net revenue) to €0 million in the first quarter 2023 (0%). Impairment losses in the first quarter 2022 mainly relate to the customer relationship of Guala Closures Technologia Ukraine LLC which have been impaired by around €5 million due to the loss of the business in Russia.

ADJUSTED GROSS OPERATING PROFIT

In the first quarter 2023, the reported adjusted gross operating profit (adjusted EBITDA) is €44.3 million, up €9.9 million (+29.0%) on the first quarter 2022 (€34.4 million).
Organic growth of €8.9 million (+26.2%) was mainly due to higher average selling price combined with overheads control. Labrenta contributed for €1.0 million in the first quarter 2023.

The adjusted gross operating profit margin increased from 18.3% of net revenue in the first quarter 2022 to 20.0% of net revenue in the first quarter 2023.



AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased by €0.6 million from €13.5 million in the first quarter 2022 (7.2% of net revenue) to €12.9 million (5.8%).

1Q 2023 amortization and depreciation include €4.7 million related to the step-up of the assets value due to PPA procedure accounted in the past years.

OPERATING PROFIT

In the first quarter 2023, the reported operating profit (EBIT) is €30.3 million, up €17.9 million (+145.0%) on the first quarter 2022 (€12.4 million). Adjusted operating profit in the first quarter 2023 would be €31.4 million compared to €20.9 million in the first quarter 2022.

Excluding amortization and depreciation related to the step-up of the assets value due to the PPA procedure accounted in the past years, adjusted operating profit would be €35.8 million in 1Q 2023 compared to €25.6 million in 1Q 2022).

FINANCIAL INCOME AND EXPENSE

The following table breaks down financial income and expense by nature in the first quarter 2022 and 2023:

	First quarter		
(€'000)	**2022**	**2023**	**diff.**
Net interest expense	(4,801)	(4,707)	94
Net exchange gains/(losses)	3,296	(4,284)	(7,580)
Net fair value gains/(losses) on financial liabilities to non-controlling investors	638	(1,140)	(1,778)
Other net financial income/(expense)	165	(590)	(756)
Net financial expense	**(701)**	**(10,722)**	**(10,020)**

Net financial expense increased by €10.0 million from €0.7 million in the first 2022 to €10.7 million in the first quarter 2023.
Such increase is mainly due to the €7.6 negative impact on exchange rates (a gain of €3.3 million in the first quarter 2022 versus a loss of €4.3 million in the first quarter 2023), the €1.8 million negative effects of the change in fair value of financial liabilities to non-controlling investors (positive impact of €0.6 million in the first quarter 2022 versus a negative impact of €1.1 million in the first quarter 2023) and the €0.8 million negative effects of the other net financial income/(expense).

INCOME TAXES

The following table compares the income taxes in the first quarter 2022 and 2023:

(€'000)	First quarter		
	2022	**2023**	**diff.**
Current taxes	(5,887)	(7,857)	(1,970)
Deferred taxes	4,076	1,897	(2,178)
Total income taxes	**(1,811)**	**(5,960)**	**(4,148)**

Income taxes increased by €4.1 million from €1.8 million in the first quarter 2022 (1.0% of net revenue) to €6.0 million in the first quarter 2023 (2.7%), mainly due to lower deferred taxes income and higher current income taxes following the higher net income of the period.

PROFIT FOR THE PERIOD

The profit for the first quarter 2023 amounts to €13.6 million, up €3.7 million on the profit of €9.9 million for the previous year.
The increase in the first quarter 2023 is mainly due to the increase in the gross operating profit (EBITDA) (€17.4 million) and to the reduction in amortisation and depreciation (€0.6 million), partially compensated by the increase in net financial expense (€10.0 million) and higher taxes (€4.1 million).

Reclassified statement of financial position

The following table shows the reclassified financial position of the Guala Closures Group as at March 31, 2023 with comparative figures as at December 31, 2022:

(€'000)	**December, 31 2022**	**March 31, 2023**
Intangible assets	850,451	848,066
Property, plant and equipment	220,968	229,733
Right-of-use assets	20,607	19,861
Net working capital	181,264	178,594
Net derivative assets/(liabilities)	(976)	(1,230)
Employee benefits	(8,055)	(8,386)
Other net liabilities	(76,309)	(84,980)
Net invested capital	**1,187,950**	**1,181,658**
Financed by:		
Net financial liabilities	512,041	517,436
Financial liabilities - Lease	21,226	21,251
Financial liabilities - non-controlling investors	35,260	36,400
Cash and cash equivalents	(79,478)	(103,470)
Net financial indebtedness	**489,049**	**471,617**
Equity	698,901	710,041
Sources of financing	**1,187,950**	**1,181,658**

INTANGIBLE ASSETS

Intangible assets decreased by €2.4 million mainly due to the amortisation of the period (€3.2 million), partially offset by the net increase of the period (€0.7 million).

PROPERTY, PLANT AND EQUIPMENT

The €8.8 million increase in property, plant and equipment compared to December 31, 2022 is mainly due to the investments of the period (€15.9 million), partially offset by the depreciation of the period (€7.8 million), and the positive translation impact (€0.7 million).

Capital expenditure in the first quarter 2023, totalling €15.9 million, refers to investments made to increase production capacity, develop new products, perform plant maintenance and EHS (Environment, Health and Safety) investments. Capex mainly refers to equipment across all five continents where the group operates, with a specific focus on the group's facilities in Italy, UK, Mexico and China.

RIGHT-OF-USE ASSETS

At March 31, 2023, right-of-use assets amount to €19.9 million and mainly relate to the leases of the facilities where the group operates. The main increases in right-of-use assets relate to GC Ukraine and specifically to the new contracts for rental of a satellite plant located in the city of Ternopil, near to the Polish border, where the company moved a small part of its production lines.

NET WORKING CAPITAL

The table below provides a breakdown of net working capital:

(€'000)	**March 31, 2022**	**December 31, 2022**	**March 31, 2023**
Inventories	138,871	157,192	166,814
Trade receivables	134,588	139,583	136,783
Trade payables	(108,484)	(115,511)	(125,004)
Net working capital (*)	**164,975**	**181,264**	**178,594**

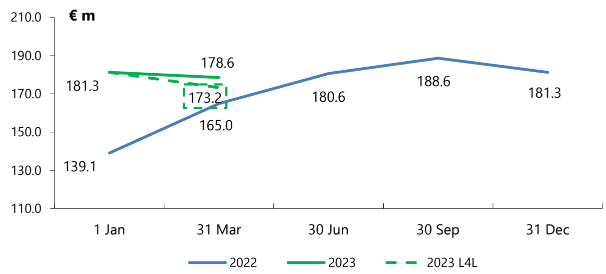
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable year as those amounts have been adjusted to reflect changes in exchange rates on the opening balances.
The above net working capital includes certain reclassifications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

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

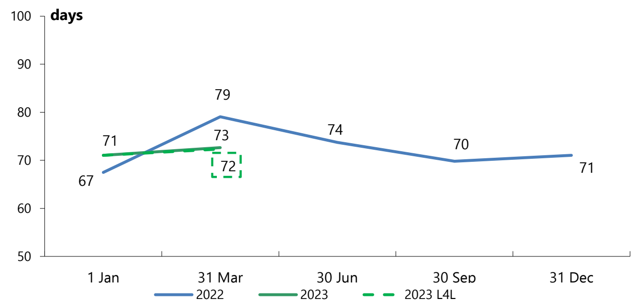
Days	**March 31, 2022**	**December 31, 2022**	**March 31, 2023**
Inventories	67	62	68
Trade receivables	65	55	56
Trade payables	(52)	(45)	(51)
Net working capital days	**79**	**71**	**73**

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

VALUE



DAYS



Net working capital at March 31, 2023 amounted to €178.6 million, with a decrease of €2.7 million compared to December 31, 2022. Compared to March 31, 2022 it increased by €13.6 million due to Labrenta acquisition (€5.4 million) and increased business activity.
Net working capital days at the end of March 2023 (73 days reported, 72 days L4L) are 7 days lower than at the end of March 2022 at constant perimeter.

The impact of without-recourse factoring at March 31, 2023 amounts to €50.1 million, compared to €42.5 million at December 31, 2022 and €33.4 million at March 31, 2022. The increase is due to an overall increase in turnover with customers whose receivables are usually factored.
Total net working capital days excluding factoring would have decreased from 95 days at the end of March 2022 to 93 days at the end of March 2023.

OTHER NET LIABILITIES

Other net liabilities amounted to €85.0 million at March 31, 2023, compared to €76.3 million at December 31, 2022.
The increase is related to the increase in liabilities to employees and social security (€22.3 million in the first quarter 2023 versus €20.8 million in the first quarter 2022), the increase in liabilities for dividends (€4.2 million in the first quarter 2023 versus €0 million in the first quarter 2022), the increase in liabilities for investments (€6.9 million in the first quarter 2023 versus €4.9 million in the first quarter 2022) and the increase in other net liabilities (€8.6 million in the first quarter 2023 versus €5.5 million in the first quarter 2022), partially compensated by the decrease in net deferred tax liabilities (€34.9 million at March 31, 2023 versus €36.9 million at March 31, 2022)

(€'000)	**December 31, 2022**	**March 31, 2023**
Deferred tax assets	51,929	53,786
Deferred tax liabilities	(88,838)	(88,654)
Net DTA/(DTL)	**(36,909)**	**(34,868)**
Payables to employees and social security	(20,812)	(22,292)
Provisions	(8,149)	(8,053)
Liabilities for dividends	-	(4,195)
Liabilities for investments	(4,934)	(6,949)
Other net liabilities	(5,504)	(8,624)
Total net other liabilities	**(76,309)**	**(84,980)**

EQUITY

The table below shows a breakdown of equity:

(€'000)	**December 31, 2022**	**March 31, 2023**
Equity attributable to the owners of the parent	652,445	664,323
Equity attributable to non-controlling interests	46,457	45,717
Equity	**698,901**	**710,041**

The increase in equity is mainly due to the profit for the period. 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, 2022**	**March 31, 2023**
Net financial liabilities - third parties	512,041	517,436
Financial liabilities - IFRS 16 effects	21,226	21,251
Financial liabilities - non-controlling investors	35,260	36,400
Cash and cash equivalents	(79,478)	(103,470)
Net financial indebtedness	**489,049**	**471,617**

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.

In the first quarter 2023, net financial indebtedness decreased by €17.4 million mainly as the result of cash flows generated by operating activities (€40.7 million), partially offset by the cash flows used in investing activities (€14.5 million) and in financing activities (€8.8 million). This change is an improvement of €24.8 million compared to the change in net financial indebtedness in the first quarter 2022.

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

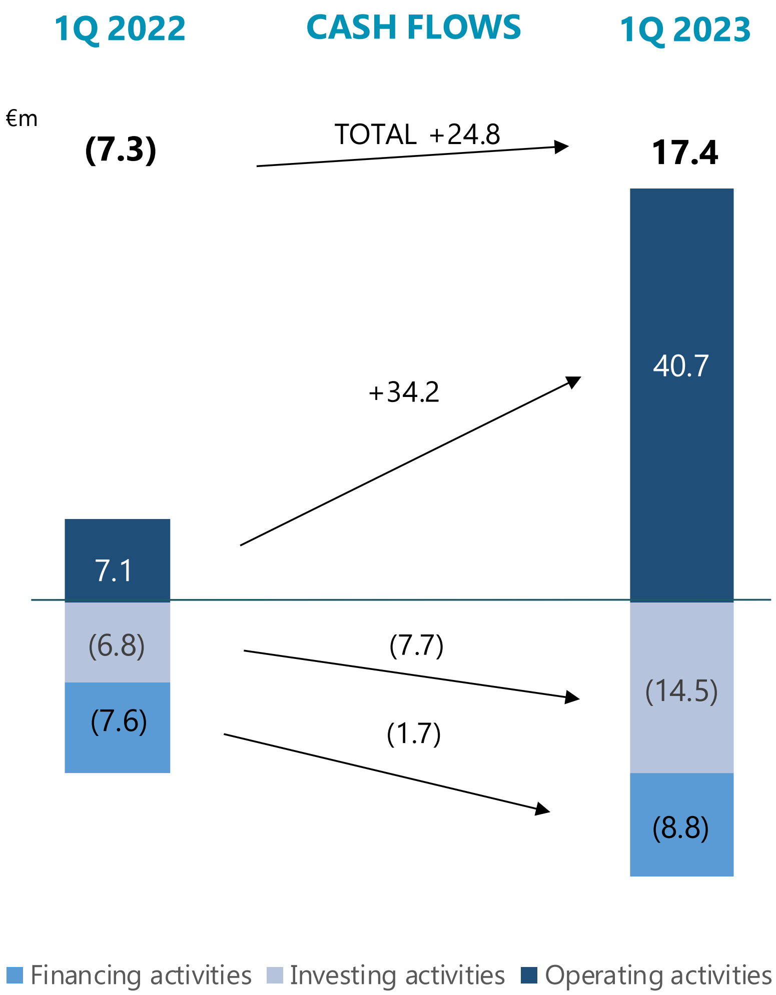
RECLASSIFIED STATEMENT OF CHANGES IN NET FINANCIAL INDEBTEDNESS

The reclassified statement of changes in net financial indebtedness for the first quarter 2023, compared with the first quarter 2022, is given below.

(€'000)	**1Q 2022**	**1Q 2023**
A) Opening net financial indebtedness	**(462,024)**	**(489,049)**
Gross operating profit	25,836	43,220
Net gains on sale of non-current assets	(60)	(87)
Change in net working capital	(23,151)	3,048
Other operating items	11,661	942
Derivatives	-	(356)
Taxes	(7,226)	(6,102)
B) Net cash flows from operating activities	**7,060**	**40,665**
Capex	(6,765)	(14,478)
C) Cash flows used in investing activities	**(6,765)**	**(14,478)**
Increases in right-of-use assets	(1,688)	(1,686)
Transaction costs not yet paid/(paid) on Bond issued in 2021	(298)	-
Net interest expense	(4,635)	(5,297)
Dividends paid	(191)	(0)
Change in financial liabilities for put options	638	(1,140)
Other financial items	703	292
Effect of exchange fluctuation	(2,165)	(923)
D) Change in net financial indebtedness due to financing activities	**(7,637)**	**(8,755)**
E) Total change in net financial indebtedness (B+C+D)	**(7,343)**	**17,432**
F) Closing net financial indebtedness (A+E)	**(469,367)**	**(471,617)**

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 quarter 2023, compared to the first quarter 2022:



Net cash flows from operating activities

Net cash flows from operating activities totalled €40.7 million, up €34.2 million on the first quarter 2022 (€7.1 million) due to the increase in the gross operating profit (EBITDA) (€17.4 million), the improvement of the change in net working capital (+€26.2 million compared to first quarter 2022) and lower cash out for taxes (€1.1 million), partially offset by the decrease in other operating items (€10.7 million).
In the first quarter 2022, other operating items mainly included €5 million attributable to the impairment of the business relationship 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 €14.5 million, up €7.7 million on the first quarter 2022 (€6.8 million).

Change in net financial indebtedness due to financing activities

The change in net financial indebtedness due to financing activities in the first quarter 2023 amounted to €8.8 million, up €1.1 million on the first quarter 2022 (€7.6 million).

Such increase refers to the following main negative effects:

- change in fair value on non-controlling investors' put options (€1.7 million)
- higher net interest expenses (€0.7 million);

partially offset by positive effect of exchange rate fluctuation (€1.2 million);

Current trading and outlook

1Q results were strong and positive, benefitting from all the activities put in place in 2022 and the strategic guidelines being deployed in 2023.
Notwithstanding the challenging market conditions, we have put in place all the identified and necessary actions to secure our future performance:

- identification of new clients to hit;
- identification of areas where there is room for expansion / further penetration;
- new commercial activities to be launched in 2Q;
- strategic plan for white areas and expansion within the Spirits market to be deployed by the recently-hired Spirits product manager;
- continuous implementation of cost reduction policies;
- focus on NWC targets and trends in order to improve cash generation.

Despite the challenging environmental in 1H 2023, the Group expects that market conditions in 2H will return in line with the recent past.

Alternative performance indicators - Guala Closures Group

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

Gross operating profit (EBITDA) is calculated by adjusting the profit (loss) for the 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 reorganisation costs, change in inventory valuation policy, non-recurring grants, expenses on mergers and acquisitions activities (M&A), losses due to war, impairment losses and losses on equity investments.

Operating profit is calculated by adjusting the profit (loss) for the 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 reorganisation costs, non-recurring grants, expenses on mergers and acquisitions activities (M&A), losses due to war, impairment losses and losses on equity investments.

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

The **Group L4L** means the Group like-for-like, i.e. figures at a 2022 constant perimeter.

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

Adjusted gross operating profit

(€'000)	First quarter 2022	2023
Profit for the period	9,858	13,633
Income taxes	1,811	5,960
Profit before tax	**11,670**	**19,593**
Net financial expense	701	10,722
Amortisation and depreciation	13,465	12,906
Gross operating profit (EBITDA)	**25,836**	**43,220**
Adjustments:		
Reorganisation costs	857	-
Merger and acquisition expenses	1,000	1,116
Change in equity-accounted investments	19	-
Losses due to war	1,273	-
Impairment losses	5,390	-
Adjusted gross operating profit (Adjusted EBITDA)	**34,374**	**44,336**

Adjusted operating profit

(€'000)	First quarter 2022	2023
Profit for the period	9,858	13,633
Income taxes	1,811	5,960
Profit before tax	**11,670**	**19,593**
Net financial expense	701	10,722
Operating profit (EBIT)	**12,371**	**30,315**
Adjustments:		
Reorganisation costs	857	-
Merger and acquisition expenses	1,000	1,116
Change in equity-accounted investments	19	-
Losses due to war	1,273	-
Impairment losses	5,390	-
Adjusted operating profit (Adjusted EBIT)	**20,909**	**31,431**

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	1Q 2022	1Q 2023	Classification in the notes to the condensed interim consolidated financial statements (notes 13-14)
Net exchange losses	4,582	3,059	Exchange gains
Net exchange losses	(1,285)	(7,343)	Exchange losses
Net fair value gains/(losses) on financial liabilities to non-controlling investors	638	-	Financial income on financial liabilities to non-controlling investors
Net fair value gains/(losses) on financial liabilities to non-controlling investors	-	(1,140)	Financial expense on financial liabilities to non-controlling investors
Net interest expense	66	288	Interest income
Net other financial expense	906	789	Other financial income
Net interest expense	(4,867)	(4,995)	Interest expense
Other net financial expense	(740)	(1,379)	Other financial expense
Total net financial expense	**(701)**	**(10,722)**	

Annex B)

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

Classification in the reclassified statement of financial position	December 31, 2022	March 31, 2023	Classification in the condensed interim consolidated financial statements
Net working capital	139,583	136,783	Trade receivables
Net working capital	157,192	166,814	Inventories
Net working capital	(115,511)	(125,004)	Trade payables
Total net working capital	**181,264**	**178,594**	
Net derivative liabilities	(976)	(1,230)	Derivative liabilities
Net derivative assets/(liabilities)	**(976)**	**(1,230)**	
Other net liabilities	11,031	10,776	Current direct tax assets
Other net liabilities	11,120	10,254	Current indirect tax assets
Other net liabilities	10,174	9,272	Other current assets
Other net liabilities	61	68	Contract costs
Other net liabilities	51,929	53,786	Deferred tax assets
Other net liabilities	6,799	6,117	Other non-current assets
Other net liabilities	(15,825)	(16,528)	Current direct tax liabilities
Other net liabilities	(11,878)	(11,189)	Current indirect tax liabilities
Other net liabilities	(6,070)	(5,963)	Current provisions
Other net liabilities	(1,620)	(799)	Contract liabilities
Other net liabilities	(41,091)	(49,994)	Other current liabilities
Other net liabilities	(88,838)	(88,654)	Deferred tax liabilities
Other net liabilities	(2,079)	(2,089)	Non-current provisions
Other net liabilities	(21)	(39)	Other non-current liabilities
Total net other liabilities	**(76,309)**	**(84,981)**	
Net financial liabilities	(551)	(581)	Current financial assets
Net financial liabilities	(2,193)	(2,203)	Non-current financial assets
Net financial liabilities	4,946	9,823	Current financial liabilities
Financial liabilities - Lease	4,688	4,802	Current financial liabilities
Net financial liabilities	509,839	510,398	Non-current financial liabilities
Non controlling investors' put option	35,260	36,400	Non-current financial liabilities
Financial liabilities - Lease	16,538	16,450	Non-current financial liabilities
Cash and cash equivalents	(79,478)	(103,470)	Cash and cash equivalents
Total net financial indebtedness	**489,049**	**471,617**	

Annex C)

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

(€'000)

	March 31, 2022	March 31, 2023
Total change in net financial indebtedness	**(7,343)**	**17,432**
Increase in right-of-use assets	1,688	1,686
Proceeds from new borrowings and bonds	180	1,353
Repayment of borrowings and bonds	(2,904)	(749)
Repayment of finance leases	(1,121)	(1,661)
Translation effect on foreign currency assets and liabilities	115	69
Net fair value gains on non-controlling investors' put options	(638)	1,140
Change in liabilities for financial expense	4,912	4,763
Payment of transaction costs on bond issued in 2021	(298)	-
Change in financial assets	(27)	(40)
Total change in financial assets and liabilities	**1,908**	**6,561**
Total change in cash and cash equivalents	**(5,434)**	**23,992**

Condensed interim consolidated financial statements at March 31, 2023

Statement of profit or loss

Profit or loss

For the three months ended March 31 (€'000)	2022	2023	Note
Net revenue	**187,760**	**221,292**	6
Change in finished goods and semi-finished products	10,587	7,168	
Other operating income	765	766	7
Internal work capitalised	843	1,895	8
Costs for raw materials	(92,166)	(103,814)	9
Costs for services	(37,670)	(41,495)	10
Personnel expense	(35,575)	(40,202)	11
Other operating expense	(2,976)	(2,326)	12
Impairment losses on trade receivables and contract assets	(324)	(64)	
Impairment losses	(5,390)	(0)	
Amortisation and depreciation	(13,465)	(12,906)	19-20-21
Financial income	6,191	4,135	13
Financial expense	(6,892)	(14,857)	14
Share of loss of equity-accounted investees, net of the tax effect	(19)	-	
Profit before taxation	**11,670**	**19,593**	
Income taxes	(1,811)	(5,960)	15
Profit for the period	**9,858**	**13,633**	
Attributable to:			
- the owners of the parent	8,459	9,935	
- non-controlling interests	1,399	3,698	

Statement of profit or loss and other comprehensive income

For the three months ended March 31 (€'000)	2022	2023
Profit for the period	**9,858**	**13,633**
Other comprehensive income (expense):		
Actuarial gains on defined benefit plans	(0)	-
Taxes on items that will not be reclassified to profit or loss	-	-
Items that will not be reclassified to profit or loss:	*(0)*	-
Foreign currency translation differences for foreign operations	3,549	2,137
Hedging reserve	3,387	2,778
Hedging reserve for cash flow hedges reclassified to profit or loss	(126)	(3,387)
Tax on items that will or may be reclassified subsequently to profit or loss	(964)	180
Items that will or may be reclassified subsequently to profit or loss:	**5,845**	**1,708**
Other comprehensive income for the period, net of tax	**5,845**	**1,708**
Comprehensive income for the period	**15,704**	**15,341**
Attributable to:		
- the owners of the parent	15,147	11,879
- non-controlling interests	557	3,463

The notes on pages 49 to 82 are an integral part of these condensed interim consolidated financial statements.

Statement of financial position – ASSETS

(€'000)	December 31, 2022	March 31, 2023	Note
ASSETS			
Current assets			
Cash and cash equivalents	79,478	103,470	16
Current financial assets	551	581	
Trade receivables	139,583	136,783	17
Inventories	157,192	166,814	18
Current direct tax assets	11,031	10,776	
Current indirect tax assets	11,120	10,254	
Other current assets	10,174	9,272	
Total current assets	**409,130**	**437,952**	
Non-current assets			
Non-current financial assets	2,193	2,203	
Property, plant and equipment	220,968	229,733	19
Right-of-use assets	20,607	19,861	20
Intangible assets	850,451	848,066	21
Contract costs	61	68	
Deferred tax assets	51,929	53,786	
Other non-current assets	6,799	6,117	
Total non-current assets	**1,153,007**	**1,159,835**	
TOTAL ASSETS	**1,562,137**	**1,597,787**	

The notes on pages 49 to 82 are an integral part of these condensed interim consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	December 31, 2022	March 31, 2023	Note
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	9,634	14,624	22
Trade payables	115,511	125,004	23
Contract liabilities	1,620	799	
Current direct tax liabilities	15,825	16,528	
Current indirect tax liabilities	11,878	11,189	
Current provisions	6,070	5,963	24
Derivative liabilities	976	1,230	
Other current liabilities	41,091	49,994	25
Total current liabilities	**202,605**	**225,331**	
Non-current liabilities			
Non-current financial liabilities	561,638	563,247	22
Employee benefits	8,055	8,386	
Deferred tax liabilities	88,838	88,654	
Non-current provisions	2,079	2,089	24
Other non-current liabilities	21	39	
Total non-current liabilities	**660,631**	**662,415**	
Total liabilities	**863,236**	**887,747**	
Share capital and reserves attributable to non-controlling interests	33,252	42,019	
Profit for the period attributable to non-controlling interests	13,204	3,698	
Equity attributable to non-controlling interests	**46,457**	**45,717**	**27**
Share capital	68,907	68,907	
Share premium reserve	423,837	423,837	
Legal reserve	2,310	2,310	
Translation reserve	(20,348)	(17,975)	
Hedging reserve	-	(429)	
Retained earnings and other reserves	122,543	177,738	
Profit / (loss) for the period	55,196	9,935	
Equity attributable to the owners of the parent	**652,445**	**664,323**	**26**
Total equity	**698,901**	**710,041**	
TOTAL LIABILITIES AND EQUITY	**1,562,137**	**1,597,787**	

The notes on pages 49 to 82 are an integral part of these condensed interim consolidated financial statements.

Statement of cash flows

(€'000)	first quarter 2022	first quarter 2023	Note
Opening cash and cash equivalents	**80,032**	**79,478**	
A) Cash flows from operating activities			
Profit before taxation	11,670	19,593	
Adjustments:			
Amortisation and depreciation	13,465	12,906	19-20-21
Financial income	(6,191)	(4,135)	
Financial expense	6,892	14,857	
Impairment losses on fixed assets	5,390	0	
Share of loss of equity-accounted investees, net of the tax effect	19	-	
Net gains on sale of non-current assets	(60)	(87)	
Variation:			
Receivables	(13,555)	2,895	17
Payables	7,680	9,698	23
Inventories	(17,276)	(9,545)	18
Other operating items	6,252	942	
Derivates		(356)	
VAT and indirect tax assets/liabilities	(1,167)	836	
Income taxes paid	(6,058)	(6,938)	
Net cash flows from operating activities	**7,060**	**40,665**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(6,843)	(14,751)	19-20-21
Proceeds from sale of property, plant and equipment and intangible assets	78	272	19-20-21
Net cash flows used in investing activities	**(6,765)**	**(14,478)**	
C) Cash flows from financing activities			
Interest received	1,610	329	
Interest paid	(1,625)	(602)	
Transaction costs paid for bonds issued in 2021	(298)	-	
Other financial items	697	31	
Dividends paid	(191)	(0)	
Proceeds from new borrowings and bonds	180	1,353	22
Repayment of borrowings and bonds	(2,904)	(749)	22
Repayment of leases	(1,121)	(1,661)	
Change in financial assets	(27)	(40)	
Net cash flows used in financing activities	**(3,679)**	**(1,340)**	
Net cash flows of the period	**(3,385)**	**24,846**	
Effect of exchange fluctuations on cash held	(2,049)	(854)	
Closing cash and cash equivalents	**74,597**	**103,470**	**16**

The notes on pages 49 to 82 are an integral part of these condensed interim consolidated financial statements.

Statement of changes in equity

(€'000)	**January 1, 2022**	**Allocation of 2021 result**	Profit for the period	Other comprehensive income	**Comprehensive income for the period**	Dividends	Purchase of sponsor warrant	Capital increase	**Total transactions with owners**	**March 31, 2022**
	A)	**B)**			**C)**				**D)**	**A)+B)+C)+D)**
Attributable to the owners of the parent:										
Share capital	68,907				**-**				**-**	**68,907**
Share premium reserve	423,837				**-**				**-**	**423,837**
Legal reserve	1,824	-			**-**				**-**	**1,824**
Translation reserve	(11,764)			4,391	**4,391**				**-**	**(7,373)**
Hedging reserve	48			2,297	**2,297**				**-**	**2,345**
Retained earnings and other reserves	108,826	(782)		0	**0**		-	-	**-**	**108,044**
Profit (loss) for the period	(782)	782	8,459		**8,459**				**-**	**8,459**
Equity	**590,894**	-	**8,459**	**6,688**	**15,147**	**-**	**-**	**-**	**-**	**606,041**
Non-controlling interests:										
Share capital and reserves	33,209	8,776	-	(843)	**(843)**	(3,923)	-	-	**(3,923)**	**37,220**
Profit for the period	8,776	(8,776)	1,399		**1,399**				**-**	**1,399**
Equity	**41,985**	**-**	**1,399**	**(843)**	**557**	**(3,923)**	**-**	**-**	**(3,923)**	**38,619**
Total equity	**632,880**	**-**	**9,858**	**5,845**	**15,704**	**(3,923)**	**-**	**-**	**(3,923)**	**644,660**

(€'000)	**January 1, 2023**	**Allocation of 2022 result**	Profit for the period	Other comprehensive income	**Comprehensive income for the period**	Dividends	Purchase of sponsor warrant	Capital increase	**Total transactions with owners**	**March 31, 2023**
	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	2,310	-			**-**				**-**	**2,310**
Translation reserve	(20,348)			2,373	**2,373**				**-**	**(17,975)**
Hedging reserve	-			(429)	**(429)**				**-**	**(429)**
Retained earnings and other reserves	122,543	55,196		-	**-**		-	-	**-**	**177,738**
Profit for the period	55,196	(55,196)	9,935		**9,935**				**-**	**9,935**
Equity	**652,445**	-	**9,935**	**1,944**	**11,879**	**-**	**-**	**-**	**-**	**664,323**
Non-controlling interests:										
Share capital and reserves	33,252	13,204		(236)	**(236)**	(4,202)			**(4,202)**	**42,019**
Profit for the period	13,204	(13,204)	3,698		**3,698**	-			**-**	**3,698**
Equity	**46,457**	**-**	**3,698**	**(236)**	**3,463**	**(4,202)**	**-**	**-**	**(4,202)**	**45,717**
Total equity	**698,901**	**-**	**13,633**	**1,708**	**15,341**	**(4,202)**	**-**	**-**	**(4,202)**	**710,041**

The notes on pages 49 to 82 are an integral part of these condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements at March 31, 2023

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 (the "group") 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.

Group's activities are separated into two divisions:

- the Closures division, representing 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 March 31, 2023 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, 2022, 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.
3M means the first three months of the year from January 1 to March 31.

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 parent company Guala Closures S.p.A. and, consequently, of 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.

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. Main 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.

List of investments in subsidiaries and associates at March 31, 2023

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

(*) Reference should be made to the chart illustrating the group structure for further details on the indirect investments

(**) 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 different from Euro that is the reporting currency:

	Average exchange rates		Spot exchange rates	
€1 = x foreign currency	**1Q 2022**	**1Q 2023**	**December 31, 2022**	**March 31, 2023**
Pound sterling	0.83643	0.88318	0.8869	0.8792
US dollar	1.12250	1.07300	1.0666	1.0875
Indian rupee	84.41727	88.25347	88.1710	89.3995
Mexican peso	23.00583	20.04527	20.8560	19.6392
Colombian peso	4,397.11000	5,107.51667	5,172.4700	5,048.9700
Brazilian real	5.88200	5.57390	5.6386	5.5158
Chinese renmimbi	7.12650	7.34080	7.3582	7.4763
Argentine peso	123.10200	226.89090	188.5033	226.8909
Polish zloty	4.61770	4.70940	4.6808	4.6700
New Zealand dollar	1.66067	1.70363	1.6798	1.7392
Australian dollar	1.55137	1.56903	1.5693	1.6268
Ukrainian hryvnia	32.29720	39.23820	39.0370	39.7373
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	17.1029	19.0562	18.0986	19.3275
Japanese yen	130.4588	141.9770	140.6600	144.8300
Chilean peso	908.5733	870.4200	913.8200	858.8500
Kenyan shilling	127.7397	135.6189	131.6060	143.8904
Turkish lira	15.6553	20.8632	19.9649	20.8632

(3) Changes to standards

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2023 are set out below.

- Amendments to IAS 12 - 'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 6 May 2021)

  The amendments to IAS 12 /ncome Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

  The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  • right-of-use assets and lease liabilities, and

  • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

  The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

  IAS 12 did not previously address how to account for the tax effects of on- balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

- IFRS 17 - Insurance contracts and Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information

  The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

  An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers.

  There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

  The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

  Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

  Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

  The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Definition of Accounting Estimates – Amendments to IAS 8

  The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

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

In addition, the following list includes the recent changes to the standards or amendments that are required to be applied for an annual period beginning after January 1, 2024 and that are available for early adoption in annual periods beginning on January 1, 2023:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Accounting of Lease liability in sale and leaseback (Amendments to IFRS 16)

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

The following information about operating segments have been determined and reported having reference to the quantitative and qualitative requirements of IFRS 8.

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

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

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

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

(€'000)	**Closures**		**Other operations**		**Total**	
	First quarter of 2022	**First quarter of 2023**	**First quarter of 2022**	**First quarter of 2023**	**First quarter of 2022**	**First quarter of 2023**
Net revenue	186,765	220,206	995	1,086	187,760	221,292
Amortisation and depreciation	(13,405)	(12,906)	(60)	-	(13,465)	(12,906)
Financial income	6,191	4,135	-	-	6,191	4,135
Financial expense	(6,892)	(14,857)	-	-	(6,892)	(14,857)
Share of loss of equity-accounted investees, net of the tax effect	(19)	0	-	-	(19)	0
Profit (loss) before taxation	11,715	19,543	(45)	50	11,670	19,593
Net capex (*)	6,765	14,478	-	-	6,765	14,478

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

(€'000)	Closures		Other operations		Total	
	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023
Trade receivables	139,356	136,565	227	218	139,583	136,783
Inventories	156,621	166,273	572	542	157,192	166,814
Trade payables	(114,629)	(124,459)	(882)	(545)	(115,511)	(125,004)
Property, plant and equipment and Right of use assets	241,575	249,594	-	-	241,575	249,594

Reporting by geographical segment

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

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

(€'000)	First quarter of 2022	First quarter of 2023
United Kingdom	34,342	32,718
Italy	22,773	26,837
Mexico	18,747	33,903
Poland	19,614	20,367
India	18,114	17,530
Spain	10,949	12,895
North America	9,960	11,705
Germany	10,258	10,727
Ukraine	5,751	8,647
Argentina	4,677	5,188
Australia	5,822	6,121
Brasil	3,010	4,979
France	4,772	5,166
South Africa	4,074	3,773
Other countries	14,897	20,738
Net revenue	**187,760**	**221,292**

	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, 2022**	**March 31, 2023**	**December 31, 2022**	**March 31, 2023**
Italy	581,441	585,073	37,297	37,613
Australia	82,667	79,290	2,031	1,930
India	53,750	52,105	1,746	1,778
Poland	48,758	47,932	-	-
Spain	38,368	38,324	439	301
Mexico	43,642	47,555	75	80
Ukraine	19,589	19,941	-	-
UK	18,401	20,469	1,311	2,866
South Africa	12,396	11,594	589	551
Germany	9,924	10,064	1,951	1,924
Brazil	10,937	11,043	-	-
New Zealand	9,916	9,261	241	237
Kenya	7,701	6,845	255	584
Chile	8,463	8,898	1,595	1,697
France	7,338	7,222	0	0
China	6,308	7,910	509	501
Argentina	4,809	4,704	832	1,020
Other countries	76,118	76,147	1,301	674
Consolidation adjustmenst	51,501	53,282	1,757	2,029
Total	**1,092,026**	**1,097,660**	**51,929**	**53,786**

The group is not exposed to significant geographical risks other than normal business risks except for what highlighted in paragraph (5) Russia – Ukraine conflict.

Information about key customers

In the Closures segment, there is one customer that generated over 10% of revenue in the first quarter 2023: approx. €29 million (roughly 13% of net revenue).

(5) Russia - Ukraine conflict

On February 24, 2022, as a result of the start of the war, GC Ukraine was forced to shut down the factory located in Sumy. No damage was suffered in relation to the assets of the company.

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

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

No business interruption occurred and impacted the customers thanks to the Group business model which guarantees product delivery thanks to the availability of alternative production sites within the Group.

At the date of these condensed interim consolidated financial statements, there have not been significant impacts with respect to what was reported in the 2022 consolidated financial statements.

Statement of profit or loss and other comprehensive income

(6) Net revenue

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

(€'000)	first quarter	
	2022	2023
Europe	112,888	125,921
Asia	19,525	19,515
Americas	41,347	60,686
Oceania	8,407	9,475
Africa	5,593	5,695
Total	**187,760**	**221,292**

The table below illustrates net revenue by product:

(€'000)	first quarter	
	2022	2023
Safety closures	68,720	74,607
Luxury closures	14,765	31,402
Roll-on closures	96,709	104,136
Other revenue	7,566	11,147
Total	**187,760**	**221,292**

The table below illustrates net revenue by destination market:

(€'000)	first quarter	
	2022	2023
Spirits closures	116,948	144,324
Wine closures	34,494	37,460
Water closures	15,969	19,183
Non-alcoholic beverages closures	4,089	4,725
Olive oil & condiments closures	4,865	3,971
Closures for other markets	11,396	11,629
Total	**187,760**	**221,292**

(7) Other operating income

This caption includes:

(€'000)	first quarter 2022	first quarter 2023
Sundry recoveries/repayments	518	365
Government grants	83	159
Gains on sale of non-current assets	60	87
Other	104	155
Total	**765**	**766**

Sundry recoveries/repayments of €0.4 million in 2023 are mainly referred to the ones received by GC S.pA. and GC Poland.

(8) Internal work capitalised

(€'000)	first quarter 2022	first quarter 2023
Internal work capitalised	843	1,895
Total	**843**	**1,895**

This caption increased by €1.1 million from €0.8 million in the first quarter 2022 (0.4% of net revenue) to €1.9 million in the first quarter 2023 (0.9%). Internal work capitalised includes capitalised development expenditure and internal personnel expense for extraordinary maintenance on property, plant and equipment.

(9) Costs for raw materials

This caption includes:

(€'000)	first quarter 2022	first quarter 2023
Raw materials and supplies	90,652	97,839
Packaging	3,884	4,229
Consumables and maintenance	2,737	3,410
Fuels	147	193
Other purchases	1,486	1,173
Change in inventories	(6,739)	(3,031)
Total	**92,166**	**103,814**

Costs for raw materials increased by €11.6 million from €92.2 million in 2022 to €103.8 million in 2023, but decreased in percentage of net revenue from 49.1% in the first quarter 2022 to 46.9% in 2023.

(10) Costs for services

This caption includes:

(€'000)	first quarter	
	2022	**2023**
Electricity / heating	12,292	11,887
Transport	9,448	10,131
External processing	2,267	3,963
Maintenance	2,289	2,894
Sundry industrial services	2,526	2,430
Legal and consulting fees	2,233	2,519
Insurance	789	1,186
Travel	679	1,136
Administrative services	852	853
Directors' fees	606	747
Technical assistance	1,117	515
Commissions	362	486
Cleaning service	421	484
External labour / porterage	410	469
Commercial services	97	314
Advertising services	243	208
Security	151	204
Telephone costs	180	172
Expos and trade fairs	59	131
Entertainment expenses	102	121
Other	546	644
Total	**37,670**	**41,495**

(11) Personnel expense

This caption includes:

(€'000)	first quarter	
	2022	**2023**
Wages and salaries	28,459	32,038
Social security contributions	4,258	4,808
Expense from defined benefit plans	483	516
Other costs	2,375	2,839
Total	**35,575**	**40,202**

Personnel expense increased from €35.6 million in the first quarter 2022 to €40.2 million in the first quarter 2023 following the company’s actions in 2023.

Personnel expense increase by 13.0% on 2023. As a percentage of net revenue, it decreased from 18.9% of net revenue in 2022 to 18.2% in 2023. The increase is partially due to relocation of managers from former holding company based in Luxembourg to the Italian legal entity following the takeover of SPSI (Investindustrial).

At December 31, 2022 and March 31, 2023, the group had the following number of employees:

	December 31, 2022	March 31, 2023
Blue collars	3,679	3,761
White collars	984	990
Managers	377	380
Total	**5,040**	**5,131**

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

(12) Other operating expense

This caption includes:

(€'000)	first quarter	
	2022	2023
Accruals to provisions	1,151	184
Taxes and duties	497	674
Use of third-party assets	490	573
Other charges	838	896
Total	**2,976**	**2,326**

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:

(€'000)	first quarter	
	2022	2023
Exchange gains	4,582	3,059
Interest income	66	288
Financial income on financial liabilities to non-controlling investors	638	-
Other financial income	906	789
Total	**6,191**	**4,135**

The foreign exchange gains were mainly generated by companies that realize part of their transaction in Euro or USD against local currencies.

(14) Financial expense

This caption includes:

(€'000)	first quarter	
	2022	2023
Interest expense	4,867	4,995
Exchange losses	1,285	7,343
Financial expense on financial liabilities to non-controlling investors	-	1,140
Other financial expense	740	1,379
Total	**6,892**	**14,857**

Interest expense of €5.0 million mainly refers to the Guala Closures S.p.A. bond.

The change in fair value of the financial liabilities to non-controlling investors, in the first quarter 2022 compared to December 31, 2021, generated a financial income of €0.6 million, while the change in fair value of the financial liabilities in the first quarter 2023 compared to December 31.2022 generated a financial expense of €1.1 million.
The foreign exchange losses were mainly generated by companies that realize part of their transaction in Euro or USD against local currencies.

Other financial expense in 2023 is composed, for €1.4 million, by interest costs relating to IFRS 16 liabilities (€0.7 million in 2022).

(15) Income taxes

This caption includes:

(€'000)	first quarter 2022	first quarter 2023
Current taxes	(5,887)	(7,857)
Deferred taxes	4,076	1,897
Total	**(1,811)**	**(5,960)**

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.

Change in deferred tax liabilities recognised directly in OCI

(€'000)	first quarter 2022	first quarter 2023
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(964)	180
Total	**(964)**	**180**

Statement of financial position

(16) Cash and cash equivalents

Cash and cash equivalents totalled €103,470 thousand at March 31, 2023 (€79,478 thousand at December 31, 2022).

(17) Trade receivables

This caption may be analysed as follows:

(€'000)	**December 31, 2022**	**March 31, 2023**
Trade receivables	143,183	140,552
Loss allowance	(3,600)	(3,769)
Total	**139,583**	**136,783**

The balance of trade receivables reflects the use of without-recourse factoring by the group companies. Such impact at March 31, 2023 was €50.1 million, compared to €42.5 million at December 31, 2022. The increase of factoring compared to December 2022 is because we sold more to customers that use factoring.

The loss allowance changed as follows:

(€'000)	**March 31, 2023**
Opening balance	3,600
Exchange translation effect	105
Accruals	64
Closing balance	**3,769**

At March 31, 2023, the allowance relates to a few customers showing difficulties in payments.

(18) Inventories

This caption may be analysed as follows:

(€'000)	**December 31, 2022**	**March 31, 2023**
Raw materials, consumables and supplies	85,465	89,385
Allowance for inventory write-down	(4,125)	(4,729)
Work in progress and semi-finished products	37,995	40,240
Allowance for inventory write-down	(2,303)	(2,959)
Finished products and goods	40,375	45,939
Allowance for inventory write-down	(1,609)	(1,785)
Advance payments for inventory	1,394	723
Total	**157,192**	**166,814**

Changes in 2023 are as follows:

(€'000)	**March 31, 2023**
January 1, 2023	157,192
Exchange translation effect	93
Change in raw materials, consumables and supplies	3,031
Change in finished goods and semi-finished products	7,168
Change in advanced payments for inventory	(671)
March 31, 2023	**166,814**

The allowance for inventory write-down changed as follows:

(€'000)	**March 31, 2023**
Opening balance	8,037
Exchange translation effect	(45)
Utilisations/(releases) of the period	1,481
Closing balance	**9,472**

(19) Property, plant and equipment

The following table shows the changes in this caption in 2023:

(€'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, 2022	62,825	254,995	28,299	4,265	21,315	**371,699**
Accumulated depreciation and impairment losses at December 31, 2022	(9,398)	(127,162)	(11,468)	(2,703)	-	**(150,731)**
Carrying amount at December 31, 2022	**53,427**	**127,833**	**16,831**	**1,562**	**21,315**	**220,968**
Exchange translation effect	(315)	(121)	74	736	330	**705**
Increases	16	4,189	102	18	11,614	**15,939**
Disposals	-	(20)	-	(1)	(159)	**(179)**
Reclassifications	320	4,187	265	(755)	(3,962)	**55**
Depreciation	(527)	(6,497)	(621)	(109)	-	**(7,754)**
Historical cost at March 31, 2023	62,809	262,840	28,668	4,151	29,138	**387,606**
Accumulated depreciation and impairment losses at March 31, 2023	(9,888)	(133,268)	(12,017)	(2,700)	-	**(157,873)**
Carrying amount at March 31, 2023	**52,921**	**129,571**	**16,651**	**1,452**	**29,138**	**229,733**

In the first quarter 2023, capex increase of €15.9 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 2023:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2022	25,940	8,581	4,321	5,049	**43,892**
Accumulated depreciation and impairment losses at December 31, 2022	(14,219)	(2,985)	(2,843)	(3,238)	**(23,285)**
Carrying amount at December 31, 2022	**11,721**	**5,597**	**1,478**	**1,811**	**20,607**
Exchange translation effect	(62)	(389)	(17)	17	**(451)**
Increases	215	(41)	212	1,311	**1,696**
Decreases	(7)	-	(1)	(2)	**(10)**
Reclassifications	-	(1,304)	-	1,249	**(55)**
Depreciation of right-of-use assets	(1,040)	(389)	(249)	(249)	**(1,927)**
Historical cost at March 31, 2023	26,086	6,847	4,516	7,624	**45,073**
Accumulated depreciation and impairment losses at March 31, 2023	(15,259)	(3,374)	(3,092)	(3,487)	**(25,212)**
Carrying amount at March 31, 2023	**10,826**	**3,474**	**1,424**	**4,137**	**19,861**

The main increases in right-of-use assets relate to GC Ukraine and specifically to the new contracts for rental of a satellite plant located in the city of Ternopil, near to the Polish border, where the company moved a small part of its production lines.

(21) Intangible assets

The following table shows the changes in this caption in 2023:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2022	6,061	134,645	550,091	233,716	3,493	**928,006**
Accumulated amortisation and impairment losses at December 31, 2022	(3,602)	(35,901)	-	(38,051)	-	**(77,554)**
Carrying amount at December 31, 2022	**2,459**	**98,744**	**550,091**	**195,665**	**3,493**	**850,451**
Exchange translation effect	16	(1)	0	2	83	**100**
Increases	120	7	-	1	618	**746**
Disposals	-	-	(1)	-	(5)	**(6)**
Amortisation	(215)	(1,077)	-	(1,933)	-	**(3,225)**
Historical cost at March 31, 2023	6,202	134,635	550,089	233,658	4,190	**928,774**
Accumulated amortisation and impairment losses at March 31, 2023	(3,822)	(36,962)	-	(39,923)	-	**(80,708)**
Carrying amount at March 31, 2023	**2,380**	**97,672**	**550,089**	**193,735**	**4,190**	**848,066**

This caption decreased by €2.4 million from December 31, 2022 due to the amortisation of €3.2 million for the period, partially offset by the positive translation effect of €0.1 million and the net increases of the period (€0.7 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, or when impairment indicators are identified for impairment.

Goodwill, is not amortised but is tested for impairment. Since its recognition on July 31, 2018, goodwill has never been impaired.

Goodwill includes an amount of €44.8 million deriving of the acquisition of Labrenta Group occurred in October 2022. In consideration of the complexity of the process of allocating the fair value to the assets acquired, liabilities assumed contingent liabilities assumed by Labrenta and the relevant longer term of 12 months from the date of the business combination in these consolidated condensed financial statements the proceeds deriving from the acquisition are still provisionally recognized under the item "Goodwill".

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).

Reference should be made to the 2022 annual report for information on the previous impairment test.

The main economic and financial indicators of the Group for the three months of 2023 show an improvement for the Group in term of results, net working capital and net financial position compared to 2022 and to the 2023 forecasts.

On this basis, the Directors have not identified specific events and/or additional circumstances compared to December 31, 2022 that could identify impairment indicators and, therefore, the need to update the impairment test carried out for the consolidated financial statements at December 31, 2022.

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

Financial liabilities at December 31, 2022 and March 31, 2023 are shown below:

(€'000)	**December 31, 2022**	**March 31, 2023**
Current financial liabilities		
Bonds	677	4,740
Other bank loans and borrowings	3,259	3,481
Other financial liabilities	5,697	6,404
	9,634	*14,624*
Non-current financial liabilities		
Bonds	500,000	500,000
Transaction costs	(14,126)	(13,537)
Other bank loans and borrowings	5,044	4,902
Other financial liabilities	70,720	71,882
	561,638	*563,247*
Total	**571,271**	**577,871**

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

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

Guala Closures has an available amount of €80 million (equivalent) multi-currency revolving senior credit facility (the "**2027 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 2027 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) + 1.75%. This margin decreased from the original rate of 2.5% to 1.75% based on the decreasing leverage-based margin ratchet set out in the 2027 RCF. The 2027 RCF will expire December 15, 2027. Furthermore, on August 8, 2022, Guala Closures subscribed an "Additional Facility Lender" to the "2027 RCF" with Cassa Depositi e Prestiti S.p.A. ("CDP") for an amount €16 million. The expiry date of the additional facility is in line with the 2027 RCF bearing an interest rate applicable to drawn amounts equal to EURIBOR, LIBOR or a different parameter identified as the Compounded Reference Rate (2027 RCF + 1.75% p.a.), but based on the decreasing leverage-based margin ratchet set out in the 2027 RCF. The 2027 RCF margin decreased from the original rate of 2.5% to 1.75% based on the decreasing leverage-based margin.

The interest rates and maturity dates of the financial liabilities at December 31, 2022 and March 31, 2023 are shown below:

				Nominal amount				
					Current	Non- current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 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	(12,803)	-	-	(12,803)	(12,803)
TOTAL SSN 2028 bonds - Guala Closures S.p.A.				**487,874**	**677**	**-**	**487,197**	**487,197**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€	Euribor 3M+1.75%	2027	-	-	-	-	-
Transaction costs	€	n.a.	2027	(1,323)	-	-	(1,323)	(1,323)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(1,323)**	**-**	**-**	**(1,323)**	**(1,323)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2022	118	118	-	-	-
Facilities Labrenta S.r.l. (Italy)	€	n.a.	n.a.	6,307	2,190	4,117	-	4,117
Banco Chile loan (Chile)	CLP	3.48%	2023	14	14	0	-	0
Loans Itaú Bank (Brazil)	BRL	n.a.	2024	37	16	21	-	21
Bancomer loans (Mexico)	USD	n.a.	2023	1,828	922	906	-	906
TOTAL other bank loans and borrowings				**8,303**	**3,259**	**5,044**	**-**	**5,044**
Other financial liabilities:								
Leases (IFRS 16)	€	n.a.	n.a.	21,226	4,688	12,566	3,972	16,538
Non-controlling investors' put options	€	n.a.	n.a.	35,260	-	-	35,260	35,260
Other liabilities (Liabilities vs Cortapedra: Acquisition Labrenta Srl)	€	3.00%	2026	19,922	1,000	18,922	-	18,922
Other liabilities	€	n.a.	n.a.	9	9	-	-	-
TOTAL other financial liabilities				**76,417**	**5,697**	**31,488**	**39,232**	**70,720**
TOTAL				**571,271**	**9,634**	**36,531**	**525,106**	**561,638**

				Nominal amount				
					Current	Non- current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total March 31, 2023	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	4,740	4,740	-	-	-
Transaction costs	€	n.a.	2028	(12,279)	-	-	(12,279)	(12,279)
TOTAL SSN 2028 bonds - Guala Closures S.p.A.				**492,460**	**4,740**	**-**	**487,721**	**487,721**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€	Euribor 3M+1.75%	2027	-	-	-	-	-
Transaction costs	€	n.a.	2027	(1,258)	-	(1,258)	-	(1,258)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**(1,258)**	**-**	**(1,258)**	**-**	**(1,258)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2022	115	115	-	-	-
Facilities Labrenta S.r.l. (Italy)	€	n.a.	n.a.	7,070	2,982	4,088	-	4,088
Loans Itaú Bank (Brazil)	BRL	n.a.	2024	33	16	17	-	17
Bancomer loans (Mexico)	USD	n.a.	2023	1,165	368	797	-	797
TOTAL other bank loans and borrowings				**8,383**	**3,481**	**4,902**	**-**	**4,902**
Other financial liabilities:								
Leases (IFRS 16)	€	n.a.	n.a.	21,251	4,802	14,403	2,047	16,450
Non-controlling investors' put options	€	n.a.	n.a.	36,400	-	-	36,400	36,400
Other liabilities (Liabilities vs Cortapedra: Acquisition Labrenta Srl)	€	3.00%	2026	20,033	1,000	19,033	-	19,033
Other liabilities	€	n.a.	n.a.	602	602	-	-	-
TOTAL other financial liabilities				**78,286**	**6,404**	**33,435**	**38,447**	**71,882**
TOTAL				**577,871**	**14,624**	**37,080**	**526,168**	**563,247**

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 29 to the consolidated financial statements for the assumptions underlying the calculation).
This caption has been recognised using the present access method, whereby the financial liability was recognised as a reduction in equity in the first year. The fluctuation in each year, if any, is recognised under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.
Reference should be made to note 29) Fair value of financial instruments and sensitivity analysis for further details.

The Senior Revolving Credit Facility's availability at March 31, 2023 is shown in the table below:

Credit facility	Available amount ('000)	Amount used at March 31, 2023	Residual available amount at March 31, 2023	Repayment date
Senior Revolving Credit Facility due 2027	96,000	-	96,000	final repayment 12/15/2027
Total	**96,000**	**-**	**96,000**	

(23) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2022	March 31, 2023
Suppliers	114,795	123,600
Advance payments to suppliers	716	1,404
Total	**115,511**	**125,004**

(24) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2022	March 31, 2023
Provision for company reorganisations	3,136	3,042
Provision for returns	2,217	2,243
Other provisions	717	678
Total current provisions	**6,070**	**5,963**

The provision for company reorganisations mainly includes:

- €1,515 thousand for the reorganisation of the company in Luxembourg;
- €1,291 thousand for the reorganisation of the company in China;
- €170 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;

Changes in the provisions are as follows:

(€'000)	March 31, 2023
Opening balance	6,070
Exchange translation effect	11
Accruals	170
Utilisations	(287)
Closing current provisions	**5,963**

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

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2022	March 31, 2023
Provision for legal disputes	1,913	1,923
Provision for agents' termination indemnity	166	166
Total non-current provisions	**2,079**	**2,089**

Changes in the provisions are as follows:

(€'000)	March 31, 2023
Opening balance	2,079
Exchange translation effect	(1)
Accruals	14
Utilisations	(4)
Closing non-current provisions	**2,089**

(25) Other current liabilities

This caption may be analysed as follows:

(€'000)	December 31, 2022	March 31, 2023
Amounts due to employees	16,651	18,500
Liabilities for investments	4,934	6,949
Social security charges payable	4,161	3,793
Liabilities for dividends	-	4,195
Other liabilities	15,345	16,557
Total	**41,091**	**49,994**

On March 31, 2023, liabilities for dividends in the amount of €4.0 million were approved by Guala Closures DGS Poland S.A..

(26) Equity attributable to the owners of the parent

The paid-up and subscribed share capital of Guala Closures S.p.A. at March 31, 2023 remained unchanged compared to December 31, 2022 and amounts to €68,907 thousand consisting of 70,028,654 ordinary shares.

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

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

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

(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, 2022	Non-controlling interests (%) at March 31, 2023	Balance at December 31, 2022	Balance at March 31, 2023
Guala Closures Technologia Ukraine LLC	30.0%	30.0%	15,010	16,199
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,215	3,290
Guala Closures de Colombia LTDA	6.8%	6.8%	555	421
Guala Closures Bulgaria A.D.	30.0%	30.0%	3,107	3,362
Guala Closures DGS Poland S.A.	30.0%	30.0%	24,519	22,420
Guala Closures BY LLC	30.0%	30.0%	50	25
Total			**46,457**	**45,717**

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, 2022 and March 31, 2023. 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, 2022		**Carrying amount**				**Fair value**			
(€'000)	**Note**	**Designated at FVTPL**	**Loans and receivables at amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value									
Aluminium derivatives held for trading		-			-		-		-
		-	-	-	-	-	-	-	-
Financial assets not measured at fair value (*)									
Trade receivables	20		139,583		**139,583**				-
Financial assets			2,744		**2,744**				-
Investments in associates			(0)		**(0)**		-		-
Cash and cash equivalents	19		79,478		**79,478**				-
		-	**221,805**	-	**221,805**	-	-	-	-
Financial liabilities measured at fair value									
Aluminium derivatives used for trading		(976)			**(976)**		(976)		**(976)**
Non-controlling investors' put options	27	(35,260)			**(35,260)**		-	(35,260)	**(35,260)**
		(36,236)	-	-	**(36,236)**		**(976)**	**(35,260)**	**(36,236)**
Financial liabilities not measured at fair value (*)									
Secured bank loans	27			(623)	**(623)**		(623)		**(623)**
Unsecured bank loans	27			(6,357)	**(6,357)**		(6,357)		**(6,357)**
Secured bond issues	27			(487,874)	**(487,874)**		(430,274)		**(430,274)**
Lease liabilities (IFRS 16)	27			(21,226)	**(21,226)**				-
Trade payables	28			(115,511)	**(115,511)**				-
Liabilities vs Cortapedra: Acquisition Labrenta S.r.l.	24			(19,922)	**(19,922)**				-
Other financial liabilities	27			(9)	**(9)**				-
		-	-	**(651,522)**	**(651,522)**	-	**(437,254)**	-	**(437,254)**

March 31, 2023		Carrying amount				Fair value			
(€'000)	Note	Designated at FVTPL	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Aluminium derivatives held for trading		-			-		-		-
		-	-	-	-	-	-	-	-
Financial assets not measured at fair value (*)									
Trade receivables	18		136,783		**136,783**				-
Financial assets			2,784		**2,784**				-
Cash and cash equivalents	17		103,470		**103,470**				-
		-	**243,038**	-	**243,038**	-	-	-	-
Financial liabilities measured at fair value									
Aluminium derivatives used for trading		(1,230)			**(1,230)**		(1,230)		**(1,230)**
Non-controlling investors' put options	23	(36,400)			**(36,400)**		-	(36,400)	**(36,400)**
		(37,630)	-	-	**(37,630)**		**(1,230)**	**(36,400)**	**(37,630)**
Financial liabilities not measured at fair value (*)									
Secured bank loans	23			(22)	**(22)**		(22)		**(22)**
Unsecured bank loans	23			(7,103)	**(7,103)**		(7,103)		**(7,103)**
Secured bond issues	23			(492,460)	**(492,460)**		(445,026)		**(445,026)**
Lease liabilities (IFRS 16)	23			(21,251)	**(21,251)**				-
Trade payables	24			(125,004)	**(125,004)**				-
Liabilities vs Cortapedra: Acquisition Labrenta Srl)	24			(20,033)	**(20,033)**				-
Other financial liabilities	23			(602)	**(602)**				-
		-	-	**(666,476)**	**(666,476)**	-	**(452,150)**	-	**(452,150)**

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

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

Level 1

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

Level 2

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

Financial instruments measured and not measured at fair value

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

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

Sometimes the group decided not to designate aluminium currency derivative contracts as hedge accounting relationships for operational reasons. The derivative agreements used by the Group are forward and option exchange contracts covering aluminium exposure on raw material purchases. All derivatives contracts signed in 2023 are designated as hedge accounting relationships, while not all derivatives contracts signed in 2022 were designated as hedges.

Level 3

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Non-controlling interests' put options	Discounted cash flows: The fair value is determined considering the expected payment, capitalised at the reporting date, net of the expected dividend yields, discounted to present value using a credit risk-adjusted discount rate. The expected payment is calculated considering the fair value of the subsidiary or its equity based on the relevant contractual agreements with non-controlling investors.	• Expected cash flows in the Projections; • inflation data about Ukraine, Bulgaria, Poland and the USA, used to calculate risk-free rates (1.9%-2.8%); • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk (6%-16%); • expected date of put option exercise based on demographic assumptions (age of retirement 60-73) and any change of control clauses and contractual provisions.	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, 2022 and March 31. 2023 are shown below:

(€'000)	
December 31, 2022	35,260
Included in "financial expense" Net fair value loss (unrealised)	1,140
Balance at March 31, 2023	**36,400**

Sensitivity analysis

Reasonably possible changes at March 31, 2023 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%	824
	(1%)	(858)
Growth rate	1%	(329)
	(1%)	310
Expected date of put option exercise	+ 1 year	2,664
	- 1 year	(2,967)

(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.

(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 (the "Italian Pledge") to secure Guala Closures' €500 million 3¼% Senior Secured Notes due in 2028 issued on July 7, 2021 (the "2028 Notes") and its €80.0 million (equivalent) multi-currency revolving credit facility (the "2027 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 2027 RCF (the "Dutch Pledge" and together with the Italian Pledge, the "Initial Collateral").

In accordance with the provisions of the documents governing the 2028 Notes and the 2027 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 2027 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 2027 RCF were secured by the following pledges:

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

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

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

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

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

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

In accordance with the provisions of the documents governing the 2028 Notes and the 2027 RCF, on March 18, 2022, Guala Closures México, S.A. de C.V. ("Mexican Guarantor" and together with the Initial Guarantors, the "Guarantors") provided a guarantee of the 2028 Notes and the 2027 RCF. In addition, on March 18, 2022, Guala Closures' obligations and the guarantee obligations of each other Guarantor under the 2028 Notes and the 2027 RCF were secured by (i) a Mexican law governed share pledge granted by Guala Closures International B.V. in respect of shares held in the Mexican Guarantor and (ii) a Mexican law governed non-possessory receivables pledge granted by the Mexican Guarantor in respect of intra-group receivables owed to it by any of its material subsidiaries (the "Mexican Collateral" and together with the Initial Collateral and the Post-Closing Collateral, the "Collateral").

In addition, on August 8, 2022, Guala Closures established a €16.0 million (equivalent) multi-currency revolving credit facility (the "Additional RCF"). The Additional RCF will be guaranteed by the Guarantors and secured by the Collateral on the same basis as the 2027 RCF and confirmatory collateral (or equivalent) will be granted in respect of the existing Collateral to cover the Additional RCF in each applicable jurisdiction.

(30) Related party transactions

Transactions with related parties occurred during the period (no significant effects) do not show variations, in terms of nature and impact, in respect to those reported in prior year.

They refer to remuneration of key management, financial liabilities and financial expenses relating to transactions with Cortapedra as the owners are directors of Labrenta S.r.l..

Transactions with key management personnel are set our below:

	Costs recognized in the period								
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	Payables at March 31, 2023	Cash flows in the period
Total directors/key managers	283	344	178	9	8	-	**822**	1,866	478

In addition, reference should be made to note 11) Personnel expense for information on share-based long-term incentive plan.

(31) Contingent liabilities

At the date of publication of these condensed interim consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(32) Events after the reporting period

There are no significant events to be reported.

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

May 30, 2023