

FINANCIAL PERFORMANCE

ANALYSIS OF THE FINANCIAL PERFORMANCE

The table below summarises the financial performance of the Guala Closures Group for 2022 and 2023. For comparative purposes, the 2023 figures include the effect of the consolidation of the Labrenta Group for 12 months in 2023 (3 months in 2022) and those of the Fengyi Group and Anacorks (acquired in the last quarter 2023).

Statement of profit or loss	2022 (*)		2023	
	(€'000)	% of net revenue	(€'000)	% of net revenue
Net revenue	881,047	100.0%	836,180	100.0%
Change in finished goods and semi-finished products	17,752	2.0%	(12,216)	(1.5%)
Other operating income	5,308	0.6%	16,783	2.0%
Internal work capitalised	6,050	0.7%	7,431	0.9%
Costs for raw materials	(427,778)	(48.6%)	(355,691)	(42.5%)
Costs for services	(158,672)	(18.0%)	(152,029)	(18.2%)
Personnel expense	(150,461)	(17.1%)	(164,655)	(19.7%)
Other operating expense	(18,587)	(2.1%)	(21,245)	(2.5%)
Impairment losses	(10,313)	(1.2%)	(4,457)	(0.5%)
Gross operating profit (EBITDA)	144,346	16.4%	150,099	18.0%
Amortisation and depreciation	(54,371)	(6.2%)	(53,248)	(6.4%)
Operating profit (EBIT)	89,975	10.2%	96,851	11.6%
Financial income	20,930	2.4%	19,183	2.3%
Financial expense	(43,732)	(5.0%)	(63,349)	(7.6%)
Net financial expense	(22,802)	(2.6%)	(44,166)	(5.3%)
Profit before taxation	67,172	7.6%	52,686	6.3%
Income taxes	605	0.1%	(29,255)	(3.5%)
Profit for the period	67,778	7.7%	23,431	2.8%
Attributable to:				
- the owners of the parent	54,574	6.2%	13,547	1.6%
- non-controlling interests	13,204	1.5%	9,884	1.2%
Adjusted gross operating profit (Adjusted EBITDA)	163,738	18.6%	180,525	21.6%

Note:

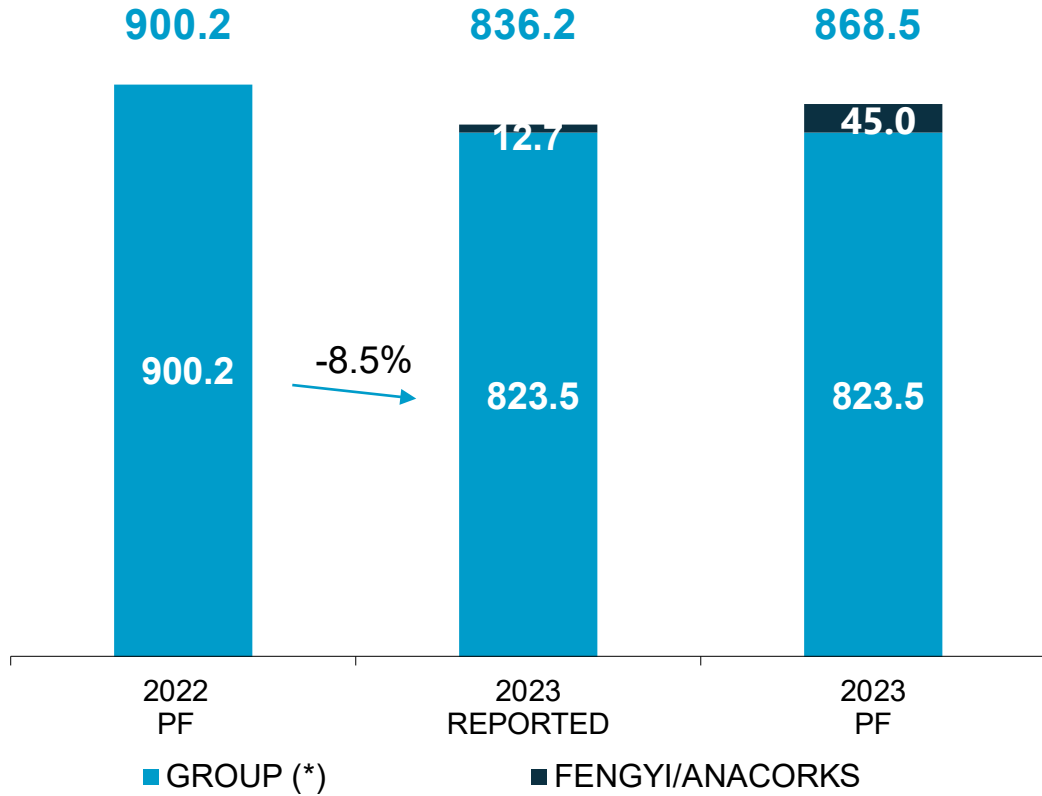
For information on the calculation of the adjusted gross operating profit reference should be made to page 41.

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.



NET REVENUE

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



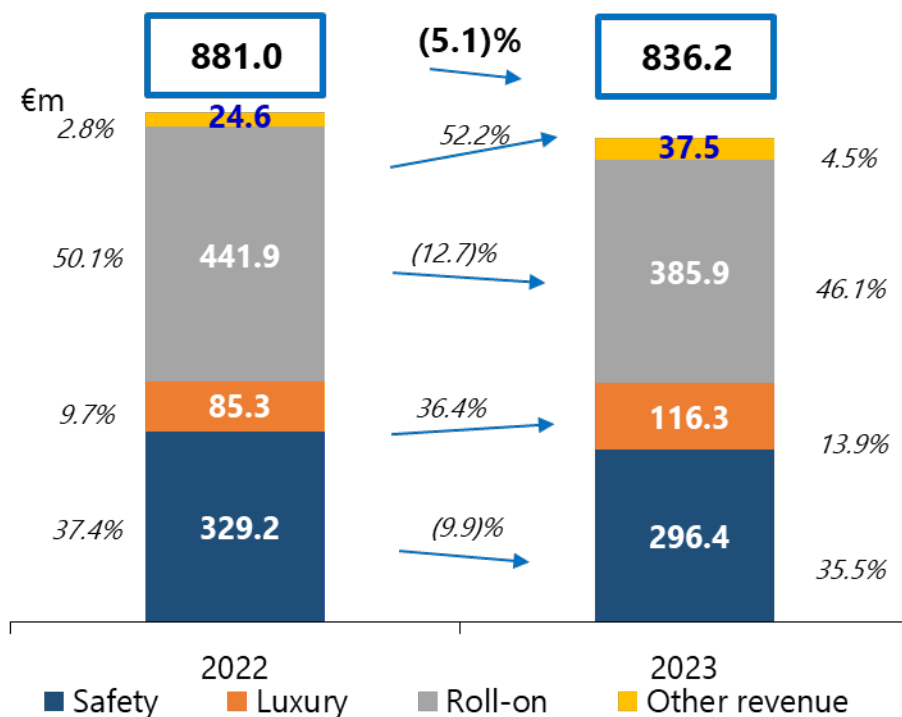
GROUP (*) without Anacorks and FengYi
 2022 PF including 12 months Labrenta
 2023 PF including 12 months Anacorks and 12 months FengYi

In 2023, consolidated net revenue was €836 million, down €64 million (-7.1%) compared to 2022 PF figures, mainly due to lower quantities sold. The organic reduction of €76.7 million (-8.5%) (excluding three months revenues coming from Anacorks acquisition of €0.8 million and two months from Group FengYi acquisition of €11.9 million) is mainly due to the decrease in the Roll-on and safety segments.

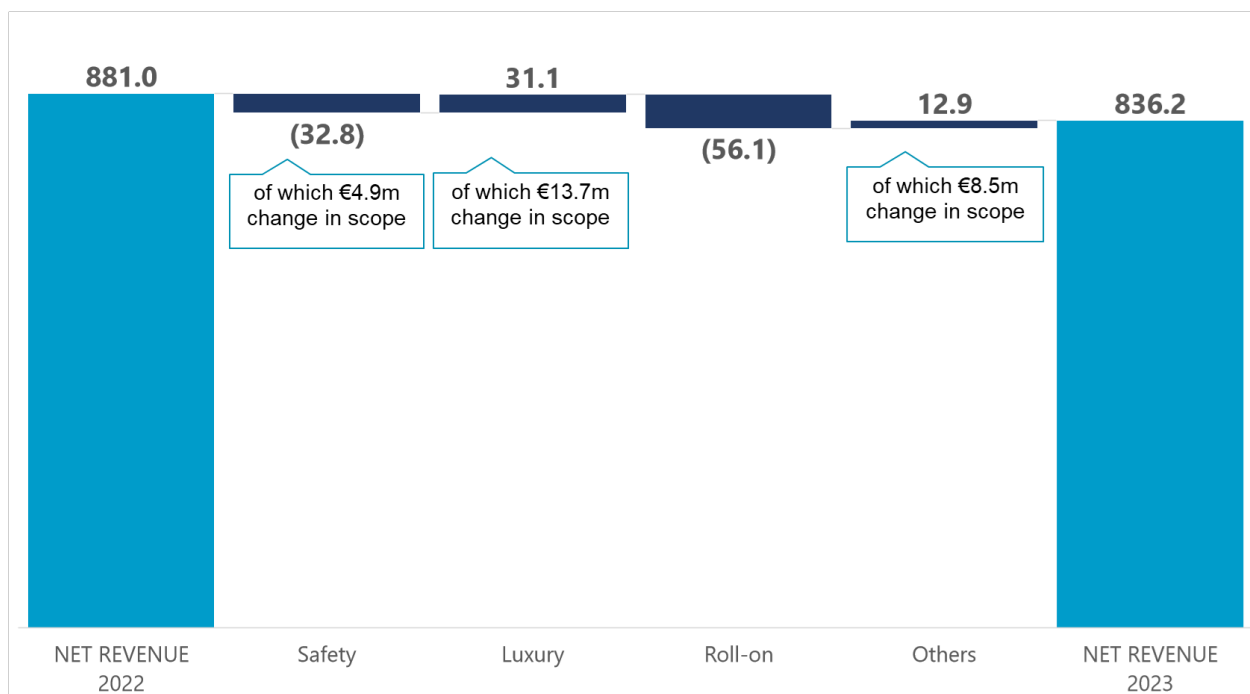


NET REVENUE BY PRODUCT

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



2022 figures have been restated to be consistent with 2023 classification



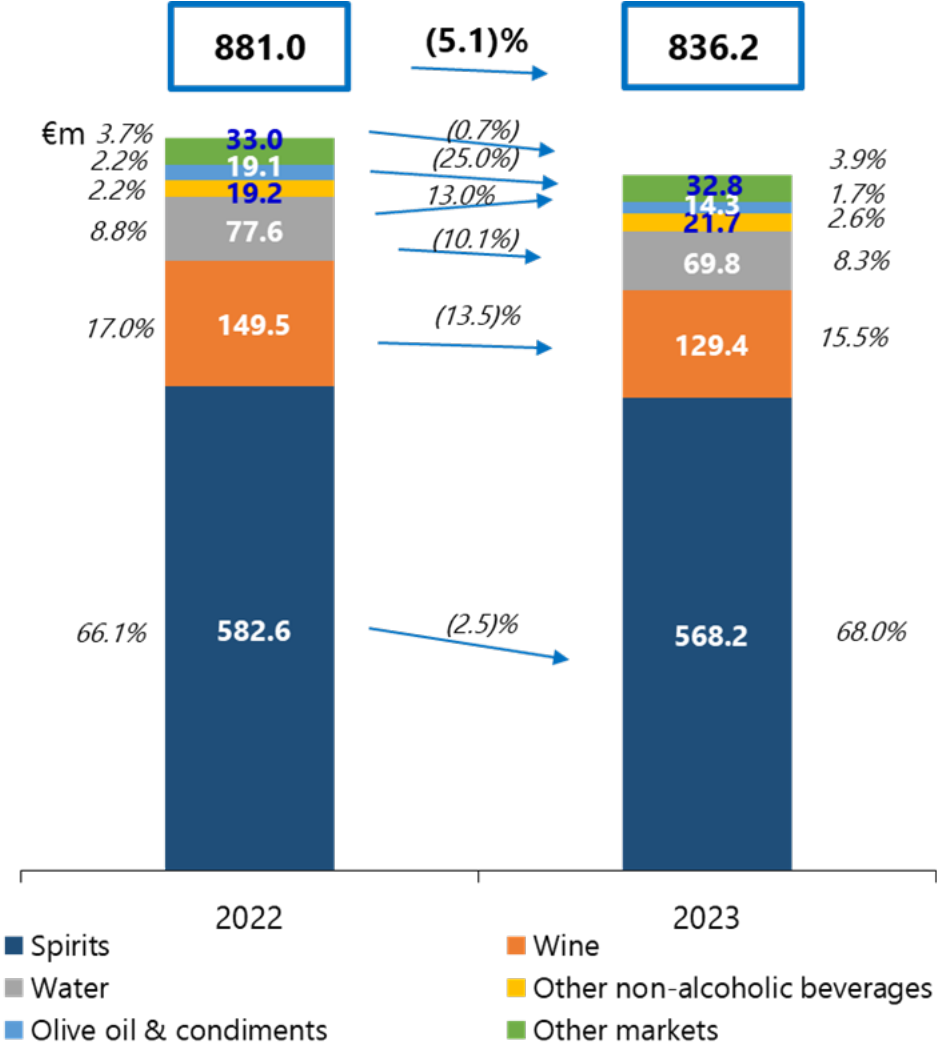
The change in scope includes nine months revenues coming from Labrenta (€14.4 million), three months revenues coming from Anacorks acquisition (€0.8 million) and two months from Group FengYi acquisition (€11.9 million).



Evolution of revenue was impacted by destocking and market slowdown, which mainly impacted the Safety and Roll-on product lines, while luxury activity was up. Other revenue includes sales of products not classified in the three standard categories and sales of components and scraps.

NET REVENUE BY DESTINATION MARKET

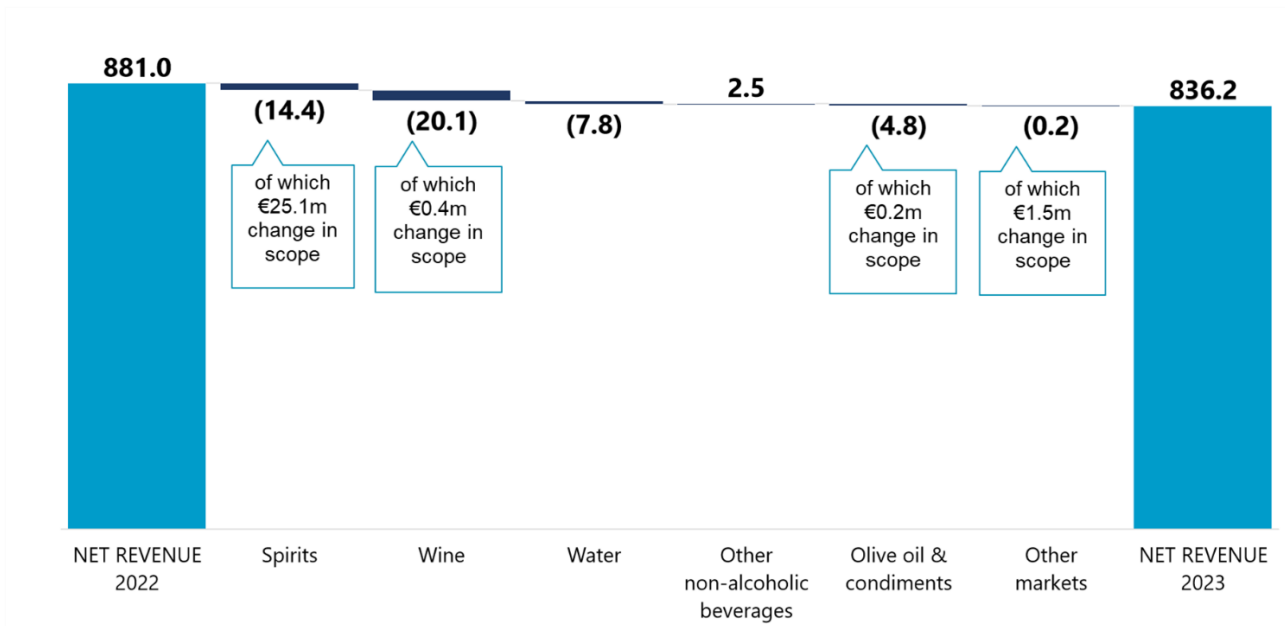
The charts below indicate the trend in revenue by destination market:



Source: Internal data

2022 figures have been restated to be consistent with 2023 classification



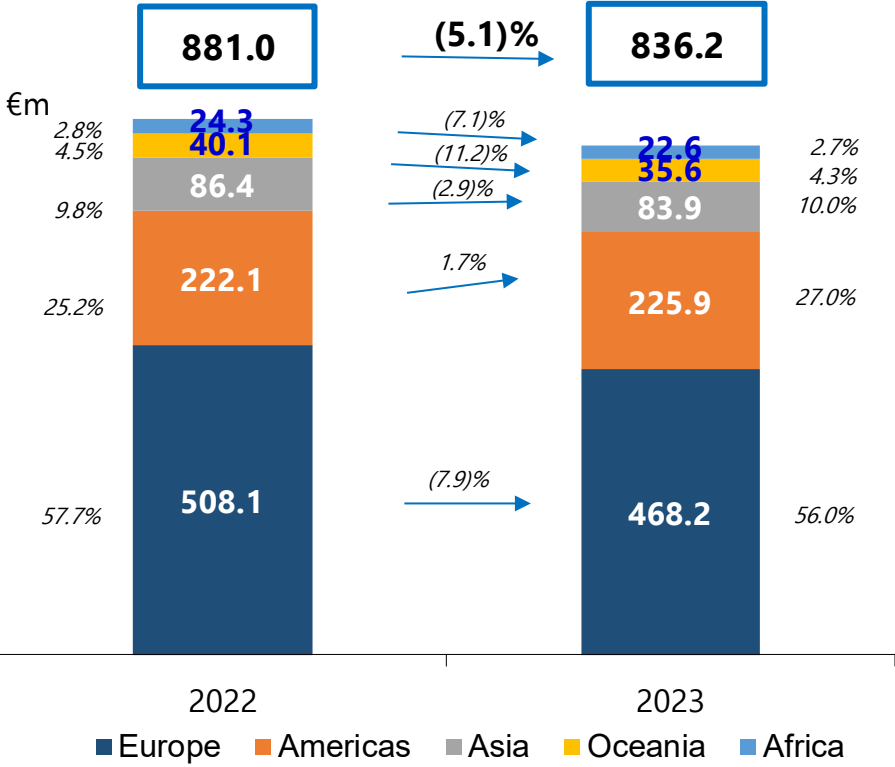


Distinction between Water and Other non-alcoholic beverages should be taken as indicative.

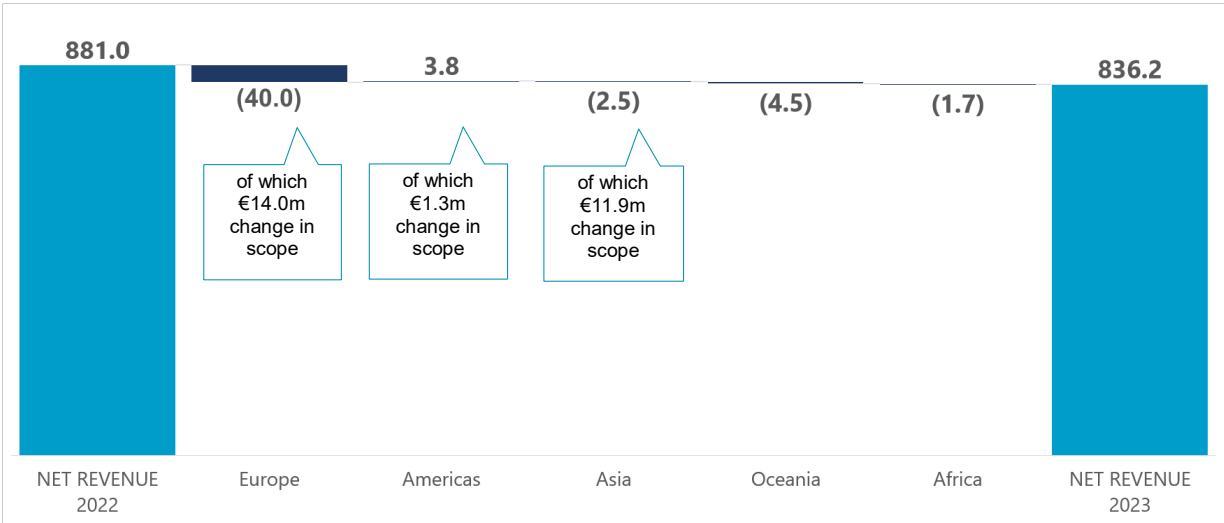


NET REVENUE BY GEOGRAPHICAL SEGMENT

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



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



Revenue decrease was stronger in Europe which had also benefited from precautionary buys in 2022 after supply chain disruptions.

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



OTHER OPERATING INCOME

Other operating income mainly includes government grants and insurance recovery. The increase compared to 2022 is mostly attributable to insurance reimbursement received for an incident occurred in Magenta amounting to €11.4 million.

INTERNAL WORK CAPITALISED

This caption increased by €1.4 million from €6 million in 2022 (0.7% of net revenue) to €7.4 million in 2023 (0.9%). Internal work capitalised includes capitalised development expenditure and internal personnel expense for extraordinary maintenance on property, plant and equipment and increases of internal resources dedicated to SAP implementation.

COSTS FOR RAW MATERIALS

Costs for raw materials decreased by €72.1 million from €427.8 million in 2022 (48.6% of net revenue) to €355.7 million in 2023 (42.5%).

COSTS FOR SERVICES

Costs for services decreased by €6.7 million from €158.7 million in 2022 (18.0% of net revenue) to €152.0 million in 2023 (18.2%). Compared to 2022, the decrease is mainly due to lower utilities costs, both energy and gas.

PERSONNEL EXPENSE

Personnel expense increased by €14.2 million from €150.5 million in 2022 to €164.7 million in 2023. Such evolution mainly reflected the following impacts: (i) the consolidation of the Labrenta business for additional 9 months in 2023 and of Anacorks and FengYi in the last quarter 2023; (ii) the inflation in wages and salaries and (iii) some specific impacts (new management bonus scheme and incentives).



OTHER OPERATING EXPENSE

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

(€'000)	2022	2023	diff.
Accruals to provisions	5,034	8,342	3,308
Taxes and duties	2,923	3,014	91
Use of third-party assets	2,064	2,288	224
Impairment losses on trade receivables and contract assets	2,592	3,318	726
Other charges	5,975	4,282	(1,693)
Total	18,587	21,245	2,658

Other operating expense increased by €2.7 million from €18.6 million in 2022 (2.1% of net revenue) to €21.2 million in 2023 (2.5%), mainly due to higher accruals to provisions mostly for corporate restructuring in the UK.

IMPAIRMENT LOSSES

Impairment losses decreased by €5.8 million from €10.3 million in 2022 (1.2% of net revenue) to €4.5 million in 2023 (0.5%). The significant amount in 2022 was mostly attributable to the loss of business in Russia.

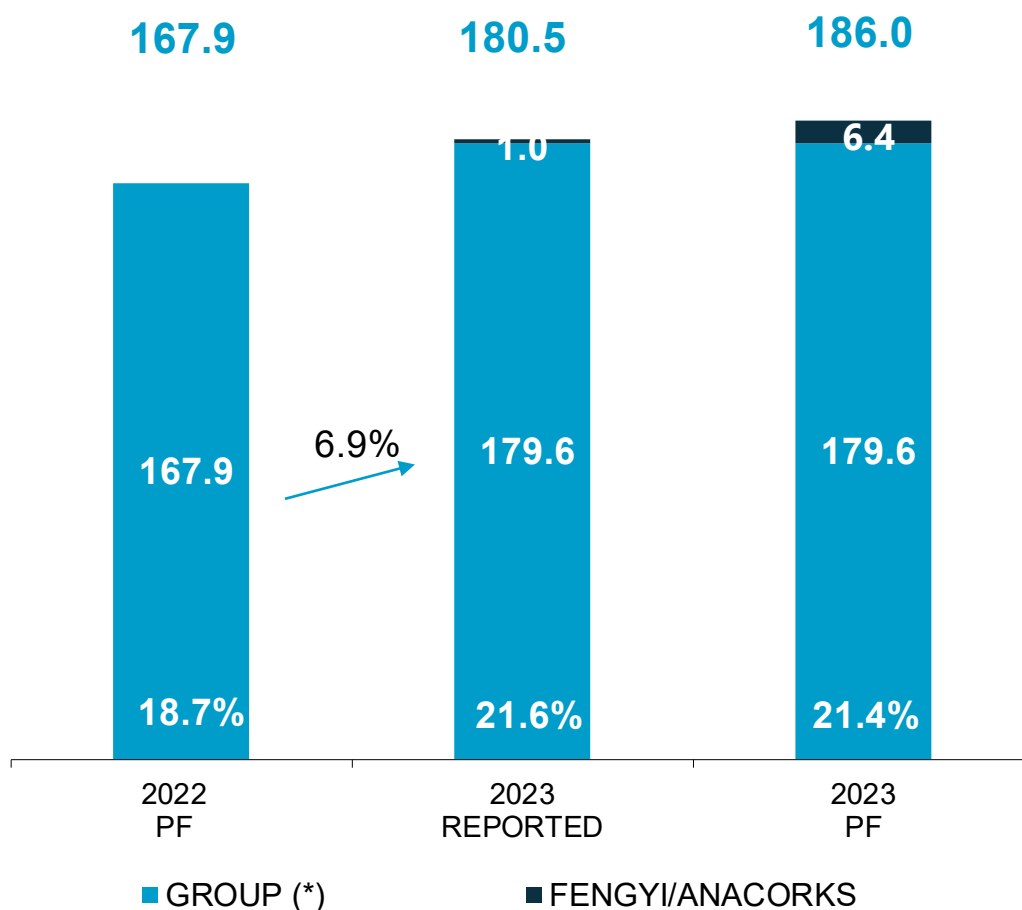
ADJUSTED GROSS OPERATING PROFIT

In 2023, the reported adjusted gross operating profit (adjusted EBITDA) was €180.5 million, up €12.6 million (+7.5%) compared to 2022 PF figures (€167.9 million), of which €0.9 million coming from FengYi Group/Anacorks contribution.

The adjusted gross operating profit margin increased from 18.7% of net revenue in 2022 PF to 21.6% in 2023 (21.4% on a pro-forma basis), mainly thanks to better Sales Mix (mainly due to premiumisation initiatives), positive cost/price evolution, operational Improvements and overheads control.

The following chart illustrates the 2023 trend in adjusted EBITDA compared to 2022 (on a pro-forma basis):





GROUP (*) without Anacorks and FengYi
 2022 PF including 12 months Labrenta
 2023 PF including 12 months Anacorks and 12 months FengYi

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

AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased by €1.2 million from €54.4 million in 2022 (6.2% of net revenue) to €53.2 million (6.4%).

OPERATING PROFIT

In 2023, the reported operating profit (EBIT) was €96.9 million, up €6.9 million (+7.6%) on 2022 (€90.0 million). Adjusted operating profit in 2023 would be €127.3 million compared to €109.4 million in 2022.



FINANCIAL INCOME AND EXPENSE

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

(€'000)	2022	2023	diff.
Net interest expense	(19,270)	(25,001)	(5,731)
Net exchange losses	(1,901)	(13,989)	(12,088)
Net fair value losses on financial liabilities to non-controlling investors	(841)	(2,240)	(1,399)
Other net financial expense	(790)	(2,936)	(2,146)
Net financial expense	(22,802)	(44,166)	(21,364)

Net financial expense increased by €21.4 million from €22.8 million in 2022 to €44.2 million in 2023.

Such increase is mainly due to €6.0 million impact from interest expense for new bond issued in 2023, €1.4 million negative effect of higher change in fair value of financial liabilities to non-controlling investors, €12.1 million higher impact of exchange rate losses.

INCOME TAXES

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

(€'000)	2022 (*)	2023	diff.
Current taxes	(29,746)	(36,509)	(6,762)
Deferred taxes	30,352	7,254	(23,098)
Total income taxes	605	(29,255)	(29,860)

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

Income taxes increased by €29.9 million, mainly due to lower deferred taxes income and to higher current income taxes.

In 2022 Deferred taxes income was mainly due to the additional recognition of deferred tax assets on losses carry forward in Guala Closures S.p.A. following the higher taxable income forecasted.

PROFIT FOR THE YEAR

The profit for 2023 amounts to €23.4 million, down €44.3 million on the profit of €67.8 million for the previous year.

The decrease in 2023 is mainly due to the increase in the net financial expenses (€21.4 million) and higher taxes (€29.9 million), partially compensated by higher Operation Profit (€6.9 million).



RECLASSIFIED STATEMENT OF FINANCIAL POSITION

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

(€'000)	December 31, 2022 (*)	December 31, 2023
Intangible assets	846,470	855,727
Property, plant and equipment	222,492	260,949
Right-of-use assets	20,607	20,439
Net working capital	181,264	154,234
Net derivative liabilities	(976)	(6,867)
Employee benefits	(8,055)	(8,545)
Other net liabilities	(80,736)	(87,292)
Net invested capital	1,181,066	1,188,645
Financed by:		
Net financial liabilities	505,779	857,511
Financial liabilities - Lease	21,226	21,367
Financial liabilities - non-controlling investors	35,260	45,210
Cash and cash equivalents	(79,478)	(196,280)
Net financial indebtedness	482,787	727,808
Equity	698,279	460,837
Sources of financing	1,181,066	1,188,645

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

INTANGIBLE ASSETS

Intangible assets increased by €9.3 million mainly due to the change in perimeter following to the provisional amounting of Group FengYi/Anacorks acquisition (€15.4 million), to the net increase of the period (€7.1 million) and by the positive translation effect (€1.4 million), partially offset by the amortisation of the period (€14.4 million).

PROPERTY, PLANT AND EQUIPMENT

The €38.5 million increase in property, plant and equipment compared to December 31, 2022 is mainly due to the net investments of the period (€65.4 million), the change in perimeter following to FengYi Group/Anacorks acquisition (€7.5 million), the positive translation impact (€1 million), partially offset by the depreciation of the period (€31.3 million) and the impairment losses (€4.2 million).

Net capital expenditure in 2023, totalling €65.4 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, Spain, Poland, Mexico, China and India.

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



RIGHT-OF-USE ASSETS

At December 31, 2023, right-of-use assets amount to €20.4 million and 2023 balance is in line with the previous year. The increase is fully compensated by the amortization of the period.

NET WORKING CAPITAL

The table below provides a breakdown of net working capital:

(€'000)	December 31, 2022	December 31, 2023
Inventories	157,192	124,354
Trade receivables	139,583	126,077
Trade payables	(115,511)	(96,196)
Net working capital (*)	181,264	154,234

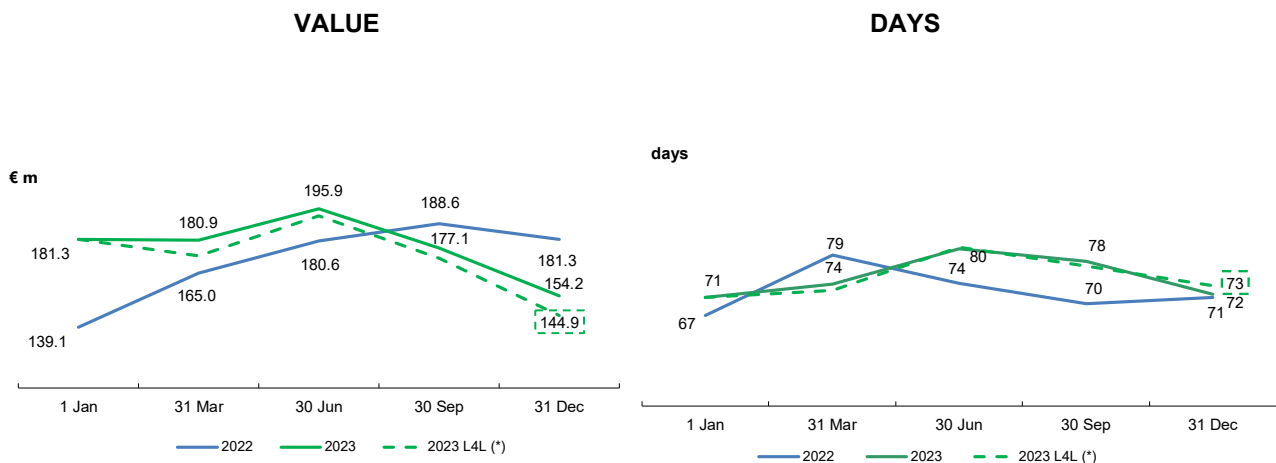
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable year as those amounts have been adjusted to reflect changes in exchange rates on the opening balances and in the number of consolidated companies.

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

The table and chart below analyse net working capital days, calculated on the last quarter revenue divided by 90 days:

Days	December 31, 2022	December 31, 2023
Inventories	62	58
Trade receivables	55	59
Trade payables	(45)	(45)
Net working capital days	71	72

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



(*) 2023 L4L excludes Labrenta from March to September and Anacorks and FengYi in December

Net working capital at December 31, 2023 decreased by €27.0 million mainly due to lower volumes and net working capital days were one day higher than 2022 mainly due to lower usage of factoring.



OTHER NET LIABILITIES

The table below shows a breakdown of other net liabilities:

(€'000)	December 31, 2022 (*)	December 31, 2023
Deferred tax assets	14,939	20,129
Deferred tax liabilities	(56,276)	(53,497)
Net DTA/(DTL)	(41,337)	(33,368)
Payables to employees and social security	(20,812)	(22,257)
Provisions	(8,149)	(12,572)
Liabilities for dividends	-	(276)
Liabilities for investments	(4,934)	(9,048)
Other net liabilities	(5,504)	(9,772)
Total net other liabilities	(80,736)	(87,292)

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

EQUITY

The table below shows a breakdown of equity:

(€'000)	December 31, 2022 (*)	December 31, 2023
Equity attributable to the owners of the parent	651,822	408,012
Equity attributable to non-controlling interests	46,457	52,826
Equity	698,279	460,837

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

The decrease in equity is mainly due to the dividend distribution for €250 million to the shareholder and €8.7 million to minority shareholders, partially offset by profit of the period (€ 23.4 million). The details of the above are provided in the statement of changes in equity.



NET FINANCIAL INDEBTEDNESS

The table below gives a breakdown of net financial indebtedness:

(€'000)	December 31, 2022 (*)	December 31, 2023
Net financial liabilities	505,779	857,512
Financial liabilities - IFRS 16 effects	21,226	21,367
Financial liabilities - non-controlling investors	35,260	45,210
Cash and cash equivalents	(79,478)	(196,280)
Net financial indebtedness	482,787	727,808

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

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

In 2023, net financial indebtedness increased by €245.0 million mainly due to the impact of the distribution of €250 million of dividends to shareholders and to the acquisition of FengYi Group (€30.5 million, of which €10.2 million as consideration paid at the acquisition (net of cash acquired), €7.2 million as liability versus FengYi former shareholder, €7.7 million as initial accounting of the put option and €5.4 million as initial indebtedness of FengYi).

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 2023, compared with 2022, is given below.

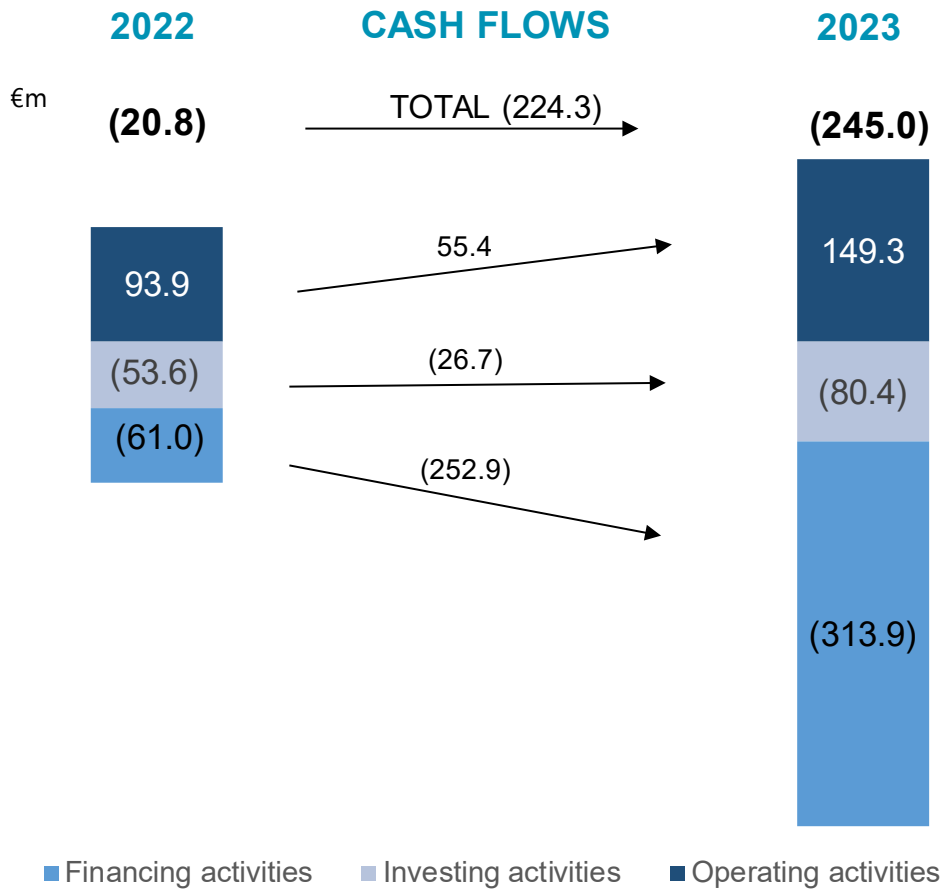
(€'000)	2022 (*)	2023
A) Opening net financial indebtedness	(462,024)	(482,787)
Gross operating profit	144,346	150,099
Net gains on sale of non-current assets	(290)	(202)
Change in net working capital	(40,905)	34,451
Other operating items	17,706	1,162
Taxes	(26,952)	(36,228)
B) Net cash flows from operating activities	93,904	149,281
Capex	(40,299)	(70,215)
M&A Labrenta (2022) / Anacorks (2023) - (net of cash acquired)	(13,324)	22
M&A Fengyi (2023) - (net of cash acquired)	-	(10,174)
C) Cash flows used in investing activities	(53,623)	(80,367)
Increases in right-of-use assets	(7,371)	(8,797)
Transaction costs not yet paid/(paid) on Bond issued	(486)	2,934
Net interest expense	(19,952)	(27,937)
Dividends paid to shareholders	-	(250,000)
Dividends paid to minorities	(4,649)	(7,767)
Change in financial liabilities for put options	(841)	(2,240)
M&A Fengyi - Initial put option	-	(7,711)
M&A Labrenta - Initial Impact of IFRS 16	(2,907)	-
M&A LB (2022) - Anacorks/Fengyi (2023) - initial indebtedness	(7,142)	(5,710)
M&A LB (2022) - Fengyi (2023) - Indebtedness vs previous shareholders	(13,660)	(7,197)
M&A Labrenta - warranty price adj	1,786	-
Sponsor warrants buyback	(1,000)	-
Other financial items	1,778	2,546
Effect of exchange fluctuation	(6,601)	(2,057)
D) Change in net financial indebtedness due to financing activities	(61,044)	(313,936)
E) Total change in net financial indebtedness (B+C+D)	(20,763)	(245,021)
F) Closing net financial indebtedness (A+E)	(482,787)	(727,808)

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

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



The following chart gives a breakdown of the change in net financial indebtedness, detailing the various items in 2023, compared with 2022:



Net cash flows from operating activities

Net cash flows from operating activities total €149.3 million, up €55.4 million on 2022 (€93.9 million) due to the increase in the gross operating profit (EBITDA) (€5.8 million) and the positive change in net working capital (€34.4 million compared to an absorption of €40.9 million in 2022), partially offset by lower other operating items (€16.5 million) and higher cash out for taxes (€9.3 million).



Cash flows used in investing activities

Cash flows used in investing activities were €80.4 million, up €26.8 million on 2022 (€53.6 million).

Such increase is mainly due to higher capital expenditure (€29.9 million) due to higher growth investments made in 2023 for the new site in UK, the capacity expansion in Mexico, the new plant in China and new capacity in Italy.

Investing activities also included the amount paid in 2023 for the acquisition of FengYi (€10.2 million, net of cash acquired).

Change in net financial indebtedness due to financing activities

The change in net financial indebtedness due to financing activities in 2023 amounts to €-313.9 million, up €252.9 million on 2022 (€-61.0 million).

Such increase refers to the following main negative effects:

- Payment of dividends to shareholders (€250 million in 2023) and higher dividends paid to minorities (€3.1 million);
- Higher net interest expense (€8.0 million);
- higher fair value losses on non-controlling investors' put options (€1.4 million);
- increase in right-of-use assets (€1.4 million);

partially offset by the following positive factors:

- lower effect of exchange rate fluctuation (€4.5 million);
- transaction costs unpaid on bond issued in 2023 (€2.9 million) (vs €0.5 million paid in 2022 related to 2021);
- lower increase of net financial indebtedness due to acquisitions (€21.9 million in 2022 for Labrenta compared to €20.6 million in 2023 for Anacorks and FengYi);
- payment for sponsor warrants buyback in 2022 (€1.0 million).



KEY FINANCIAL AND OTHER INDICATORS

Financial indicators

	2022 (*)	2023
Adjusted gross operating profit (Adjusted EBITDA) (€ mln)	163.7	180.5
EBITDA margin (Adjusted gross operating profit/Net revenue)	18.6%	21.6%
ROS (Adjusted operating profit/Net revenue)	12.4%	15.2%
ROE (Net result/Equity)	9.7%	5.1%
ROCE (Adjusted operating profit / (Current Assets - Current Liabilities net of current financial liabilities))	8.0%	8.5%
ROI (Adjusted operating profit/Net invested capital)	9.3%	10.7%
Gearing ratio (Net financial indebtedness/Equity)	0.69	1.58
NWC days (Net working capital/Turnover of last quarter/90)	71	72

Source: consolidated financial statements figures company data.

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

Notes:

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

Other indicators

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

Number	December 31, 2022			December 31, 2023		
	Men	Women	Total	Men	Women	Total
Managers	291	86	377	315	92	407
White collars	651	333	984	655	352	1,007
Blue collars	2,862	817	3,679	2,887	1,007	3,894
Total	3,804	1,236	5,040	3,857	1,451	5,308

In addition, the Group also employed 950 temporary workers as at December 31, 2023 (1,083 as at December 31, 2022).



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 for IFRS indicators.

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

Adjusted gross operating profit (adjusted EBITDA) is calculated by adjusting the profit (loss) for the year to exclude the effect of taxation, net financial expense, amortisation/depreciation and the effects of other costs, such as expense related to the reorganisation costs, merger and acquisition expenses, SAP implementation costs not capitalised, MIP (Management Incentive Plan), change in equity-accounted investments, losses due to war, non-recurring grants, non-recurring expenses and impairment losses.

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

Adjusted operating profit (adjusted EBIT) is calculated by adjusting the profit (loss) for the year to exclude the effect of taxation, net financial expense and the effects of other costs, such as expense related to the reorganisation costs, merger and acquisition expenses, SAP implementation costs not capitalised, MIP (Management Incentive Plan), change in equity-accounted investments, losses due to war, non-recurring grants, non-recurring expenses and impairment losses.

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 consolidation perimeter.

PF means pro-forma figures, i.e. Labrenta acquisition had taken place on January 1, 2022 or FengYi/Anacorks acquisition had taken place on January 1, 2023.



Adjusted gross operating profit

(€'000)	2022 (*)	2023
Profit for the period	67,778	23,431
Income taxes	(605)	29,255
Profit before tax	67,172	52,686
Net financial expense	22,802	44,166
Amortisation and depreciation	54,371	53,248
Gross operating profit	144,346	150,099
Adjustments:		
Reorganisation costs	4,724	12,166
Merger and acquisition expenses	2,441	4,597
SAP implementation costs not capitalised	-	1,347
MIP (Management Incentive Plan)	-	7,674
Change in equity-accounted investments	2,407	-
Losses due to war	1,007	-
Non-recurring grants	(1,274)	-
Non-recurring expenses	-	218
Impairment losses	10,087	4,423
Adjusted gross operating profit	163,738	180,525

Adjusted operating profit

(€'000)	2022 (*)	2023
Profit for the period	67,778	23,431
Income taxes	(605)	29,255
Profit before tax	67,172	52,686
Net financial expense	22,802	44,166
Operating profit	89,975	96,851
Adjustments:		
Reorganisation costs	4,724	12,166
Merger and acquisition expense	2,441	4,597
SAP implementation costs not capitalised	-	1,347
MIP (Management Incentive Plan)	-	7,674
Change in equity-accounted investments	2,407	-
Losses due to war	1,007	-
Non-recurring grants	(1,274)	-
Non-recurring expenses	-	218
Impairment losses	10,087	4,423
Adjusted gross operating profit	109,367	127,277

(*) The 2022 figures have been restated following finalization of the purchase price allocation procedure for Labrenta.

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

Reorganization costs mainly refer to restructuring costs in UK and Italy. Non-recurring expenses include personnel seniority increases related to previous years. Impairment losses mainly refer to UK and China.

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

