(Translation from the Italian original which remains the definitive version)

Guala Closures Group

Interim financial report at September 30, 2018

November 14, 2018

Registered and administrative office:
Via Rana, 12 - D/6 industrial estate - 15122 Spinetta Marengo - Alessandria
Share capital subscribed €68,906,646 fully paid-up
Tax code and Company Registration no. 10038620968

COMPANY OFFICERS

BOARD OF DIRECTORS

Chairman and managing director	Marco Giovannini
Directors	Anibal Diaz Francesco Bove Filippo Giovannini Edoardo Carlo Maria Subert Luisa Maria Virginia Collina Lucrezia Reichlin Francesco Caio Nicola Colavito

RISK AND CONTROL COMMITEE

Chairman	Lucrezia Reichlin
Independent directors	Luisa Maria Virginia Collina Nicola Colavito

REMUNERATION COMMITTEE

Chairman	Francesco Caio
Independent directors	Luisa Maria Virginia Collina Edoardo Carlo Maria Subert

BOARD OF STATUTORY AUDITORS

Chairman	Benedetta Navarra
Standing auditors	Piergiorgio Valente Franco Aldo Abbate
Substitute auditors	Ugo Marco Luca Maria Pollice Daniela Delfrate

INDEPENDENT AUDITORS

KPMG S.p.A.

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Directors' report

Definitions

BU Lux: Company Branch transferred from GCL Holdings S.C.A. to GCL International S.à r.l. on July 31, 2018 which includes certain goods, assets, liabilities and legal relationships of GCL Holdings S.C.A. related, inter alia, to research and development activities, as well as a portion of the trade receivables and payables of GCL Holdings S.C.A. due from/to Guala Closures, except for the balances arising from intercompany loans granted to the latter

Company: Space4 S.p.A., renamed to Guala Closures S.p.A. following the merger occured on August 6, 2018.

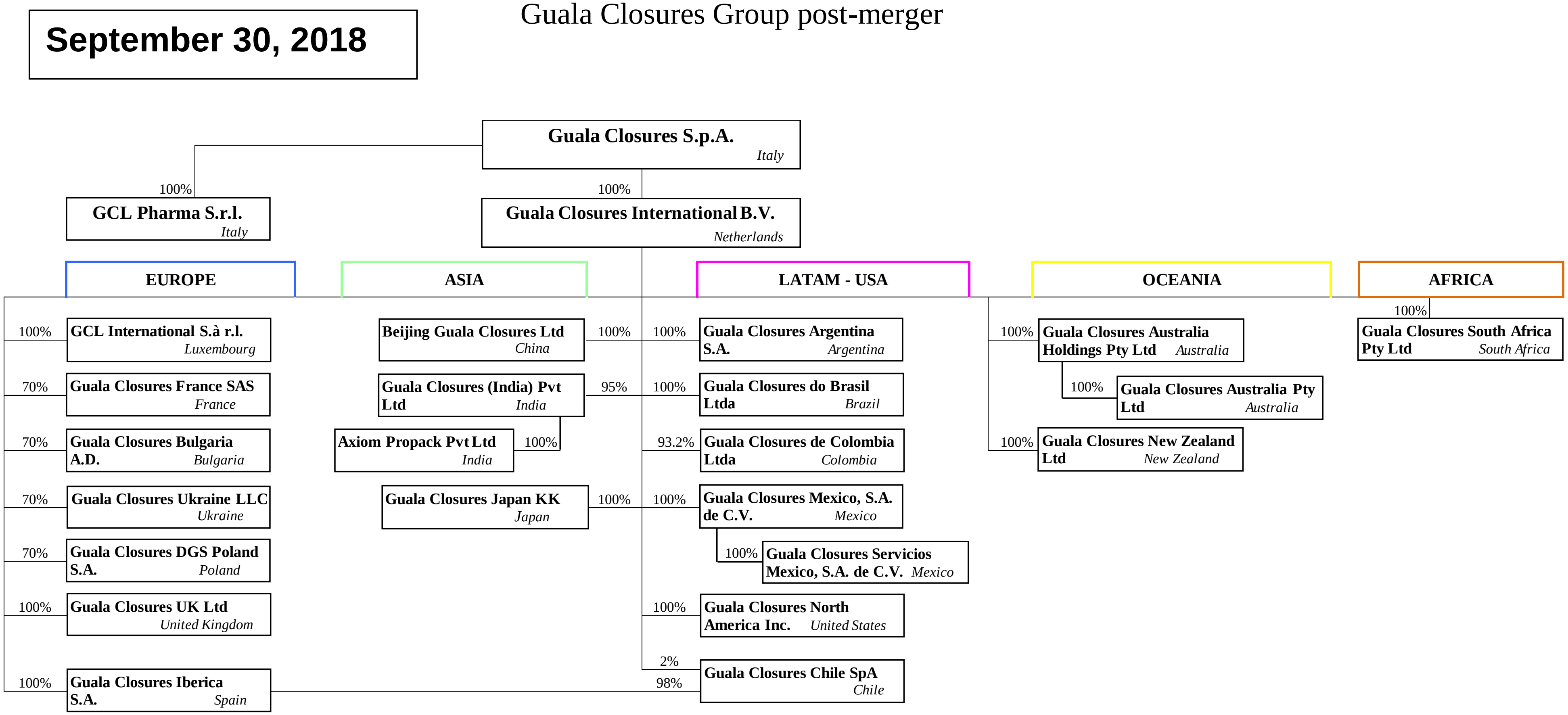
Guala Closures pre-merger: Guala Closures S.p.A. before the merger in Space4 S.p.A. occured on August 6, 2018.

Guala Closures Group pre-merger: Guala Closures Group before the merger in Space4 S.p.A. occured on August 6, 2018.

Guala Closures Group post-merger: Space4 S.p.A. with Guala Closures Group pre-merger in place following the merger of Space4 S.p.A. in Guala Closures S.p.A..

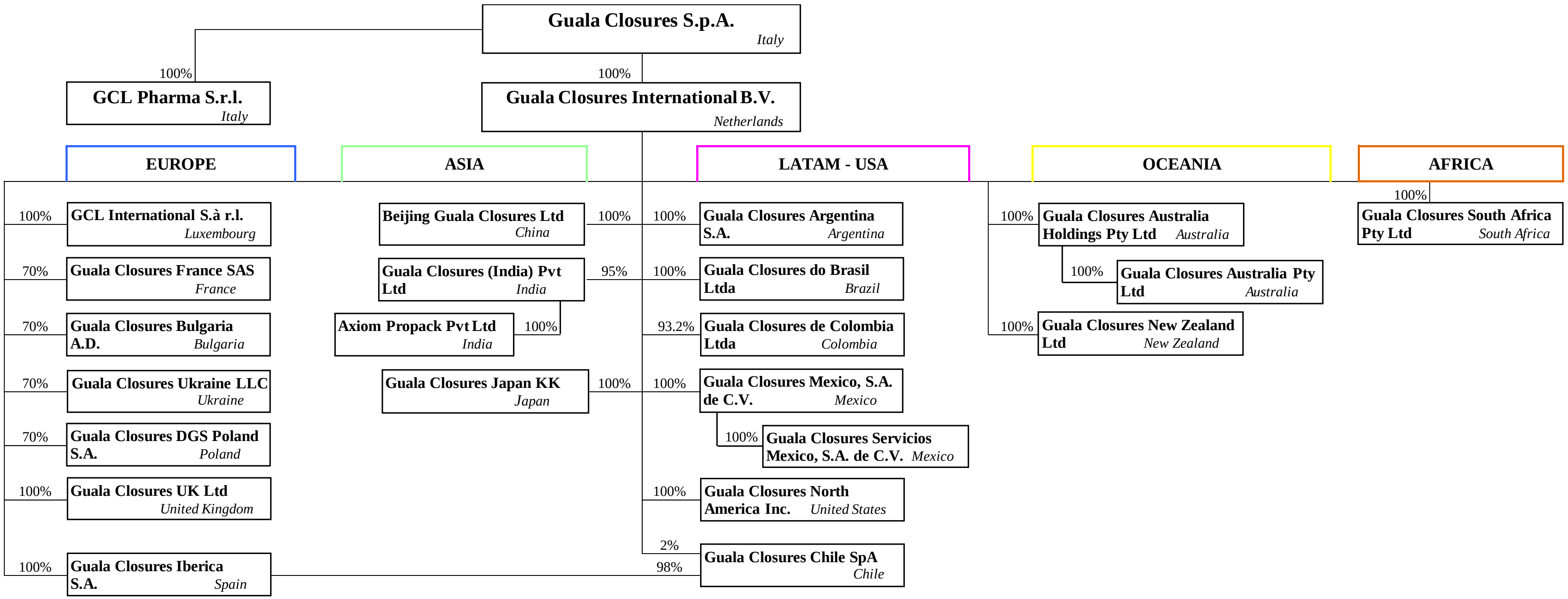
Guala Closures Group: Guala Closures Group pre-merger, Guala Closures post-merger and Space 4 up to the time of the merger with Guala Closures S.p.A. pre-merger and its renaming in Guala Closures S.p.A..

The structure of Guala Closures Group



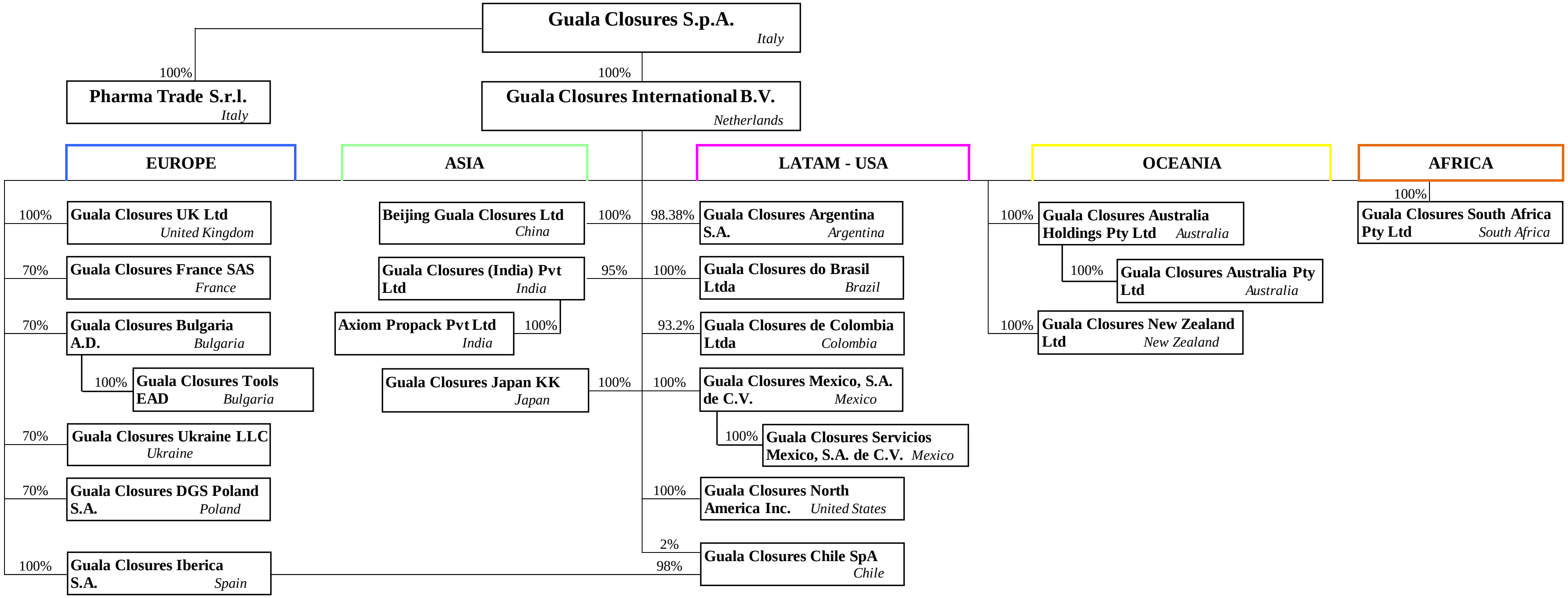
July 31, 2018

Guala Closures Group at the date of the business combination with Space4



December 31, 2017

Guala Closures Group post-merger



Key figures

Consolidated figures	First nine months of 2017 Pro forma	First nine months of 2018 Pro forma	2018 at constant exchange rates 2017
Revenue:	€388.5 million	€397.0 million (+2.2%)	€429.4 million (+10.5%) +8.9% organic growth +1.7% from acquisitions
Adjusted gross operating profit (adjusted EBITDA):	€78.3 million	€73.5 million (-6.2%)	€79.2 million (+1.2%) -0.2% organic +1.4% from acquisitions
Employees:		4,310	
Plants:	27 plants and 3 sales offices in 21 countries on 5 continents		
Patents and utility models:	more than 140		

Note:
Reference should be made to page 15 in this Directors' report for the definition of Pro forma and to the section "Alternative performance indicators" in this Directors' report on page 19 for information about the Group's Alternative performance indicators, such as Adjusted gross operating profit (Adjusted EBITDA) and sales for the first nine months of 2018 at constant exchange rates

Events of the period

The main events which affected the Company and Guala Closures Group pre-merger are summarised below:

Accident at the Magenta plant:

On January 30, 2017, an accident took place at the plant in Magenta (MI), which resulted in the death of an employee during maintenance and set-up of a decoration line.
Following the accident, the production line was immediately confiscated and the competent authorities prescribed safety measures, giving the company 45 days from the date the line was confiscated on March 15, 2017 to implement said measures. Such safety measures have been complied with as required by the competent authorities. The line was deconfiscated on May 4, 2017 and production then resumed.
On July 5, 2018, Guala Closures S.p.A. entered into a settlement agreement with the heirs of Pietro Acri, whereby the company agreed on the compensation due to them and the heirs waived any claim against Guala Closures S.p.A., except for the payment of the relevant amounts.
These payments were made on July 11, with the heirs simultaneously waiving the right to any claim as of that date.
More than 80% of the related expenses were covered by Guala Closures S.p.A.'s insurance company, while the residual amount was covered by the provisions recognised in the 2017 financial statements.
With respect to its involvement in the criminal proceedings pursuant to Legislative decree no. 231/01, the company filed an application for settlement which envisages payment of a €50 thousand fine. As the public prosecutor has already expressed their favourable opinion thereon, formalisation by the judge will take place, once a hearing is fixed.

Change in company name:

On January 1, 2018, Pharma Trade S.r.l. changed its name to GCL Pharma S.r.l..

Sale of the building located in Torre d'Isola (Italy):

On February 19, 2018, the preliminary sale of the building located in Torre d'Isola (Italy) was signed in Milan. The consideration agreed with the buyer amounts to €2.1 million.
The transaction was completed on June 29, 2018 with the signing of the notary deed and payment of the relevant consideration.

Acquisition of non-controlling interests in Guala Closures Argentina S.A.:

On March 20, 2018, the group acquired a residual non-controlling interest (1.62%) in Guala Closures Argentina S.A. through its holding company Guala Closures International B.V. for €0.1 million.

For further details on the above-mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the condensed interim consolidated financial statements.

Transfer of plant and machinery to a single plant with Guala Closures UK Ltd:

A process to streamline production activities in Glasgow began in the first quarter of 2018, envisaging the transfer of plant and machinery from the secondary site of Broomhill to the main site of Kirkintilloch. The process is expected to be completed by the end of the first quarter of 2019. In relation to such restructuring plan, €0.8 million was accrued at September 30, 2018.

Merger between companies of Guala Closures Group pre-merger:

On June 26, 2018, the merger between Guala Closures Bulgaria A.D. and Guala Closures Tools EAD was completed and the new merging company remains Guala Closures Bulgaria A.D..

The purpose of the above merger is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the structure of Guala Closures Group pre-merger.

Business combinations and admission to listing

(A) On April 16, 2018, the boards of directors of Space4 S.p.A. (renamed after the merger, (as described below) "Guala Closures S.p.A.", the "**Company**"), GCL Holdings S.C.A., Peninsula Capital II S.à.r.l. and Guala Closures S.p.A. pre-merger approved the business combination by means of a master agreement envisaging (i) the acquisition of approximately 80% of Guala Closures S.p.A. pre-merger by the Company and Peninsula Capital II S.à.r.l.; (ii) the merger of Guala Closures pre-merger into the Company, and (iii) the admission to listing of the ordinary shares resulting from the merger of Guala Closures pre-merger into the Company, on the STAR segment of the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (the **"Business Combination"**).

(B) In accordance with the above master agreement the completion of the business combination was subject to conditional clauses, including the transfer of some goods, assets, liabilities and legal relationships (the "**BU Lux"**) from the parent GCL Holdings S.C.A. to Guala Closures Group pre-merger. On May 7, 2018, Guala Closures International B.V. acquired an investment in GCL International S.à r.l. and, on May 25, 2018, the board of directors of the parent GCL Holdings S.C.A. approved GCL Holdings S.C.A.'s transfer of the BU Lux to GCL International S.à r.l.. The BU Lux comprises GCL Holdings S.C.A.'s goods, assets, liabilities and legal relationships related, inter alia, to research and development activities, as well as a portion of the trade receivables and payables of GCL Holdings S.C.A. due from/to Guala Closures pre-merger, except for the balances arising from the intercompany loans granted to the latter.

(C) On July 30, 2018, the Managers' capital increase was fully subscribed and paid-in by GCL Holdings S.C.A. ("GCL") for €25,000,000 (of which €370,161.40 allocated to share capital and €24,629,838.60 to share premium reserve), against the issuance by Guala Closures pre-merger of 3,701,614 ordinary shares, together with 1,480,646 Guala Closures Management Warrants (for an equivalent ratio of four Guala Closures Management Warrants every ten issued ordinary shares). Such amount was made available to GCL through a facility agreement with Credit Suisse entered into on the same date guaranteed through a pledge over the Guala Closures pre-merger' shares held by GCL.

(D) Further to the above, on July 30, 2018 the board of directors of Guala Closures pre-merger resolved to (i) use part of the share premium reserve (created with the Managers' capital increase) to cover the losses carried forward from the previous financial years which had not already been covered pursuant to the resolution of May 28, 2018 referred under paragraph (1) General information equal to €4,893,059, the further losses resulting from the quarterly financial statements at March 31, 2018, for an overall amount equal to €4,913,235 as well the additional €3,897,765 losses estimated at July 30, 2018 on the basis of the budget of Guala Closures pre-merger; and (ii) redeem all the participating financial instruments (SFP), by using the SFP reserve and the remaining part of the share premium reserve created with the Managers' capital increase.

(E) The redemption of the SFP held by GCL was carried out by offsetting a receivable held by Guala Closures pre-merger vis-à-vis GCL. Such offsetting is part of a broader intercompany netting transaction which led to the write-off of all the payables and receivables existing among Guala Closures pre-merger, its parent (GCL) and its subsidiaries (Guala Closures International B.V.). Specifically, on July 31, 2018, the intercompany loan granted in 2016 by Guala Closures pre-merger to GCL for an amount equal to €91,200,000, plus interest, was extinguished by offsetting (i) Guala Closures pre-merger' payable to GCL arising from the SFP redemption described above, against (ii) the assignment of GCL's receivables from Guala Closures International B.V. to Guala Closures pre-merger.

(F) As a consequence of the resolutions and intercompany netting transactions mentioned under letter (E) above, at July 31, 2018, GCL's payable to Guala Closures pre-merger totalled €3,676,144. The receivable was partially repaid on the same date through the payment by GCL of €2,219,000. The residual amount, equal to €1,457,144, was waived by Guala Closures pre-merger, which therefore had no other outstanding payables or receivables to/from at July 31, 2018.

(G) On the closing date of the Business Combination (*i.e.* on July 31, 2018) the acquisition of the 61,200,000 ordinary shares of Guala Closures pre-merger (equal to 78.13% of its share capital) was completed with the transfer by GCL of (i) 52,316,125 ordinary shares of Guala Closures pre-merger to the Company, (ii) 7,403,229 ordinary shares of Guala Closures pre-merger to PII G S.à r.l.[1], and (iii) 1,480,646 ordinary shares of Guala Closures pre-merger to Quaestio Capital SGR S.p.A., against the payment of the agreed consideration. Furthermore, on the same date Guala Closures pre-merger and the Company signed the merger deed, the effects of which have been conditioned to the approval by Consob (the Italian commission for listed companies and the stock exchange) of the prospectus for the listing of Guala Closures post-merger (the "**Prospectus**").

[1] By means of the designation by Peninsula of its related company PII G S.à.r.l. as purchaser of the shares of Guala Closures pursuant to the master agreement referred to under letter (A) above.

(H) Finally, further to the approval by Consob of the Prospectus, the merger of Guala Closures pre-merger into the Company became effective on August 6, 2018 (the "**Merger**"). Following the Merger, the Company adopted the corporate name of "Guala Closures S.p.A." and its ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario), within the Star Segment since August 6, 2018.

Guala Closures pre-merger' financial indebtedness

(A) On June 28, 2018 Guala Closures pre-merger, in agreement with the Company, started two distinct consent solicitation procedures with the purpose of obtaining a waiver by (i) the bondholders under the bond issued by Guala Closures pre-merger in 2016 (the "**Guala Closures Bonds**") and (ii) the revolving credit facility lenders under the 2016 revolving credit facility agreement (the "**RCF**") in relation to their right to exercise the change of control clauses provided under the Guala Closures Bond and the RCF which would have been triggered upon completion of the Business Combination. As part of these procedures, the bondholders under the Guala Closures Bond and the RCF lenders were also requested to release certain security interests created to secure their obligations under the relevant agreements. On July 20, 2018 and on July 19, 2018, the bondholders under the Guala Closures Bond and the RCF lenders respectively, agreed to grant the above-mentioned waivers and carried out the necessary activities to release the relevant security interests.

(B) As a consequence of the consent solicitation procedures described under letter (A) above, on August 1, 2018, Guala Closures pre-merger, in agreement with the Company, fully repaid the Guala Closures Bonds and the RCF for an amount equal to 100% of the relevant amounts and of any outstanding interest at the repayment date, by using the proceeds of the intercompany loan equal to €552,475,766.67 made available by the Company on July 20, 2018. Part of such intercompany loan was made available to the Company on the same date further to the signing by the latter of a bridge facility agreement (the "**Bridge Facility Agreement**") with UniCredit Bank AG, Milan Branch, acting as agent, and the original bridge lenders (Credit Suisse AG, Milan Branch, Banca IMI S.p.A., Banco BPM S.p.A., Barclays Bank PLC and UniCredit S.p.A.) for an amount equal to €450,000,000.00, which shall be repaid within one year from its first utilization.

(C) Furthermore, on July 20, 2018, the Company also entered into with UniCredit Bank AG, Milan Branch, as agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.p.A.) a new revolving credit facility agreement governed by the law in England and Wales, for a maximum amount of €80,000,000.00 (the "**New RCF**"), Euribor 3 months + 2.5% (zero floor). The New RCF will expire five years and six months after the first utilization of the bridge financing described under letter (B) above.

Results of operations, financial position and cash flows of Guala Closures Group pro-forma

The consolidated figures of Guala Closures Group as at and for the first nine months of 2018 have been affected by the transaction which was completed on July 31, 2018 with the acquisition by Space4 S.p.A. of 67% of Guala Closures pre-merger and its subsequent merger into Space4 S.p.A. which became effective on August 6, 2018. This transaction, which resulted in Space4 S.p.A. adopting the corporate name of Guala Closures S.p.A., had an impact on the financial statements as at and for nine months ended September 30, 2018 and their comparability with Guala Closures Group prior to the transaction. Consequently, for the benefit of readers, pro forma figures are provided in order to compare the performance of operations based on the scope of Guala Closures Group pre-merger prior to the transaction, including Space4's operations.

Results of operations

Calculation of the pro forma results of operations

The following table shows the pro forma figures for the first nine months of 2017, which will be discussed later on, calculated based on the figures of Space4 S.p.A.'s IFRS financial statements and BU Lux at September 30, 2017.

Condensed consolidated statement of profit or loss Guala Closures Group for the nine months ended September 30, 2017	Reported income statement	Guala Closures Group 9 months	BU LUX 9 months	Intercompany write-offs and reclass.	Pro forma
(in thousands of Euros)	i	ii	iii	iv	i+ii+iii+iv
Net revenue		388,509	4,810	(4,799)	388,521
Change in inv. of fp and s-fp		12,711			12,711
Other operating income		3,097	(406)	(98)	2,593
Internal work capitalized		3,950			3,950
Costs for raw materials		(176,879)	(21)		(176,900)
Costs for services	(9)	(74,023)	(2,555)	4,904	(71,683)
Personnel expense		(72,266)	(3,031)		(75,297)
Other operating expense and imp. losses		(8,136)	(425)	452	(8,109)
Gross operating profit (loss) (EBITDA)	**(9)**	**76,963**	**(1,628)**	**459**	**75,785**
Depreciation/amortization		(22,779)	(180)		(22,959)
Operating profit (loss)	**(9)**	**54,184**	**(1,808)**	**459**	**52,826**
Financial income		5,612	4,821	(8,386)	2,047
Financial expense		(36,829)	(3,635)	7,427	(33,038)
Net financial expense		**(31,218)**	**1,186**	**(959)**	**(30,991)**
Pre-tax profit (loss)	**(9)**	**22,966**	**(622)**	**(500)**	**21,835**
Income taxes		(13,276)	(27)	(3,076)	(16,379)
Profit (loss) for the period	**(9)**	**9,691**	**(649)**	**(3,576)**	**5,456**
Profit (loss) for the period attributable to the owners of the parent	(9)	594	(649)	0	(65)
Profit (loss) for the period attributable to the holders of the participating financial instruments of the parent		3,576		(3,576)	-
Profit (loss) for the period attributable to non-controlling interests		5,521			5,521
Adjusted EBITDA	-	**78,563**	**(264)**	**0**	**78,299**

The "Reported income statement" column shows the income statement figures of the merging company Space4 S.p.A. from the incorporation date (September 19, 2017) to the period ended September 30, 2017.
The "Guala Closures Group 9 months" column shows Guala Closures Group pre-merger's results from January 1 to September 30, 2017.
The "BU LUX 9 months" column shows the results of the BU Lux from January 1 to September 30, 2017.
The "Intercompany write-offs and reclass." column shows the intercompany write-offs between Guala Closures Group and BU Lux and the reclassification from equity to interest of the interest accrued on the SFP between January 1 and September 30, 2017.
Finally, the Pro forma column shows the figures of Guala Closures Group pre-merger for the first nine months of 2017, inclusive of the results of the period of Space4 S.p.A. and the BU Lux, in order to compare them with the corresponding nine months of 2018 at the same perimeter.

The table below covers the first nine months of 2018 and shows the related pro forma figures, which will be discussed later on, calculated based on the figures of the IFRS condensed interim consolidated financial statements at September 30, 2018.

Condensed consolidated statement of profit or loss **Guala Closures Group for the nine months ended September 30, 2018**	**Reported income statement**	**Guala Closures Group 7 months**	**BU LUX 7M**	**Intercompany write-offs and reclass.**	**Pro forma**
(in thousands of Euros)	**i**	**ii**	**iii**	**iv**	**i+ii+iii+iv**
Net revenue	91,326	305,675	8	(1)	397,008
Change in inv. of fp and s-fp	(796)	10,422			9,625
Other operating income	687	1,920	3,600	(3,492)	2,714
Internal work capitalized	510	3,504			4,014
Costs for raw materials	(40,396)	(145,191)	(76)	1	(185,661)
Costs for services	(23,502)	(66,312)	723	3,492	(85,599)
Personnel expense	(15,868)	(56,855)	(2,160)		(74,883)
Other operating expense and imp. losses	(1,689)	(6,689)	(490)		(8,869)
Gross operating profit (EBITDA)	**10,273**	**46,472**	**1,604**		**58,349**
Depreciation/amortization	(5,443)	(18,684)	(320)		(24,447)
Operating profit	**4,830**	**27,788**	**1,284**		**33,902**
Financial income	13,693	5,991	5,028	(7,767)	16,945
Financial expense	(15,745)	(29,656)	(2,790)	4,990	(43,200)
Net financial expense	**(2,052)**	**(23,665)**	**2,238**	**(2,777)**	**(26,255)**
Pre-tax profit	**2,778**	**4,123**	**3,522**	**(2,777)**	**7,646**
Income taxes	(2,135)	(8,564)	(28)		(10,726)
Profit (loss) for the period	**643**	**(4,441)**	**3,494**	**(2,777)**	**(3,080)**
Profit (loss) for the period attributable to the owners of the parent	(715)	(5,757)	3,494	(5,553)	(8,531)
Profit (loss) for the period attributable to the holders of the participating financial instruments of the parent		(2,777)		2,777	-
Profit for the period attributable to non-controlling interests	1,358	4,093			5,451
Adjusted EBITDA	**18,738**	**54,653**	**82**		**73,472**

The "Reported income statement" column shows the income statement figures of the financial statements which, in accordance with IFRS, following the Space4-Guala Closures S.p.A. transaction, cover the first nine months of the operations of the company resulting from the merger. They comprise Space4 S.p.A.'s costs from January 1 to September 30, 2018 and the results of operations of Guala Closures Group post-merger from August 1 to September 30, 2018.

The "Guala Closures Group 7 months" shows Guala Closures Group pre-merger's results from January 1 to July 31, 2018, the date of the business combination with Space4 S.p.A..

The "BU LUX 7M" column shows the results of operations of the BU Lux from January 1 to July 31, 2018, the date of transfer from the parent GCL Holdings S.C.A. to Guala Closures Group pre-merger.

The "Intercompany write-offs and reclass." column shows the intercompany write-offs between Guala Closures Group post-merger and BU Lux and the reclassification from equity to interest of the interest accrued on the SFP between January 1 and July 31, 2018.

Finally, the Pro forma column shows the figures of Guala Closures Group post-merger for the first nine months of 2018 in order to compare them with the corresponding nine months of 2017 at the same perimeter.

Analysis of the pro forma results of operations

The pro forma table below summarises the comparable results of operations of Guala Closures Group for the first nine months of 2017 and for the same period of 2018:

Condensed consolidated statement of profit or loss **Guala Closures Group**	**First nine months of 2017** **Pro forma**		**First nine months of 2018** **Pro forma**	
	In thousands of Euros	***% of net revenue***	**In thousands of Euros**	***% of net revenue***
Net revenue	**388,521**	***100.0%***	**397,008**	***100.0%***
Change in inv. of fp and s-fp	12,711	*3.3%*	9,625	*2.4%*
Other operating income	2,593	*0.7%*	2,714	*0.7%*
Internal work capitalized	3,950	*1.0%*	4,014	*1.0%*
Costs for raw materials	(176,900)	*(45.5%)*	(185,661)	*(46.8%)*
Costs for services	(71,683)	*(18.5%)*	(85,599)	*(21.6%)*
Personnel expense	(75,297)	*(19.4%)*	(74,883)	*(18.9%)*
Other operating expense and imp. losses	(8,109)	*(2.1%)*	(8,869)	*(2.2%)*
Gross operating profit (EBITDA)	**75,785**	***19.5%***	**58,349**	***14.7%***
Depreciation/amortization	(22,959)	*(5.9%)*	(24,447)	*(6.2%)*
Operating profit	**52,826**	***13.6%***	**33,902**	***8.5%***
Financial income	2,047	*0.5%*	16,945	*4.3%*
Financial expense	(33,038)	*(8.5%)*	(43,200)	*(10.9%)*
Net financial expense	**(30,991)**	***(8.0%)***	**(26,255)**	***(6.6%)***
Pre-tax profit	**21,835**	***5.6%***	**7,646**	***1.9%***
Income taxes	(16,379)	*(4.2%)*	(10,726)	*(2.7%)*
Profit (loss) for the period	**5,456**	***1.4%***	**(3,080)**	***(0.8%)***
Loss for the period attributable to the owners of the parent	(65)	*(0.0%)*	(8,531)	*(2.1%)*
Profit for the period attributable to non-controlling interests	5,521	*1.4%*	5,451	*1.4%*
Adjusted EBITDA	**78,299**	***20.2%***	**73,472**	***18.5%***

Notes:

- *Adjusted EBITDA has been calculated based on the definition in the alternative performance indicators paragraph on page 19.*
- *The figures for the first nine months of 2018 include the effect of the following acquisitions:*
  - ICSA's activities in Chile (acquired in October 2017);
  - the Indian company Axiom Propack Pvt Ltd (acquired in October 2017).
  The comparative analysis between the figures for the first nine months of 2017 and 2018 has been carried out considering the impact on Net revenue instead of on the absolute values.

Alternative performance indicators

In addition to the financial performance indicators required by IFRS, this Directors' report and the notes to the condensed interim consolidated financial statements include some alternative performance indicators (EBITDA, Adjusted EBITDA, net financial indebtedness and amounts for the first nine months of 2018 at constant exchange rates) which are not required by IFRS, but are based on IFRS values.

Management has presented the performance measure EBITDA and Adjusted EBITDA because it monitors these performance measures 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 for the period to exclude the impact of taxation, net financial expense, amortization/depreciation.
The Adjusted gross operating profit (Adjusted EBITDA) is calculated by adjusting the profit for the period to exclude the impact of taxation, net financial expense, amortization/depreciation and other costs like costs related to Space4, due diligence and other exit expense related to the business combination with Space 4 S.p.A. ("exit expense"), restructuring expenses, Merger and acquisition ("M&A") expenses, operating expenses related to discontinued plant, costs related to significant production accidents and impairment losses.
EBITDA and Adjusted EBITDA are not defined performance measures in the IFRS. The group's definition of Adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

The adjusted EBITDA is shown in order to provide a better understanding of the group's economic performance.

Thousands of Euros €	First nine months of 2017 Pro forma	First nine months of 2018 Pro forma
Profit (loss) from continuing operations	**5,456**	**(3,080)**
Income tax expense	16,379	10,726
Profit before tax	**21,835**	**7,646**
Net financial expense	30,991	26,255
Depreciation and Amortization	22,959	24,447
Gross operating profit (EBITDA)	**75,785**	**58,349**
Adjustments for:		
Costs related to Space4	9	6,721
Due diligence and other exit expense	842	6,646
Restructuring expense	91	872
Merger and acquisition ("M&A") expenses	522	474
Operating expenses related to discontinued plant	104	102
Costs related to significant production accidents	498	-
Impairment losses	448	308
Adjusted gross operating profit (Adjusted EBITDA)	**78,299**	**73,472**

Constant currency presentation ("constant exchange rates") is the method used by management to eliminate the effects of exchange rate fluctuations when calculating the financial performance of the group's international operations. Such constant currency presentation, utilised in the following pages, replaces the amounts for the first nine months of 2018 (income and expense of foreign operations for the first nine months of 2018 are translated into Euros at the average exchange rates of the first nine months of 2018) with the 2018 currency amounts calculated at constant average exchange rates for the first nine months of 2017 (income and expense of foreign operations for the first nine months of 2018 are translated into Euros at the average exchange rates of the first nine months of 2017).

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, as well as financial assets as reconciled in Annex A) to the Directors' report "Reconciliation between tables included in the Directors' report with the classification used in the condensed interim consolidated financial statements".
This indicator is shown in order to provide a better understanding of the group's statement of financial position and should not be considered as a substitute of IFRS indicators.

The following information should be read together, and is entirely related to, the condensed interim consolidated financial statements and notes thereto included in these condensed interim consolidated financial statements.

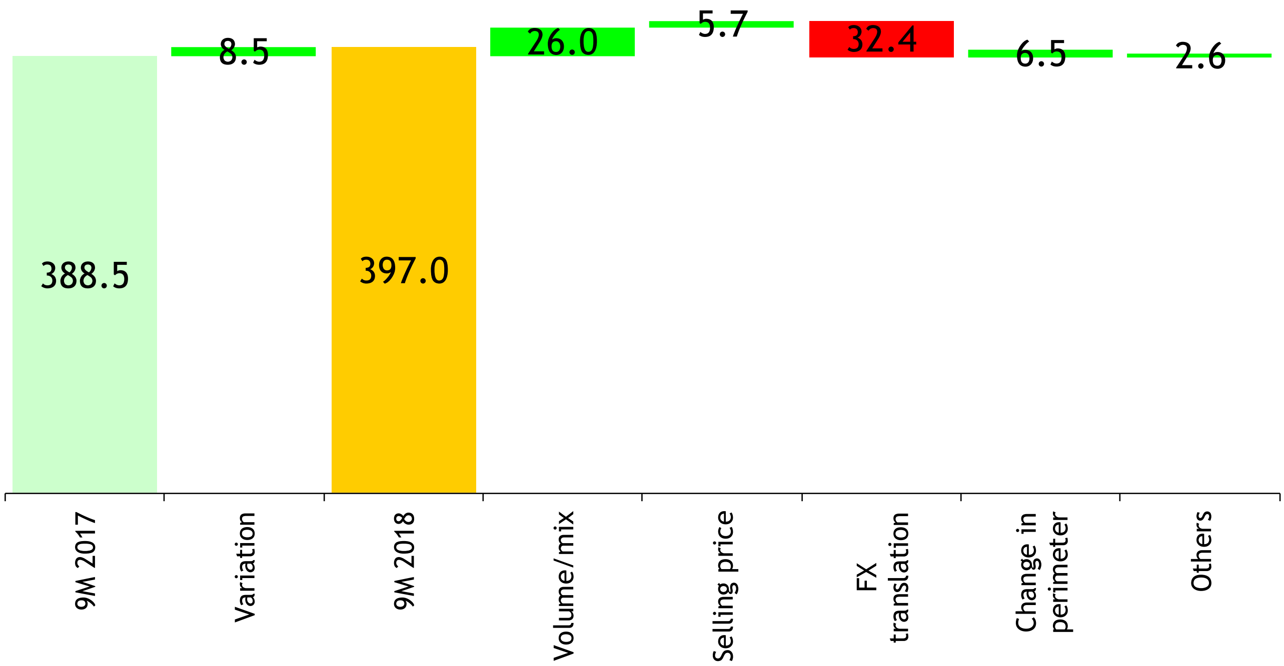
Guala Closures Group operates in five different continents and sells its closures to over 100 countries. However, certain types of products are exposed to seasonal effects, with sales volumes up in the second half of each year and, in particular, during holiday periods. Consequently, the quarterly results of Guala Closures Group do not contribute evenly to the calculation of the financial performance of each year. Therefore, the performance of the third quarter of the year must not be considered representative of the group's performance for the entire year.

Net revenue

In the first nine months ended September 30, 2018, consolidated net revenue was €397.0 million, up €8.5 million or 2.2% on the first nine months ended September 30, 2017, despite the negative translation impact (€32.4 million, 8.3%) following the Euro's appreciation against the main currencies in which the group operates.
At constant exchange rates, net revenue rose by €40.9 million (10.5%) on the first nine months of 2017. The increase is mainly due to the larger volume/mix volumes in India, Ukraine, Argentina, North America, the United Kingdom, Mexico and Italy (€26.0 million or 6.7%), due to the further success of safety closures and to the changeover from cork to aluminum closures for wine bottles, and the increase in selling prices (€5.7 million or 1.5%).

Net revenue for the first nine months of 2018 also benefited from the consolidation of the acquisitions of Axiom Propack Pvt Ltd in India and ICSA's activities in Chile in the second half of 2017. The overall positive impact on revenue from the change in perimeter amounts to €6.5 million (up by 1.7%).

The graph below shows the difference between the net revenue for the first nine months of 2017 and 2018:



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

- The volume/mix effect is related to the increase/decrease in revenue connected to higher/lower volumes sold and to the different sales mix in product families and customers from one year to another;

- The FX translation effect is generated by the sales in the first nine months of 2018 invoiced in a currency different from the local reporting currency recalculated based on the exchange rates for the first nine months of 2017.

The "Selling price" effect is calculated by each subsidiary, as the difference between the current average price and that of the previous year, applied to the unit volume of the current period.

The "FX translation" effect is generated at consolidation level following the translation into Euro of the sales in local currency reported by local subsidiaries.

The "Change in perimeter" refers to the additional volumes generated by the acquisition of AXIOM Propack Pvt Ltd and ICSA's activities and is calculated as additional business made with third parties in comparison with previous year.

"Other" includes non-core sales (e.g., the sale of aluminium scrap) and residual amounts not specified in the above-mentioned categories.

Net revenue by division

The following graph gives a breakdown of revenue by division:

Source: sales statistics

The "Closures" division represents the group's core business (99.5% of net revenue), specialized in the following product lines: safety closures, customized closures (luxury), wine closures (wine), roll on (standard) closures, pharma closures and other revenue.

The Closures division's revenue increased by €8.7 million from €386.1 million in the first nine months of 2017 to €394.8 million in the first nine months of 2018.

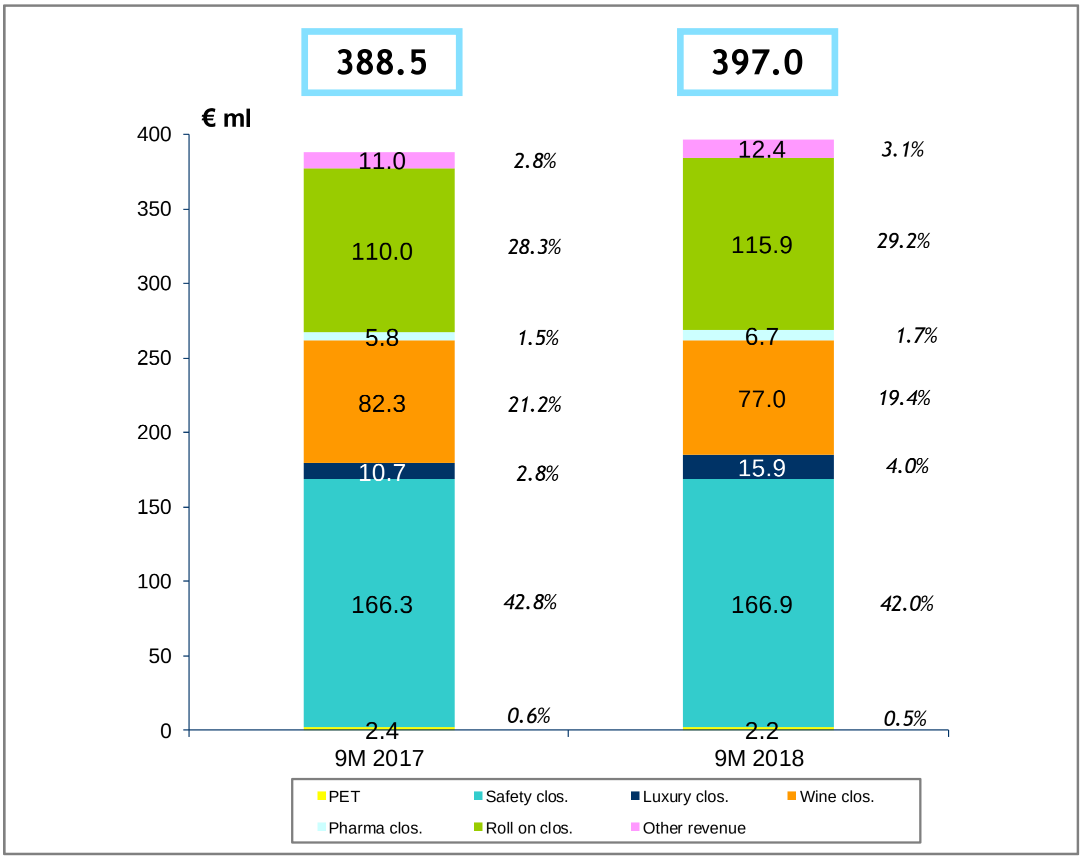
The "PET" division mainly produces standard and custom moulds and PET bottles and miniatures. This division is no longer considered a core business for the group.

The PET division's revenue decreased by €0.2 million from €2.4 million to € 2.2 million (as a percentage of net revenue, it is equal to 0.5% in the first nine months of 2018). The PET division's revenue was solely generated by the PET operations in Spain.

As the PET division is not significant in size, it is not analyzed in this Directors' report.

Net revenue by product

The following graph gives a breakdown of closures revenue by product:



Source: sales statistics

<u>Safety closures</u> revenue increased by €0.6 million, from €166.3 million in the first nine months of 2017, or 42.8% of net revenue, to €166.9 million in the first nine months of 2018, or 42.0%, despite the negative translation impact (€16.3 million). At constant exchange rates, net revenue rose by €16.9 million or 10.1% on the first nine months of 2017 mainly due to the growth in India which, in the first half of 2017, suffered from the impact of the "demonetization effect" and the banning of selling alcohol near motorways, and to the rise recorded by Argentina and Ukraine.
The increase in safety closures revenue is also due to the consolidation of Axiom Propack Pvt Ltd.

Luxury closures revenue increased by €5.2 million from €10.7 million in the first nine months of 2017, or 2.8% of net revenue, to €15.9 million in the first nine months of 2018 (or 4.0%), despite the negative translation impact (€0.7 million). At constant exchange rates, net revenue was up €5.9 million or 54.9% on the first nine months of 2017, mainly due to Mexico, as a result of recent investments made in order to support this segment.

Wine closures revenue decreased by €5.3 million from €82.3 million in the first nine months of 2017, or 21.2% of net revenue, to €77.0 million in the first nine months of 2018, or 19.4%. The reduction is entirely due to the negative translation impact (€7.3 million). At constant exchange rates, net revenue was up €2.0 million or 2.4% on the first nine months of 2017.

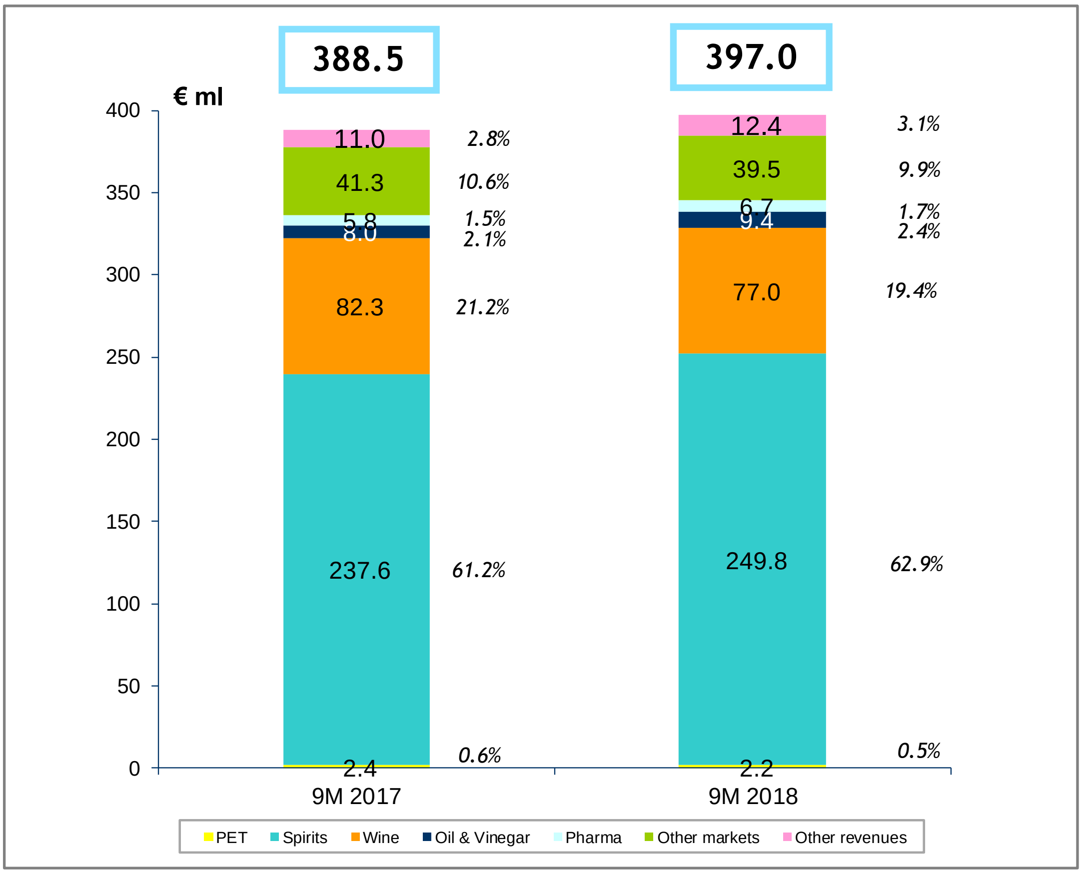
Pharma closures revenue increased by €0.9 million from €5.8 million in the first nine months of 2017, or 1.5% of net revenue, to €6.7 million in the first nine months of 2018, or 1.7%.

Roll on (standard) closures revenue increased by €5.9 million from €110.0 million in the first nine months of 2017, or 28.3% of net revenue, to €115.9 million in the first nine months of 2018 (or 29.2%), despite the negative translation impact (€5.8 million). At constant exchange rates, net revenue was up €11.7 million or 10.6% on the first nine months of 2017, mainly due to North America, Mexico and Poland.

Other revenues rose €1.4 million, from €11.0 million in the first nine months of 2017, or 2.8% of net revenue, to €12.4 million in the first nine months of 2018, or 3.1% of net revenue, despite the negative translation impact (€2.4 million). At constant exchange rates, net revenue was up €3.7 on the first nine months of 2017.

Net revenue by destination market

The following graph gives a breakdown of closures revenue by destination market:



Source: sales statistics

The most important destination market for the group sales continues to be the spirits market, which represents 62.9% of net revenue in the first nine months of 2018.

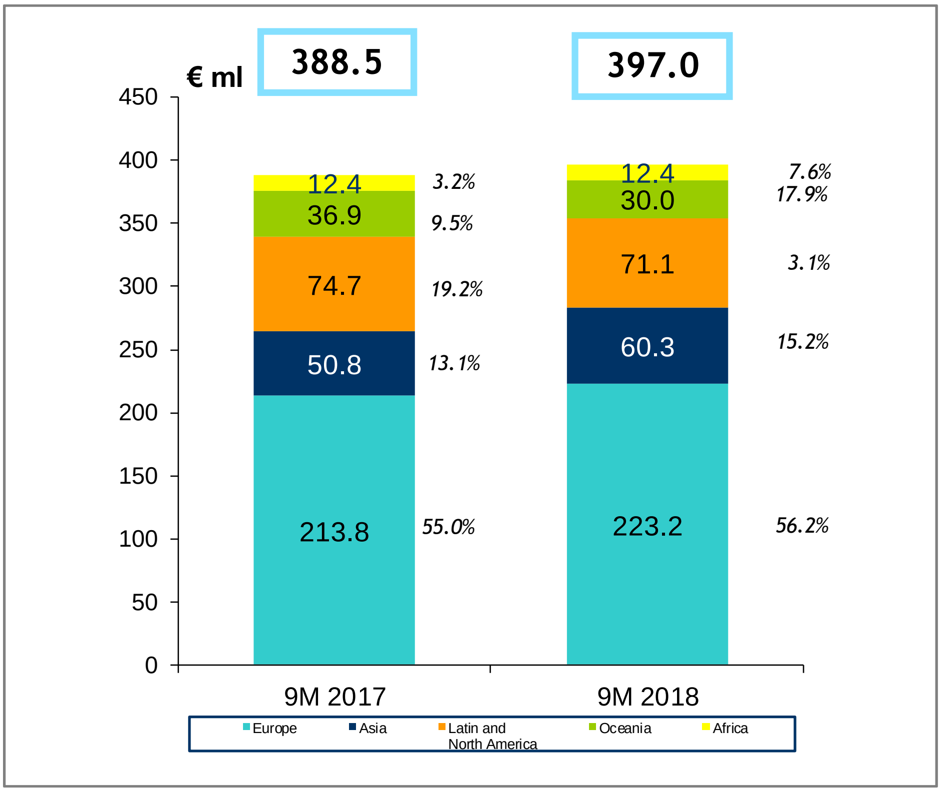
Net revenue related to the spirits market increased from €237.6 million in the first nine months of 2017 to €249.8 million in the first nine months of 2018, despite the negative translation impact (€21.8 million). At constant exchange rates, the net revenue of this segment increased by €34.0 million (14.3%) compared to the first nine months of 2017.

The increase in the spirits market is mainly due to the growth in India, Ukraine Argentina, Mexico, North America and Italy and the consolidation of the India-based Axiom Propack Pvt Ltd, which was acquired in October 2017.

The second most important destination market is the wine market, which represents 19.4% of net revenue in the first nine months of 2018.
Net revenue related to the wine market decreased from €82.3 million in the first nine months of 2017 to €77.0 million in the first nine months of 2018. The decrease is entirely attributable to the negative translation impact. At constant exchange rates, the net revenue of this segment increased by €2.0 million (2.4%) compared to the first nine months of 2017.

Net revenue by geographical segment

The graph below illustrates the geographical distribution of net revenue based on the geographical location from which the product is sold by the group companies:



Source: financial statements figures

Net revenue from operations in Europe increased by €9.4 million from €213.8 million in the first nine months of 2017, or 55.0% of net revenue, to €223.2 million in the first nine months of 2018, or 56.2% of net revenue, despite the negative translation impact of €3.8 million. At constant exchange rates, the net revenue of this area increased by €13.2 million or 6.2% on the first nine months of 2017.
The increase in this area is mainly due to Guala Closures Ukraine, Guala Closures UK and Guala Closures S.p.A..

Net revenue from operations in Asia increased by €9.5 million from €50.8 million in the first nine months of 2017, or 13.1% of net revenue, to €60.3 million in the first nine months of 2018, or 15.2%, mainly due to the impact in India of the effects of local government policies in 2017 (demonetization policy and change in local rules for the sale of alcohol). In the first nine months of 2018, the net revenue of this area benefited from the consolidation of the India-based Axiom Propack Pvt Ltd, which was acquired in October 2017 (€5.4 million), but was affected by the negative translation impact (€5.3 million). At constant exchange rates, the net revenue of this area increased by €14.8 million or 29.1% on the first nine months of 2017.

Net revenue from operations in Latin and North America decreased by €3.6 million from €74.7 million in the first nine months of 2017, or 19.2% of net revenue, to €71.1 million in the first nine months of 2018, or 17.9% of net revenue, due to the negative translation impact of €20.1 million. At constant exchange rates, the net revenue of this area increased by €16.5 million or 22.1% on the first nine months of 2017.
The change in this area is mainly due to the positive contribution of the general growth in the market in Argentina, North America and Mexico and to the acquisition of ICSA's activities €1.1 million).

<u>Net revenue from operations in Oceania</u> decreased by €6.9 million from €36.9 million in the first nine months of 2017, or 9.5% of net revenue, to €30.0 million in the first nine months of 2018 or 7.6% of net revenue, mainly due to reduced volumes. Net revenue of this area was also affected by the negative translation impact (€2.7 million). At constant exchange rates, the net revenue of this segment decreased by €4.2 million or 11.4% on the first nine months of 2017.

<u>Net revenue from operations in Africa</u> remained stable at €12.4 million (unchanged as a percentage of net revenue at 3.1%), despite the negative translation impact (€0.6 million). At constant exchange rates, the net revenue of this segment increased by €0.6 million or 5.2% on the first nine months of 2017.

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

Other operating income

Other operating income increased by €0.1 million from €2.6 million in the first nine months of 2017, or 2.7% of net revenue, to €2.7 million in the first nine months of 2018 (unchanged as a percentage of net revenue at 0.7%). This item mainly includes recovery of transport costs and other cost recoveries.

Internal work capitalized

This caption increased by €0.1 million from €3.9 million in the first nine months of 2017 to €4,0 million in the first nine months of 2018 (unchanged as a percentage of net revenue at 1.0%).
This income comprises capitalized development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

These costs rose by €8.8 million from €176.9 million in the first nine months of 2017, or 45.5% of net revenue, to €185.7 million in the first nine months of 2018 (46.8%).

Costs for services

Costs for services rose by €13.9 million, from €71.7 million in the first nine months of 2017, or 18.5% of net revenue, to €85.6 million in the first nine months of 2018 (21.6%), mainly due to non-recurring costs of approximately €12.0 million accounted in the first nine months of 2018.
This caption at September 30, 2018 also includes €1,219 thousand related to a consultant service provided by Space Holdings S.r.l. for the period from January 1, 2018 to August 6, 2018, as per the contract dated September 27, 2017 as amended in date November 16, 2017.

Personnel expense

Personnel expense decreased by €0.4 million from €75.3 million in the first nine months of 2017, or 19.4% of net revenue, to €74.9 million in the first nine months of 2018 (18.9%).

Other operating expense and impairment losses

Other operating expense rose by €0.8 million from €8.1 million in the first nine months of 2017, or 2.1% of net revenue, to €8.9 million in the first nine months of 2018 (2.2%), mainly as a result of accruals to the provision for restructuring related to Guala Closures UK.

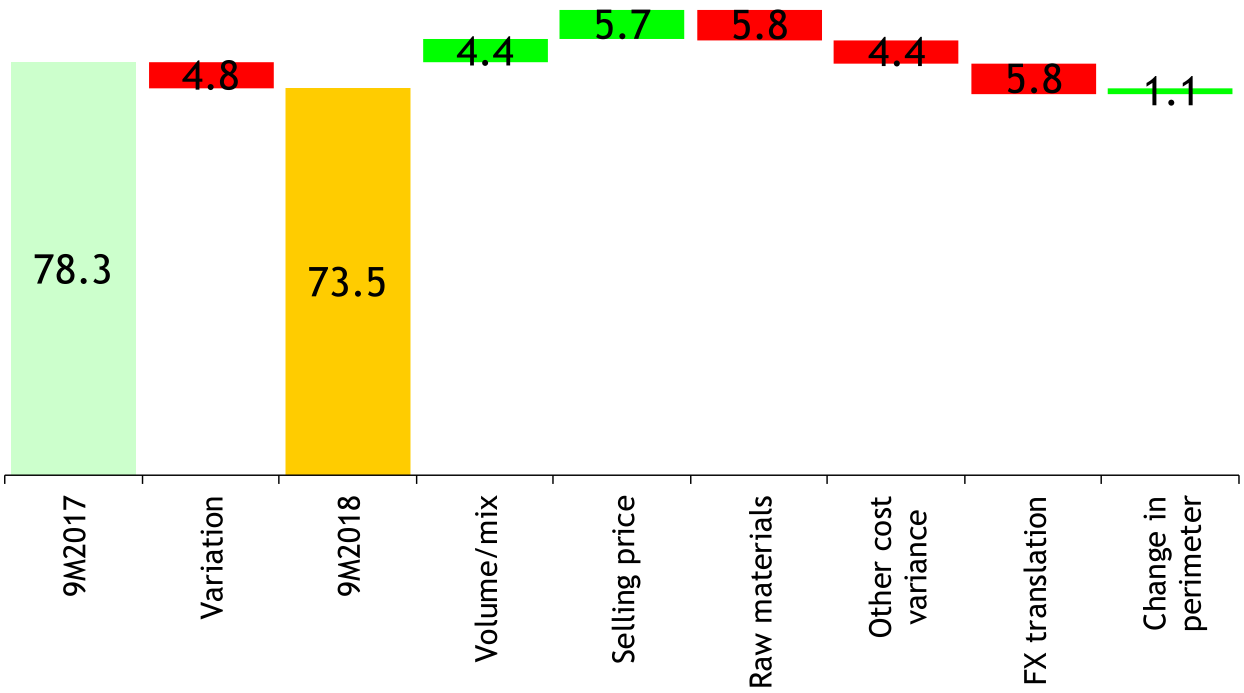
Gross operating profit

The group's gross operating profit (EBITDA) for the first nine months of 2018 came to €58.4 million, or 14.7% of net revenue, showing a €17.4 million (23.0%) decrease on the first nine months of 2017, mainly due to greater non-recurring costs incurred in the first nine months of 2018 and the negative translation impact (€5.8 million) following the appreciation of the Euro against the main currencies in which the group operates.
In the first nine months of 2018, the group's EBITDA benefited from €1.1 million generated by the change in perimeter.

The adjusted EBITDA for the first nine months of 2018 amounts to €73.5 million. The €4.8 million decrease on the first nine months of 2017 is mainly due to the negative translation impact caused by the appreciation of the Euro against the main currencies in which the group operates (€5.8 million).

It is equal to 18.5% of net revenue (20.2% in the first nine months of 2017).

The graph below shows the difference between adjusted EBITDA in the first nine months of 2017 and 2018:



The "Volume/mix" effect includes the change in adjusted EBITDA due to the change in the volume/mix of products sold and produced and due to the currency transaction impact. It is calculated according to the following definitions:

- Volume/mix effect: it includes the volume/mix effect on sales plus/minus the volume/mix effect on costs, calculated applying the previous year incidence (%) of production costs on current year net sales plus change in inventories of finished goods and semi-finished products;
- Currency transaction effect: it is generated by 2018 sales and purchases accounted for in a currency different from the local reporting currency recalculated based on the 2017 exchange rate.

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

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

The "Other cost variance" includes the effect of efficiency/inefficiency and the impact of the change in purchase price of raw materials that are not considered core business materials.

The "FX translation" effect is generated at consolidation level following the translation into Euro of the adjusted EBITDA in local currency reported by local subsidiaries.

"Change in perimeter" is the additional EBITDA coming from the acquisition of AXIOM Propack Pvt Ltd and ICSA's activities.

Depreciation and Amortization

Depreciation and amortization increased from €22.9 million in the first nine months of 2017, or 5.9% of net revenue, to €24.4 million in the first half of 2018, or 6.2%.

Financial income and expense

Net financial expense decreased from €31.0 million in the first nine months of 2017 to €26.3 million in the first nine months of 2018. The €4.7 million reduction is mainly due to the fair value gains on the market warrants (€11.8 million), which offset the negative impact of a) the non-recurring costs related to the refinancing (€8.0 million), b) the fair value losses on the liability due to non-controlling investors (€1.1 million) and c) the translation impact (€0.5 million).

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

	First nine months of	
Thousands of Euros	**2017 Pro forma**	**2018 Pro forma**
Net exchange losses	(8,032)	(8,577)
Net fair value gains on Market Warrants	-	11,794
Net fair value losses on liability due to non-controlling investors	-	(1,050)
Net interest expense - third parties	(22,959)	(20,428)
Non-recurring costs related to the refinancing	-	(7,995)
Net financial expense	**(30,991)**	**(26,255)**

Source: Pro forma

The net fair value gains on the Market Warrants refer to the change in Borsa Italiana S.p.A.'s official price of the Market Warrants existing at December 31, 2017 between December 31, 2017 and September 30, 2018 and the change in Borsa Italiana S.p.A.'s official price of the new Market Warrants issued on August 6, 2018 between August 6, 2018 and September 30, 2018.

The net fair value losses on liability due to non-controlling investors relate to the liability due to the non-controlling investors of the Ukrainian subsidiary, which rose by €1.1 million in the first nine months of 2018.

The non-recurring costs related to the refinancing amount to €8.0 million in the first nine months of 2018 and refer to the write-off of the unamortized transaction costs due to the Guala Closures Group's refinancing occurred on August 1, 2018 (early redemption of the existing Floating Rate Senior Secured Notes due in 2021 and of the previous Senior Revolving Facility due in 2021).

Income tax expense

Income tax expense decreased by €5.7 million from €16.4 million in the first nine months of 2017, or 4.2% of net revenue, to €10.7 million in the first nine months of 2018, mainly as a consequence of the reduction in profit before taxation.

Profit (loss) for the period

The result decreased by €8.5 million from a profit of €5.5 million in the first nine months of 2017 to a loss of €3.1 million in the first nine months of 2018. This is mainly due to the reduction in gross operating profit caused by non-recurring costs.

Reclassified statement of financial position

Calculation of the pro forma financial position

The following table shows the pro forma financial position as at December 31, 2017, which will be discussed later on, calculated based on the figures of Space4 S.p.A.'s IFRS financial statements at December 31, 2017:

	Space4			Space4 Total	Guala Closures Group	BU LUX	Intercompany write-offs and reclass.	Guala Closures Group Pro forma	Pro forma
	December 31, 2017	Acquisition	Merger	December 31, 2017	December 31, 2017			December 31, 2017	December 31, 2017
(in thousands of Euros)	i	ii	iii	iv=i+ii+iii	v	vi	vii	viii=v+vi+vii	
Intangible assets	-	-	455,154	455,154	377,504	119	-	377,623	832,777
Property, plant and equipment	-	-	-	-	189,271	1,417	-	190,688	190,688
Contract costs	-	-	-	-	-	-	-	-	-
Non-current assets held for sale	-	-	-	-	2,130	-	-	2,130	2,130
Net working capital	(4,490)	-	-	(4,490)	115,068	(1,534)	0	113,534	109,044
Equity investments	-	354,040	(354,040)	-	-	-	-	-	-
Contract assets	-	-	-	-	-	-	-	-	-
Net financial derivative assets (liabilities)	-	-	-	-	(220)	-	-	(220)	(220)
Employee benefits	-	-	-	-	(6,376)	-	-	(6,376)	(6,376)
Other assets/(liabilities)	31	-	-	31	(29,231)	(3,882)	22	(33,091)	(33,060)
Net invested capital	**(4,460)**	**354,040**	**101,114**	**450,694**	**648,146**	**(3,880)**	**22**	**644,288**	**1,094,983**
Financed by:									
Net financial liabilities - third parties	12,500	-	-	12,500	511,650	(491)	65,173	576,331	588,831
Financial liabilities to minority interests	-	-	-	-	16,800	-	-	16,800	16,800
Cash and cash equivalents	(512,206)	354,040	-	(158,166)	(40,164)	(453)	-	(40,618)	(198,783)
Net financial indebtedness	**(499,706)**	**354,040**	**0**	**(145,666)**	**488,286**	**(945)**	**65,173**	**552,513**	**406,848**
Equity	**495,246**	**0**	**101,114**	**596,360**	**159,861**	**(2,935)**	**(65,151)**	**91,775**	**688,135**
Sources of funds	**(4,460)**	**354,040**	**101,114**	**450,694**	**648,146**	**(3,880)**	**22**	**644,289**	**1,094,983**

The Space4 columns show the statement of financial position balances of Space4 S.p.A. as at December 31, 2017, the effect of Space4 S.p.A.'s acquisition of 67% of Guala Closures pre-merger on July 31, 2018 and the impact of the merger of Guala Closures pre-merger on August 6, 2018, respectively.
The Guala Closures Group column shows the consolidated statement of financial position balances of Guala Closures Group as at December 31, 2017.
The BU LUX column shows the statement of financial position balances of the GCL business unit, which was transferred by the parent GCL Holdings S.C.A. to Guala Closures Group on July 31, 2018.
The Intercompany write-offs and reclass. column shows the intercompany write-offs between Guala Closures Group and BU LUX.
Finally, the December 31, 2017 pro forma column brings forward the effects of the merger between Space4 S.p.A. and Guala Closures pre-merger, applying at December 31, 2017 the goodwill that emerged at the date of acquisition on July 31, 2018 (which therefore takes into account the loss of the first seven months of the acquired Group), to enable comparison with the statement of financial position figures as at September 30, 2018.

Analysis of the pro forma financial position

The pro forma table summarises the financial position which reflects the statement of financial position balances of Guala Closures Group as at September 30, 2018 after the merger between Space4 S.p.A. and Guala Closures pre-merger compared with the corresponding pro forma figures which bring forward the effects of the merger between Space4 S.p.A. and Guala Closures pre-merger to December 31, 2017, to enable comparison with the statement of financial position figures as at September 30, 2018.

	Pro forma	
(Thousands of Euros)	**December 31, 2017**	**September 30, 2018**
Intangible assets	832,777	818,837
Property, plant and equipment	190,688	187,645
Contract costs	-	23
Non-current assets classified as held for sale	2,130	-
Net working capital	109,044	143,043
Contract assets	-	25
Net financial derivative liabilities	(220)	(90)
Employee benefits	(6,376)	(6,553)
Other liabilities	(33,060)	(32,402)
Net invested capital	**1,094,983**	**1,110,528**
Financed by:		
Net financial liabilities - third parties	588,831	476,221
Financial liabilities - non-controlling investors	16,800	17,850
Cash and cash equivalents	(198,783)	(32,456)
Net financial indebtedness	**406,848**	**461,615**
Equity	**688,135**	**648,913**
Sources of financing	**1,094,983**	**1,110,528**

Property, plant and equipment

Property, plant and equipment decreased by €3.0 million from €190.7 million at the end of 2017 to €187.6 million at the end of September 2018.
In the first nine months of 2018, the decrease is due to exchange gains/(losses) and to the effects of hyperinflation in Argentina (€3.8 million) and amortization and depreciation (€21.7 million), which were only partially offset by the investments of the period (€22.5 million), especially in Italy, Ukraine, Mexico and Poland.

Net working capital

The table below provides a breakdown of net working capital.

(Thousands of Euros)	Pro forma December 31, 2017	September 30, 2018
Inventories	82,742	94,826
Trade receivables	102,444	114,957
Trade payables	(76,142)	(66,740)
Net working capital (*)	**109,044**	**143,043**

(*) The amounts set forth herein do not match the amounts used to calculate the change in working capital in the consolidated statement of cash flows for the applicable years/periods as those amounts have been adjusted to reflect changes in foreign currency exchange rates on the opening balance, impairment losses on receivables and changes in the number of consolidated companies.

Note:
The above net working capital includes certain reclassifications compared to the condensed interim consolidated financial statements format. A reconciliation schedule is attached as Annex A) to the Directors' report.

The table below analyses net working capital days, calculated on the last quarter revenue.

Days	Pro forma December 31, 2017	September 30, 2018
Inventories	51	62
Trade receivables	63	75
Trade payables	(47)	(44)
Net working capital days	**67**	**93**

Net working capital increased from €109.0 million at December 31, 2017 to €143.0 million at September 30, 2018, representing an increase, in net working capital days, from 67 days to 93 days, mainly due to business seasonality.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

(Thousands of Euros)	Pro forma December 31, 2017	September 30, 2018
Net financial liabilities - third parties	576,331	466,148
Market Warrants	12,500	10,073
Financial liabilities - non-controlling investors	16,800	17,850
Cash and cash equivalents	(198,783)	(32,456)
Net financial indebtedness	**406,848**	**461,615**

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

Net financial indebtedness decreased by €90.9 million, from €552.5 million at December 31, 2017 to €461.6 million at September 30, 2018 as a result of the initial net capital injection from Space4 S.p.A. (€145.7 million) and the cash flow of the period (€-54.8 million). This increase is mainly due to the fact that the €10.3 million cash flow generated by operating activities has been absorbed by about €23.3 million cash flow used for investments and by €41.8 million used for net interest and other financial items.
The operating and financing cash flows have been strongly impacted by the extraordinary activities occurred in the first nine months of 2018, related to the business combination between Space4 S.p.A. and Guala Closures pre-merger, to the relevant listing on the Milan Stock Exchange and to the refinancing.

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

Equity

The table below shows a breakdown of equity:

(Thousands of Euros)	Pro forma December 31, 2017	September 30, 2018
Equity attributable to the owners of the parent	663,649	625,517
Equity attributable to non-controlling interests	24,486	23,396
Equity	**688,135**	**648,913**

In the first nine months of 2018, equity attributable to the owners of the parent decreased by €38.1 million from December 31, 2017 to September 30, 2018, mainly due to the net loss for the period and the negative translation impact.
During the same period, equity attributable to non-controlling interests decreased by €1.1 million, mainly as a consequence of dividends paid to non-controlling interests, partially offset by the profit for the period.

Reclassified statement of changes in net financial indebtedness

Calculation of the pro forma reclassified statement of changes in net financial indebtedness

The following table shows the pro forma figures for the first nine months of 2018, which will be discussed later on, calculated based on the figures of Space4 S.p.A.'s accounting figures at September 30, 2017:

	Reported statement of cash flow	Guala Closures Group 9M	BU LUX 9M	Intercompany write-offs	9M 2017 Guala Closures Group Pro forma	30/09/2017 Guala Closures Group Pro forma
(in thousands of Euros)	i	ii	iii	iv	v=ii+iii+iv	i+v
A) Opening net financial indebtedness	-	**(457,223)**	**2,816**	**(60,392)**	**(514,799)**	**(514,799)**
Gross operating profit (loss)	(9)	76,963	(1,628)	459	75,794	75,785
Change in net working capital	13	(39,353)	624		(38,729)	(38,716)
Other operating items	(3)	701	(2,724)		(2,024)	(2,027)
Taxes		(18,506)	2,890	(3,076)	(18,692)	(18,692)
B) Net cash from operating activities	**(0)**	**19,805**	**(838)**	**(2,617)**	**16,350**	**16,350**
Net investments		(23,468)	(1,046)		(24,514)	(24,514)
Change in liabilities for investments		1,291	87		1,378	1,378
Acquisition of Limat (Mexico)		(1,226)			(1,226)	(1,226)
C) Cash flows used in investing activities	-	**(23,403)**	**(959)**	-	**(24,362)**	**(24,362)**
Acquisition of a minority interest in Guala Closures Tools (Bulgaria)		(1,050)			(1,050)	(1,050)
Net interest expense		(23,186)	1,186	(959)	(22,959)	(22,959)
Derivatives and other financial items		(3,259)	(1)		(3,260)	(3,260)
Capital increases	100	824			824	924
Dividends paid		(6,249)			(6,249)	(6,249)
Exchange effect		(286)	(15)		(301)	(301)
D) Change in net financial indebtedness due to financing activities	**100**	**(33,207)**	**1,170**	**(959)**	**(32,995)**	**(32,895)**
E) Total change in net financial indebtedness (B+C+D)	**100**	**(36,804)**	**(627)**	**(3,575)**	**(41,007)**	**(40,907)**
F) Closing net financial indebtedness (A+E)	**100**	**(494,027)**	**2,189**	**(63,967)**	**(555,805)**	**(555,705)**

Source: pro forma

The "Reported statement of cash flow" column shows the balances of the statement of cash flows of the merging company from the incorporation date (September 19, 2017) to the end of the period on September 30, 2017.
The "Guala Closures Group 9M" column shows the balances of the statement of cash flows of Guala Closures Group from January 1 to September 30, 2017.
The "BU LUX 9M" column shows the balances of the statement of cash flows of the GCL business unit from January 1 to September 30, 2017.

The "Intercompany write-offs" column shows the intercompany write-offs between Guala Closures Group and BU LUX.
Finally, the "30/09/2017 Pro forma" column shows the balances of the statement of cash flows of Guala Closures Group for the first nine months of 2017, inclusive of the cash flows for the period of Space4 S.p.A. and the GCL business unit, in order to compare them with the corresponding nine months of 2018.

The table below covers the first nine months of 2018 and shows the related pro forma figures, which will be discussed later on, calculated based on the figures of the IFRS condensed interim consolidated financial statements at September 30, 2018.

	Reported statement of cash flows	Guala Closures Group 7M	BU LUX 7M	Intercompany write-offs	7M 2018 Guala Closures Group Pro forma	Acquisition	30/09/2018 Guala Closures Group Pro forma
(in thousands of Euros)	**i**	**ii**	**iii**	**iv**	**v=ii+iii+iv**	**vi**	**i+v+vi**
Opening net financial indebtedness		**(488,286)**	**945**	**(65,173)**	**(552,513)**		**(552,513)**
Opening cash	**499,706**				**-**	**(354,040)**	**145,666**
A) Opening net financial indebtedness	**499,706**	**(488,286)**	**945**	**(65,173)**	**(552,513)**	**(354,040)**	**(406,848)**
Gross operating profit	10,273	46,472	1,604		48,076		58,349
Change in net working capital	(4,602)	(28,334)	1,076		(27,259)		(31,861)
Other operating items	(628)	3,911	(5,735)		(1,824)		(2,452)
Taxes	(3,779)	(9,809)	(105)		(9,914)		(13,692)
B) Net cash from operating activities	**1,264**	**12,239**	**(3,160)**	**-**	**9,079**	**-**	**10,344**
Net investments	(2,948)	(20,021)	(348)		(20,369)		(23,316)
Change in liabilities for investments	(1,639)	(513)			(513)		(2,152)
Proceeds from the sale of assets		2,130			2,130		2,130
Acquisition of Guala Closures Group	(354,040)				-	354,040	-
Cash acquired	47,666				-	(47,666)	-
C) Cash flows used in investing activities	**(310,960)**	**(18,404)**	**(348)**	**-**	**(18,752)**	**306,374**	**(23,339)**
Acquisition of a minority interest in Guala Closures Argentina		(114)			(114)		(114)
Withdrawal	(31,323)				-		(31,323)
Opening acquired financial assets (assumed financial liabilities) - Guala Closures Group	(606,863)				-	606,863	-
Net interest expense	(2,302)	(17,586)	2,238	(2,777)	(18,124)		(20,426)
Financial expense related to transaction costs on the previous bond issue and revolving facility	(7,995)				-		(7,995)
Market Warrant opening impact	(9,367)				-		(9,367)
Change in the market value of the Market Warrants	11,794				-		11,794
Derivatives and other financial items	(5,783)	(217)	325		108		(5,675)
FPI settlement		(67,949)		67,949	-		-
Capital increases		25,000			25,000		25,000
Dividends paid	(130)	(4,474)			(4,474)		(4,605)
Exchange effect	345	593			593		938
D) Change in net financial indebtedness due to finacing activities	**(651,624)**	**(64,747)**	**2,563**	**65,173**	**2,989**	**606,863**	**(41,773)**
E) Total change in net financial indebtedness (B+C+D)	**(961,321)**	**(70,912)**	**(945)**	**65,173**	**(6,683)**	**913,237**	**(54,768)**
F) Closing net financial indebtedness (A+E)	**(461,615)**	**(559,197)**	**0**	**(0)**	**(559,197)**	**559,197**	**(461,615)**

Analysis of the pro forma reclassified statement of changes in net financial indebtedness

The pro forma table below summarises the trend of the comparable reclassified statement of changes in net financial indebtedness of Guala Closures Group for the first nine months of 2017 and for the same period of 2018:

	30/09/2017 Guala Closures Group Pro forma	30/09/2018 Guala Closures Group Pro forma
(in thousands of Euros)		
Opening net financial indebtedness	**(514,799)**	**(552,513)**
Opening cash	**-**	**145,666**
A) Opening net financial indebtedness	**(514,799)**	**(406,848)**
Gross operating profit	75,785	58,349
Change in net working capital	(38,716)	(31,861)
Other operating items	(2,027)	(2,452)
Taxes	(18,692)	(13,692)
B) Net cash from operating activities	**16,350**	**10,344**
Net investments	(24,514)	(23,316)
Change in liabilities for investments	1,378	(2,152)
Proceeds from the sale of assets	-	2,130
Acquisition of Limat (Mexico)	(1,226)	-
C) Cash flows used in investing activities	**(24,362)**	**(23,339)**
Acquisition of a minority interest in Guala Closures Tools (Bulgaria)	(1,050)	-
Acquisition of a minority interest in Guala Closures Argentina	-	(114)
Withdrawal	-	(31,323)
Net interest expense	(22,959)	(20,426)
Financial expense related to transaction costs on the previous bond issue and revolving facility	-	(7,995)
Market Warrant opening impact	-	(9,367)
Change in the market value of the Market Warrants	-	11,794
Derivatives and other financial items	(3,260)	(5,675)
Capital increases	924	25,000
Dividends paid	(6,249)	(4,605)
Exchange effect	(301)	938
D) Change in net financial indebtedness due to financing activities	**(32,895)**	**(41,773)**
E) Total change in net financial indebtedness (B+C+D)	**(40,907)**	**(54,768)**
F) Closing net financial indebtedness (A+E)	**(555,705)**	**(461,615)**

Net cash from operating activities

Net cash from operating activities decreased from €16.3 million in the first nine months of 2017 to €10.3 million in the first nine months of 2018.
The €6.0 million reduction is mainly due to the decrease in gross operating profit (€17.4 million), which was strongly affected by the costs incurred for non-recurring activities during the year (merger with Space4 S.p.A., listing on the Milan Stock Exchange), and to greater cash flows for other operating items (€0.4 million), partly offset by the improvement in the change in net working capital (€6.8 million) and by lower taxes (€5.0 million).

Cash flows used in investing activities

Cash flows used in investing activities decreased by €1.0 million from €24.4 million in the first nine months of 2017 to €23.3 million in the first nine months of 2018, mainly due to the proceeds from the sale of the Torre d'Isola plant in Italy (€2.1 million).

Change in net financial indebtedness due to financing activities

Change in net financial indebtedness due to financing activities increased by €8.9 million from €-32.9 million in the first nine months of 2017 to €-41.8 million in the first nine months of 2018. This reduction is due to a number of factors, many of which are of a non-recurring nature and attributable to the transactions carried out in 2018 (merger with Space4 S.p.A., listing on the Milan Stock Exchange, refinancing of the existing debt).
Specifically, the change was positively affected by a) the €25.0 million capital increase (€0.9 in 2017); b) the €2.4 million positive impact of financial items related to the Market Warrants; c) the decrease in net interest expense (€2.5 million); d) smaller dividends paid to third parties (€1.6 million); e) the positive translation impact (€1.2 million); f) lower costs for company acquisitions (€0.9 million).
This positive effect was offset by the following negative factors: a) withdrawal of Space4 S.p.A.'s former shareholders (€31.3 million); b) off-set of the transaction costs related to the previous debt (€8.0 million), fully repaid in August 2018 (bond issue due in 2021 and Revolving Credit Facility due in 2021); c) other financial items (€2.4 million).

Total change in net financial indebtedness

The net financial indebtedness decreased from €552.5 million at December 31, 2017 to €461.6 million at September 30, 2018 (€-90.9 million) as a result of the initial net capital injection from Space4 (€145.7 million) and the cash flow of the period (€-54.8 million) which is impacted by the business seasonality.

Annexes to the Directors' report

Annex A)
Reconciliation of the tables included in the Directors' report with the classification used in the condensed interim consolidated financial statements

ANNEX A)

Reconciliation of financial income and expense included in the Directors' report with the classification used in the notes to the condensed interim consolidated financial statements - Thousands of Euros

Classification in the reclassified financial income and expense	9M 2017 (*)	9M 2018 (*)	Classification in the notes to the consolidated financial statements
Net exchange losses	-	862	Exchange gains
Net exchange losses	-	(4,261)	Exchange losses
Fair value gain/(loss) on market warrant	-	11,794	Fair value gains of market warrants
Fair value losses on liability to non-controlling investors	-	(150)	Financial expense - non-controlling investors in the Ukrainian company
Net interest expense - third parties	-	745	Interest income
Net interest expense - third parties	-	292	Other financial income
Net interest expense - third parties	-	(2,987)	Interest expense
Net interest expense - third parties	-	(352)	Other financial expense
Net interest expense for restructuring	-	(7,995)	Interest expense
Total net financial expense	**-**	**(2,052)**	

(*) as per reported profit and loss

ANNEX A)

Reconciliation of the reclassified statement of financial position included in the Directors' report with the classification used in the statement of financial position - Thousands of Euros

Classification in the reclassified statement of financial position	September 30, 2018	Financial statements classification
Net working capital	114,957	Trade receivables
Net working capital	94,826	Inventories
Net working capital	(66,740)	Trade payables
Total net working capital	**143,043**	
Financial derivative assets/liabilities	-	Financial derivative assets
Financial derivative assets/liabilities	(90)	Financial derivative liabilities
Total financial derivative assets/liabilities	**(90)**	
Other current assets/liabilities	6,051	Current direct tax assets
Other current assets/liabilities	5,597	Current indirect tax assets
Other current assets/liabilities	4,378	Other current assets - third parties
Other current assets/liabilities	5,882	Deferred tax assets
Other current assets/liabilities	639	Other non-current assets
Other current assets/liabilities	(3,955)	Current direct tax liabilities
Other current assets/liabilities	(5,786)	Current indirect tax liabilities
Other current assets/liabilities	(2,314)	Current provisions for risks and charges
Other current assets/liabilities	(31,013)	Other current liabilities - third parties
Other current assets/liabilities	(11,088)	Deferred tax liabilities
Other current assets/liabilities	(250)	Non-current provisions for risks and charges
Other current assets/liabilities	(543)	Other non-current liabilities
Total other current assets/liabilities	**(32,402)**	

ANNEX A)

Reconciliation of the reclassified statement of financial position included in the Directors' report with the classification used in the statement of financial position - Thousands of Euros

Classification in the reclassified statement of financial position	September 30, 2018	Financial statements classification
Net financial liabilities – third parties	(57)	Current financial assets
Net financial liabilities – third parties	(273)	Non-current financial assets
Net financial liabilities – third parties	21,176	Current financial liabilities – third parties
Market warrants	10,073	
Net financial liabilities – third parties	445,301	Non-current financial liabilities – third parties
Financial liabilities to non-controlling investors	17,850	Non-current financial liabilities – third parties
Cash and cash equivalents	(32,456)	Cash and cash equivalents
Total net financial indebtedness	**461,615**	

GUALA CLOSURES GROUP

Condensed interim consolidated financial statements at September 30, 2018

Statement of financial position
Guala Closures Group - ASSETS as at September 30, 2018

(Thousands of Euros)	December 31, 2017	September 30, 2018	Notes
ASSETS			
Current assets			
Cash and cash equivalents	512,206	32,456	5
Current financial assets		57	
Trade receivables - third parties		114,957	6
Contract assets		25	
Inventories		94,826	7
Current direct tax assets		6,051	
Current indirect tax assets		5,597	
Other current assets	84	4,378	
Total current assets	**512,290**	**258,346**	
Non-current assets			
Non-current financial assets		273	
Property, plant and equipment		187,645	8
Intangible assets		818,837	9
Contract costs		23	
Deferred tax assets		5,882	
Other non-current assets		639	
Total non-current assets	**-**	**1,013,298**	
TOTAL ASSETS'	**512,290**	**1,271,644**	

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Statement of financial position
Guala Closures Group - LIABILITIES AND EQUITY as at September 30, 2018

(Thousands of Euros)	December 31, 2017	September 30, 2018	Notes
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	12,500	31,249	10
Trade payables	4,490	66,740	11
Current direct tax liabilities		3,955	
Current indirect tax liabilities		5,786	
Current provisions		2,314	
Financial derivative liabilities		90	
Other current liabilities	53	31,013	
Total current liabilities	**17,043**	**141,147**	
Non-current liabilities			
Non-current financial liabilities		463,151	10
Employee benefits		6,553	
Deferred tax liabilities		11,088	
Non-current provisions		250	
Other non-current liabilities		543	
Total non-current liabilities	**-**	**481,585**	
Total liabilities	**17,043**	**622,732**	
Share capital and reserves attributable to non-controlling interests		22,037	
Profit for the year/period attributable to non-controlling interests		1,358	
Non-controlling interests	**-**	**23,396**	**13**
Equity attributable to the owners of the parent			
Share capital	51,340	68,907	
Share premium reserve	455,160	423,837	
Translation reserve		(3,813)	
Hedging reserve		(536)	
Losses carried forward and other reserves	(4,677)	137,838	
Loss for the year/period	(6,577)	(715)	
Equity attributable to the owners of the parent	**495,246**	**625,517**	12
Total equity	**495,246**	**648,913**	
TOTAL LIABILITIES AND EQUITY	**512,290**	**1,271,644**	

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Statement of profit or loss and other comprehensive income
Guala Closures Group

(Thousands of Euros)	Third quarter		Nine months ended September 30,		
	2017	**2018 (1)**	**2017**	**2018 (1)**	**Notes**
Net revenue	**-**	**91,326**	**-**	**91,326**	14
Change in inventories of finished goods and semi-finished products	-	(796)	-	(796)	
Other operating income	-	687	-	687	15
Internal work capitalized	-	510	-	510	16
Costs for raw materials	-	(40,396)	-	(40,396)	17
Costs for services - third parties	(9)	(20,138)	(9)	(22,283)	18
Costs for services - related parties	-	(202)	-	(1,219)	19
Personnel expense	-	(15,835)	-	(15,868)	20
Other operating expense and impairment losses	-	(1,689)	-	(1,689)	21
Depreciation and amortization	-	(5,443)	-	(5,443)	
Operating profit (loss)	**(9)**	**8,024**	**(9)**	**4,830**	
Financial income	-	9,061	-	13,693	22
Financial expense	-	(15,745)	-	(15,745)	23
Net financial expense	**-**	**(6,684)**	**-**	**(2,052)**	
Profit (loss) before taxation	**(9)**	**1,340**	**(9)**	**2,778**	
Income tax expense	-	(2,135)	-	(2,135)	24
Profit (loss) for the period	**(9)**	**(795)**	**(9)**	**643**	
Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Actuarial gains/(losses) on defined benefit liability (asset)		***51***		***51***	
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(3,813)		(3,813)	
Effective portion of fair value gains (losses) of cash flow hedges		2		2	
Net change in fair value of cash flow hedges reclassified to profit or loss		23		23	
Tax on items that are or may be reclassified subsequently to profit or loss		(6)		(6)	
	-	**(3,794)**	**-**	**(3,794)**	
Other comprehensive expense for the period, net of tax	**-**	**(3,743)**	**-**	**(3,743)**	
Comprehensive expense for the period	**(9)**	**(4,538)**	**(9)**	**(3,100)**	
Profit/(loss) for the period attributable to:					
owners of the parent	(9)	(2,153)	(9)	(715)	
non-controlling interests		1,358		1,358	
Profit (loss) for the period	**(9)**	**(795)**	**(9)**	**643**	
Comprehensive income (expense) attributable to:					
owners of the parent	(9)	(5,897)	(9)	(4,459)	
non-controlling interests		1,358		1,358	
Comprehensive expense for the period	**(9)**	**(4,538)**	**(9)**	**(3,100)**	
Basic earnings (loss) per share (Euro)	**(0.95)**	**(0.04)**	**(0.95)**	**(0.01)**	**25**
Diluted earnings (loss) per share (Euro)	**(0.95)**	**(0.03)**	**(0.95)**	**(0.01)**	**25**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.
Note (1): these figures include the operations of Guala Closures Group for two months. For an exhaustive analysis, reference should be made to the Directors' report

Statement of cash flows
Guala Closures Group

(Thousands of Euros)	For the nine months ended September 30, 2017	2018 (1)	Notes
Opening cash and cash equivalents	**-**	**512,206**	**5**
A) Cash flows from operating activities			
Profit (loss) before taxation	(9)	2,778	
Changes in:			
Depreciation and amortization		5,443	8-9
Net financial expense		2,052	22-23
Changes in:			
Receivables, payables and inventories	13	(4,602)	6-7-11
Other operating items	(3)	(628)	
VAT and indirect tax assets/liabilities		181	
Income taxes paid		(3,959)	
Net cash from (used in) operating activities	**(0)**	**1,264**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets		(4,639)	8-9
Proceeds from sale of property, plant and equipment and intangible assets		53	8-9
Acquisition of Guala Closures Group, net of cash and cash equivalents acquired		(306,374)	4
Net cash used in investing activities	**-**	**(310,960)**	
C) Cash flows from financing activities			
Withdrawal of the former shareholders		(31,323)	
Interest received		1,036	22-23-26
Interest paid		(5,933)	22-23-26
Transaction costs incurred in connection with the Bridge Facility Agreement and the Senior Revolving Facility		(12,468)	
Other financial items		(5,599)	26
Dividends paid		(130)	
Share capital increases	100		
Proceeds from new borrowings and bonds		451,105	26
Repayment of borrowings and bonds		(566,767)	26
Repayment of finance leases		(392)	
Change in financial assets		858	
Net cash from (used in) financing activities	**100**	**(169,614)**	
Net cash of the period	**100**	**(479,310)**	
Effect of exchange fluctuations on cash held		(440)	
Closing cash and cash equivalents	**100**	**32,456**	5

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Note (1): these figures include the operations of Guala Closures Group for two months. For an exhaustive analysis, reference should be made to the Directors' report

Statement of changes in equity - Guala Closures Group

	Attributable to the owners of the parent							*Non-controlling interests*			
(Thousands of Euros)	*Share capital*	*Share premium reserve*	*Translation reserve*	*Hedging reserve*	*Retained earnings (losses carried forward)*	*Loss for the period*	*Equity*	*Share capital and reserves*	*Profit for the period*	*Equity*	*Total equity*
Incorporation on September 19, 2017	**100**				**(3)**		**97**			**-**	**97**
Loss for the period						(9)	(9)			-	(9)
Other comprehensive income (expense)							-			-	-
Comprehensive income (expense) for the period	***-***	***-***	***-***	***-***	***-***	***(9)***	***(9)***	***-***	***-***	***-***	***(9)***
September 30, 2017	**100**	**-**	**-**	**-**	**(3)**	**(9)**	**87**	**-**	**-**	**-**	**87**
January 1, 2018	**51,340**	**455,160**	**-**	**-**	**(4,677)**	**(6,577)**	**495,246**	**-**	**-**	**-**	**495,246**
Allocation of 2017 loss					(6,577)	6,577	-	-	-	-	-
Profit (loss) for the period						(715)	(715)		1,358	1,358	643
Other comprehensive income (expense)			(3,813)	19	51		(3,743)			-	(3,743)
Comprehensive income (expense) for the period	***-***	***-***	***(3,813)***	***19***	***(6,526)***	***5,861***	***(4,459)***	***-***	***1,358***	***1,358***	***(3,100)***
Guala Closures business combination and capital increase used for the merger	17,567			(555)	158,408		175,420	22,037		22,037	197,457
Market warrant issue					(9,367)		(9,367)			-	(9,367)
Dividends to non-controlling interests							-			-	-
Withdrawal		(31,323)					(31,323)			-	(31,323)
Total contributions and distributions from/to shareholders and other changes	***17,567***	***(31,323)***	***-***	***(555)***	***149,041***	***-***	***134,730***	***22,037***	***-***	***22,037***	***156,767***
September 30, 2018	**68,907**	**423,837**	**(3,813)**	**(536)**	**137,838**	**(715)**	**625,517**	**22,037**	**1,358**	**23,396**	**648,913**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements at September 30, 2018

GENERAL INFORMATION

(1) General information

Guala Closures S.p.A. (the “company” or the “parent”) (formerly Space4 S.p.A.) was incorporated by Space Holding S.r.l. on September 19, 2017 with the name of Space4 S.p.A.. It is a special purpose acquisition company (SPAC), set up under Italian law as a SIV (special investment vehicle) pursuant to the Italian stock exchange regulation. Trading began on December 21, 2017.

On July 31, 2018, SPAC Space4 S.p.A. acquired Guala Closures S.p.A., the parent of Guala Closures Group (respectively the Guala Closures pre-merger or the Guala Closures Group pre-merger) and on August 6, 2018 proceeded to merge Guala Closures S.p.A.. Furthermore, Space4 S.p.A as per the above transaction, was renamed Guala Closures S.p.A. and the Group which refers to Space4 S.p.A. has taken the name of "Guala Closures Group".

Guala Closures S.p.A. is a company limited by shares set up under Italian law and registered with the Alessandria company register. Its registered office is in via Rana 12, industrial estate D6, Spinetta Marengo (Alessandria).

Further to the acquisition of Guala Closures Group pre-merger completed by Space4 S.p.A. on July 31, 2018, these condensed interim consolidated financial statements are the first set of condensed interim consolidated financial statements prepared after the transaction: therefore, the consolidated profit or loss, comprehensive income and statement of cash flows balances considered herein begin on August 1, 2018 and include the Guala Closures Group pre-merger beginning on August 1, 2018. The comparative data on September 30,2017 include the period between September 19, 2017, date of constitution of Space4 S.p.A., and September 30, 2017, of the only Space4 S.p.A..

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

The group’s activities are separated into two divisions:

- the Closures division, representing the group’s core business, specialized in the production of anti-adulteration closures (safety product line), customized closures (luxury product line), aluminium cloures for wines (wine product line), standard closures (roll-on product line), closures for the pharmaceutical sector and others;

- the PET division, active in the production of bottles, bottles and miniatures in PET. This division is no longer considered as 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 aluminum closures for spirits bottles.

On November 14, 2018, the board of directors approved the publication of the interim financial report at September 30, 2018, which comprises the group's condensed interim consolidated financial statements at September 30, 2018, the Directors' report and the statement required by article 154-*bis*.5 of Legislative decree no. 58/1998 (TUF or Consolidated finance act), in accordance with article 154-*ter*.1 of Legislative decree no. 58/1998 (TUF).

The following events occurred in the first nine months of 2018:

Business combinations

(A) On April 16, 2018, the boards of directors of Space4 S.p.A., GCL Holdings S.C.A., Peninsula Capital II S.à.r.l. and Guala Closures S.p.A. approved the business combination by means of a master agreement envisaging (i) the acquisition of approximately 80% of Guala Closures S.p.A. pre-merger by Space4 and Peninsula Capital II S.à.r.l.; (ii) the merger of Guala Closures pre-merger into Space4 S.p.A., and (iii) the admission to listing of the ordinary shares resulting from the merger of Guala Closures pre-merger into Space4 S.p.A., on the STAR segment of the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (the **"Business Combination"**).

Guala Closures' financial indebtedness

(B) On June 28, 2018 Guala Closures pre-merger, in agreement with Space4, started two distinct consent solicitation procedures with the purpose of obtaining a waiver by (i) the bondholders under the bonds issued by Guala Closures pre-merger in 2016 (the "**Guala Closures Bonds**") and (ii) the revolving credit facility lenders under the 2016 revolving credit facility agreement (the "**RCF**") in relation to their right to exercise the change of control clauses provided under the Guala Closures Bonds and the RCF which would have been triggered upon completion of the Business Combination. As part of these procedures, the bondholders under the Guala Closures Bonds and the RCF lenders were also requested to release certain security interests created to secure their obligations under the relevant agreements. On July 20, 2018 and on July 19, 2018, the bondholders under the Guala Closures Bonds and the RCF lenders respectively, agreed to grant the above-mentioned waivers and carried out the necessary activities to release the relevant security interests.

(C) As a consequence of the consent solicitation procedures described under letter (B) above, on August 1, 2018, Guala Closures pre-merger, in agreement with Space4, fully repaid the Guala Closures Bonds and the RCF for an amount equal to 100% of the relevant amounts and of any outstanding interest at the repayment date, by using the proceeds of the intercompany loan equal to €552,475,766.67 made available by Space4 on July 20, 2018. Part of such intercompany loan was made available to Space4 on the same date further to the signing by the latter of a bridge facility agreement with UniCredit Bank AG, Milan Branch, acting as agent, and the original bridge lenders (Credit Suisse AG, Milan Branch, Banca IMI S.p.A., Banco BPM S.p.A., Barclays Bank PLC and UniCredit S.p.A.) for an amount equal to €450,000,000.00 (the "**Bridge Facility Agreement**"), which shall be repaid within one year from its first utilization.

(D) Furthermore, on July 20, 2018, Space4 also entered into with UniCredit Bank AG, Milan Branch, as agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.P.A.,) a new revolving credit facility agreement governed by the law of England and Wales, for a maximum amount equal to €80,000,000.00 (the "**New RCF**"). The New RCF will expire five years and six months after the first utilization of the bridge financing described under letter (C) above.

(E) Following the Merger (as defined below), the post-merger Guala Closures will be liable for all the obligations arising under the Bridge Facility Agreement and the New RCF.

Closing of the Business Combination and admission to listing

(F) On the closing date of the Business Combination (*i*.e., on July 31, 2018) the acquisition of the 61,200,000 ordinary shares of Guala Closures pre-merger (equal to 78.13% of its share capital) was completed with the transfer by GCL of (i) 52,316,125 ordinary shares of Guala Closures pre-merger to Space4, (ii) 7,403,229 ordinary shares of Guala Closures pre-merger to PII G S.à r.l.,[2] and (iii) 1,480,646 ordinary shares of Guala Closures pre-merger to Quaestio Capital SGR S.p.A., against the payment of the agreed consideration. Furthermore, on the same date Guala Closures pre-merger and Space4 signed the merger deed, the effects of which have passed from August 5, 2018 following the approval of the prospectus by Consob (the Italian commission for listed companies and the stock exchange) and listing of Space4 S.p.A. The company resulting from the Merger adopted the corporate name of "Guala Closures S.p.A." and its ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario), within the Star Segment since August 6, 2018.

[2] By means of the designation by Peninsula of its related company PII G S.à.r.l. as purchaser of the shares of Guala Closures pursuant to the master agreement referred to under letter (A) above.

(2) Accounting policies

The condensed interim consolidated financial statements of Guala Closures S.p.A. and its subsidiaries at September 30, 2018 (the "condensed interim consolidated financial statements"), prepared as a result of the acquisition of Guala Closures Group by Space4 S.p.A. and completed on July 31, 2018, are the first set of consolidated financial statements drawn up after the transaction.
The comparative figures for the period ended September 30, 2017 comprise those of Space4 S.p.A. for the period from September 19, 2017 (the company's incorporation date) and September 30, 2017. Consequently, the third quarter of 2017 coincides with the figures for the first nine months of 2017.

These condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard IAS 34, "Interim Financial Reporting". Consequently, they do not include all of the information required for annual financial statements.

The accounting policies and measurement criteria used to prepare these condensed interim consolidated financial statements, which were applied consistently by all group companies, are the same as those adopted to prepare the consolidated financial statements of Guala Closures Group at December 31, 2017, and the Directors' report of the merging company Space4 S.p.A. at the same date, to which reference should be made, except for that set out in paragraph 2.1 Changes in accounting policies, accounting estimates and errors.

The condensed interim consolidated financial statements have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those on the tables of the notes to the condensed consolidated interim financial statements are due exclusively to the rounding and do not alter their reliability or substance.
Figures are shown in thousands of Euros, unless otherwise stated.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for derivatives, warket warrants and the potential considerations deriving from a business combination (e.g. put option on non-controlling interests) which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the group's ability to continue as a going concern.

They have been prepared using the following formats:

- statement of financial position captions are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

For each assets and liabilities 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 recognized assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are made to recognize the allowance for impairment, the provision for inventory write-down, assets classified as held for sale, depreciation/amortization 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 higher level of estimates than that used in respect of 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 results of operations is provided.

The group companies are listed below, stating name, registered office, share/quota capital, direct and indirect investments held by the parent and each subsidiary and method of consolidation at September 30, 2018.

List of investments in subsidiaries at September 30, 2018

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	€	92,000	100%	Direct	Line-by-line
GCL Pharma S.r.l.	Italy	€	100,000	100%	Direct	Line-by-line
GCL International Sarl	Luxembourg	€	12,000	100%	Indirect (*)	Line-by-line
Guala Closures UK Ltd.	United Kingdom	GBP	134,000	100%	Indirect (*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	€	4,979,964	100%	Indirect (*)	Line-by-line
Guala Closures France SAS	France	€	2,748,000	70%	Indirect (*)	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect (*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect (*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect (*)	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect (*)	Line-by-line
Axiom Propack pvt Ltd.	India	INR	188,658,000	95.0%	Indirect (*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect (*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	65,962,000	100%	Indirect (*)	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect (*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect (*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	187,057,560	100%	Indirect (*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect (*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect (*)	Line-by-line
Guala Closures Chile S.p.A.	Chile	CLP	1,861,730,369	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
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect (*)	Line-by-line

Note:

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

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

Statement of financial position

1 Euro = x foreign currency	July 31, 2018	September 30, 2018
Pound sterling	0.8922	0.8873
US dollar	1.1736	1.1576
Indian rupee	80.4445	83.9160
Mexican peso	21.7820	21.7800
Columbian peso	3,372.0800	3,457.2100
Brazilian real	4.3818	4.6535
Chinese renmimbi	8.0178	7.9662
Argentinean peso	31.9989	46.0503
Polish zloty	4.2770	4.2774
New Zealand dollar	1.7213	1.7505
Australian dollar	1.5804	1.6048
Ukrainian hryvnia	31.4677	32.7530
Bulgarian lev	1.9558	1.9558
South African rand	15.3676	16.4447
Japanese yen	130.8400	131.2300
Chilean peso	749.2500	764.1800

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	9 months 2018
Pound sterling	0.88392
US dollar	1.19493
Indian rupee	80.22338
Mexican peso	22.74469
Columbian peso	3,447.89333
Brazilian real	4.29573
Chinese renmimbi	7.77916
Argentinean peso	46.05030
Polish zloty	4.24783
New Zealand dollar	1.70736
Australian dollar	1.57669
Ukrainian hryvnia	32.19230
Bulgarian lev	1.95580
South African rand	15.3897
Japanese yen	130.9591
Chilean peso	750.7511

(2.1) Changes in accounting policies, accounting estimates and errors

A change in the accounting policies applied in the preparation of the condensed interim consolidated financial statements at September 30, 2018 compared to those used to draw up the previous annual consolidated financial statements only exists if the change, reflected with respect to 2017, or to be reflected in the next annual consolidated financial statements with respect to 2018, is due to a new standard or contributes to providing more reliable and significant information about the effects of the transactions carried out on the financial position, results of operations and the cash flows of the entity.

Changes in accounting standards are recognised:

- based on that set out in the specific transitional provisions of the relevant standard, where available;
- retrospectively, when the standard has no transitional provisions, or is changed voluntarily, taking the related effect to opening equity. The other corresponding prior year figures are adjusted similarly as if the new standard had been applied since the beginning.

The prospective approach is used only when the specific effects on the period or the cumulative effect of the change on all prior years cannot be determined.

The following accounting policies apply to the condensed interim consolidated financial statements at September 30, 2018:
- IFRS 15 Revenue from contracts with customers;
- IFRS 9 Financial instruments.

These standards, which became applicable on January 1, 2018, led to the following changes.

IFRS 15 Revenue from contracts with customers.
This standard was issued by the IASB in May 2014 and amended in April 2016. It introduces a general framework to establish the nature, amount and timing of revenue recognition. It replaced IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes.

Specifically, IFRS 15 introduces a five-step model framework for revenue recognition:
- identify the contract(s) with a customer
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

Upon first-time adoption of this standard, the group opted for the cumulative effect method to recognise prior year impacts.
The adoption of IFRS 15 had no impact. Consequently, it was not necessary to adjust retained earnings or losses carried forward and, therefore equity.

IFRS 9 Financial instruments.
The IASB issued the final version of IFRS 9 Financial instruments in July 2014, replacing IAS 39 Financial instruments: recognition and measurement. IFRS 9 combines all three aspects related to the project focused on financial instruments recognition: classification and measurement, impairment losses and hedge accounting. Except for hedge accounting, this standard is to be applied retrospectively. However, the provision of comparative figures is not mandatory.

IFRS 9 introduces new provisions about the classification and measurement of financial assets which reflect the business model to manage the financial assets and the characteristics of their cash flows. IFRS 9 classifies financial assets into three main categories: at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). The categories established in IAS 39 (held until maturity, loans and receivables and available for sale) are eliminated.
Consequently, following the adoption of IFRS 9 on a prospective basis, the corresponding figures for 2017 will be presented under IAS 39 categories, while those for 2018 will be in line with IFRS 9 categories.
IFRS 9 replaces the incurred loss model under IAS 39 with the expected credit loss (ECL) model. This model envisages a significant level of measurement of the impact of the changes in economic factors on the ECL which will be weighted based on probability.
IFRS 9 substantially confirms the provisions of IAS 39 about the classification of financial liabilities.
However, while under IAS 39 all changes in the fair value of the liabilities designated at FVTPL shall be recognised in the profit or loss for the year, under IFRS 9, these changes shall be presented as follows:
– the fair value changes attributable to the changes in the credit risk of the liability shall be presented under other comprehensive income; and
– the residual amount of the fair value changes shall be recognised in the profit or loss for the year.

With respect to hedge accounting strategies, under IFRS 9, the group shall ensure that these relationships are in line with targets and its risk management strategy and that a more qualitative and forward-looking approach is applied when evaluating the effectiveness of the hedge. Furthermore, IFRS 9 introduces new provisions which rebalance hedging relationships and prevent the voluntary discontinuation of hedge accounting. Under the new model, more risk management strategies, specifically those that also hedge a risk component (other than the currency risk) of a non-financial element, may be eligible for hedge accounting. At present, the group does not hedge these risk components.
The group enters into interest rate swaps (IRS) to hedge the changes in the cash flows arising from the floating-rate finance leases related to the Spinetta Marengo plant against interest rates fluctuations.
In accordance with the preliminary assessment carried out by the group, the hedge accounting relationships previously designated under IAS 39 meet IFRS 9 requirements. Indeed, the group completed the changes required for monitoring processes and internal documentation.
Given the limited number of transactions which fall under the scope of IFRS 9, there are no effects. Specifically, the adoption of the ECL approach, instead of the incurred loss approach, does not cause any significant change in the allowance for impairment of trade receivables. Indeed, the current group policy already envisages the assessment of the credit risk associated with customers, similarly to the notion of expected credit losses under IFRS 9.

Hyperinflationary economy:
Consensus has been recently reached since all necessary conditions (cumulative inflation rate and consumer prices exceeding 100% over three years during the first half of 2018) have been met to consider Argentina as an hyperinflationary economy as defined by IFRS, specifically IAS 29.
Consequently, following Argentina’s inclusion in the list of hyperinflationary economies, as of July 1, 2018 and effective from January 1, 2018, Guala Closures Group has applied IAS 29: Financial Reporting in Hyperinflationary Economies. By adopting IAS 29 in a country with a hyperinflationary economy, non-monetary assets and liabilities and the related effects in the statement of comprehensive income have been restated to reflect the changes in the general price index of the local currency, thereby generating gains or losses on the net positions in local currency which had an impact on the profit or loss for the period. Furthermore, the local financial statements were translated into Euros using the closing rate of the period both for the statement of financial position and statement of profit and loss and other comprehensive income.

In the first nine months of 2018, the group’s operations in Argentina represented approximately 2% of its revenues, 2% of its EBITDA and 1% of its net assets.

(2.2) New applicable accounting standards

The IASB and the IFRIC have already approved some amendments to the IFRS currently in force and have issued new standards and new IFRIC. As the effective date of these documents is deferred, they have not been adopted in the preparation of these condensed interim consolidated financial statements. They will be applied on their mandatory enforcement date. The main changes are as follows:

Accounting standards, amendments and interpretations endorsed by the European Union not yet in force and which the group has not adopted early

- IFRS 16 Leases: this standard introduces significant changes to the accounting treatment of leases in the financial statements of lessees. The latter shall recognize lease assets and liabilities without distinguishing between operating and finance leases. Specifically, a lessee shall recognize lease liabilities at the present value of the future lease payments. Furthermore, it shall recognize the right to use the asset covered by the lease at the same amount allocated to the related liability. Subsequent to initial recognition, the right to use the asset will be amortized over the term of the lease or the useful life of the asset, if lower. The liability will be progressively repaid through the lease payments. Interest will accrue thereon. The calculation of the liability shall only consider the fixed component set out in the lease and any inflation-related components, excluding any variable components. The resulting future payments will be discounted using the contractual or the interest rate of the lessee's marginal loan over the period the lease is deemed non-cancellable. According to the IASB, the standard applies to annual reporting periods beginning on or after January 1, 2019. Early application is permitted for companies which also apply IFRS 15 Revenue from contracts with customers. In 2018 the group began an assessment of the potential effects arising from the application of the new standard in order to assess the potential impact on the consolidated financial statements. The application of the new standard may have significant effects whose impact is yet to determined.
- IFRIC 23 Uncertainty over income tax treatments: the interpretation clarifies the accounting for uncertainties in income taxes which have an effect on the application of IAS 12. It does not apply to taxes which are outside the scope of IAS 12 nor does it set out specific requirements applicable to interest or penalties related to uncertain tax treatments. In particular, it covers the following aspects:
  - whether uncertain tax treatments should be considered independently;
  - the entity's assumptions for taxation authorities' examinations;
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - how an entity treats the effect of changes in facts and circumstances.

  An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Some transition facilitation measures are also available. In 2018 the group began an assessment of the potential effects arising from the application of the new standard in order to assess the potential impact on the consolidated financial statements.

Accounting standards, amendments and interpretations not endorsed by the European Union not yet in force and which the group has not adopted early

- Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: these amendments deal with the inconsistencies between the requirements of IFRS 10 and IAS 28 when losing control of a subsidiary which is sold or contributed to an associate or a joint venture. The amendments clarify that gains or losses on the sale or contribution of an asset that involves a business, as defined in IFRS 3, between an investor and its associate or joint venture, shall be recognised in full. Furthermore, any gain or loss on the sale or contribution of assets that do not constitute a business is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB postponed indefinitely the application date of these amendments, however, early application is permitted. The group will apply these amendments once they come info force.
- Annual improvements to IFRSs: 2015-2017 Cycle: in December 2017, the IASB issued a series of amendments to the following standards, which will be effective for annual reporting periods beginning on or after January 1, 2019 and which are yet to be endorsed by the European Union. Specifically, they relate to:
  - IFRS 3 Business combinations: when an entity obtains joint control of a business that is a joint operation, it must be recognized as a business combination achieved in stages and the acquiring party premeasures the previously held interest at fair value at the acquisition date;
  - IFRS 11 Joint arrangements: when an entity obtains joint control of a business classified as a joint operation, the previously held interest shall not be remeasured at fair value;
  - IAS 12 Income taxes: the accounting treatment of the income tax consequences of dividends on financial instruments classified as equity shall follow that of transactions or events that generated distributable profits;
  - IAS 23 Borrowing costs: if any specific borrowing related to a qualifying asset remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows.

(3) Operating segments

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

The group has only one reportable segment, the Closures division. The group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in September 2018 under IFRS 8.

Information regarding the results of the group's reportable segment is included below. Performance is measured based on segment revenue, gross operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables 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.
All other asset and liability figures cannot be reported by segment as management believes that the availability of such information by segment is not relevant.

Thousands of Euros	Closures		Other operations		Total		Closures		Other operations		Total	
	Third quarter 2017	**Third quarter 2018**	**Third quarter 2017**	**Third quarter 2018**	**Third quarter 2017**	**Third quarter 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**
Net revenue	-	90,982	-	344	-	91,326	-	90,982	-	344	-	91,326
Operating profit (loss)	-	8,162	(9)	(138)	(9)	8,024	-	4,968	(9)	(138)	(9)	4,830
Depreciation and amortization	-	(5,426)	-	(17)	-	(5,443)	-	(5,426)	-	(17)	-	(5,443)

Thousands of Euros	**Closures**		**Altre attività**		**Totale**	
	December 31, 2017	**September 30, 2018**	**December 31, 2017**	**September 30, 2018**	**December 31, 2017**	**September 30, 2018**
Trade receivables	-	114,472		485	-	114,957
Inventories	-	94,324		502	-	94,826
Trade payables	-	(66,389)	(4,490)	(351)	(4,490)	(66,740)
Property, plant and equipment	-	187,292		353		187,645

Thousands of Euros	**Closures**		**Altre attività**		**Totale**	
	September 30, 2017	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**
Capital expenditure (net of disposals)	-	4,575	-	12	-	4,587

Geographical information

The Closures division operates from many manufacturing facilities primarily in India, Italy, the United Kingdom, Poland, Ukraine, Mexico, Spain, Australia, Colombia and South Africa.

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

Thousands of Euros	**Net revenue**			
	Third quarter 2017	**Third quarter 2018**	**Nine months ended September 30, 2017**	**Nine months ended September 30, 2018**
India		11,131		11,131
Italy		10,477		10,477
United Kingdom		10,539		10,539
Poland		10,031		10,031
Ukraine		9,590		9,590
Mexico		8,647		8,647
Spain		6,384		6,384
Australia		4,982		4,982
Colombia		3,059		3,059
South Africa		2,561		2,561
Other countries		13,925		13,925
Net revenue	**-**	**91,326**	**-**	**91,326**

Thousands of Euros	**Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets**	
	December 31, 2017	**September 30, 2018**
Italy		769,153
Australia		63,162
India		32,125
Poland		27,847
Spain		20,979
Mexico		16,967
Brasil		12,849
Brasil		8,888
South Africa		10,580
Other countries		34,024
Consolidation adjustments		9,908
Property, plant and equipment and Intangible assets	**-**	**1,006,482**

Thousands of Euros	**Deferred tax assets**	
	December 31, 2017	**September 30, 2018**
Australia		1,302
Argentina		1,044
Italy		1,072
Chile		453
Spain		332
South Africa		277
New Zealand		203
UK		122
China		100
North America		92
India		85
Ukraine		35
Mexico		70
Other countries		37
Consolidation adjustments		659
Deferred Tax Assets	**-**	**5,882**

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

Information about major customers

In the Closures segment, at September 30, 2018, there are two customers that generate over 10% of revenue: the turnover of the first customer amounts to around €12 million for the first nine months of 2018 (12.7% of net revenue), while that of the second customer is approximately €10 million for the same period (10.6% of net revenue).

(4) Acquisition of subsidiaries, business units and non controlling interests

On July 31, 2018, Space4 S.p.A. acquired 67% of pre-merger Guala Closures, the parent of pre-merger Guala Closures Group and, on August 6, 2018, Guala Closures S.p.A. was merged into Space4 S.p.A.. Furthermore, the latter company and its group changed their name to Guala Closures S.p.A. and Guala Closures Group, respectively.
Specifically, the following took place on the group's acquisition date: (a) Space4 purchased 52,316,125 ordinary shares held by the former ultimate parent of pre-merger Guala Closures Group, GCL Holdings SCA ("GCL"), (b) GCL transferred 7,403,229 pre-merger Guala Closures ordinary shares to PII G S.à r.l., (c) GCL transferred 1,480,646 pre-merger Guala Closures ordinary shares to Quaestio Capital SGR unipersonale S.p.A., as the manager of Quaestio Italian Growth Fund. Furthermore, GCL transferred (a) 2,601,089 ordinary shares to GCL Holdings LP S.à.r.l. ("LP"), (b) 351,202 ordinary shares to Private Equity Opportunities Fund II SCS-SIF, Compartment B, ("PEOF").
As a result of the above transactions, the share capital of pre-merger Guala Closures was comprised as follows:

- approximately 67% was held by Space4;
- approximately 19% was held by GCL;
- approximately 9% was held by PII G S.à r.l;
- approximately 1% was held by Quaestio Capital SGR unipersonale S.p.A., on behalf of Quaestio Italian Growth Fund;
- approximately 3% was held by LP;
- approximately 1% was held by PEOF.

On August 6, 2018, Space4 S.p.A. carried out a €17,566,646 capital increase to serve the merger, as a result of which the shareholders of pre-merger Guala Closures received Space4 shares in exchange as follows: Price per pre-merger Guala Closures share (€6.75381)/Price per Space4 share (€10.00).

The net cash flows used by the acquisition are composed as follows:

Thousands of Euros	
Consideration paid at the date of acquisition (A)	354,040
Cash and cash equivalents acquired	(47,666)
Net cash flow used at the date of acquisition	**306,374**
Space4's equity instruments issued given in exchange of Guala Closures S.p.A.'s share (B)	174,960
Total amount transferred (A+B)	**529,000**

At the same time, the acquisition and subsequent merger and exchange between the shares of Guala Closures Pre-Merger revealed the following goodwill compared to the assets and liabilities of Guala Closures Pre-Merger:

Thousands of Euros	**Carrying amounts before acquisition**	**Provisional adjustments for fair value measurement**	**Provisional amounts recognized at acquisition**
Property, plant and equipment	193,440		193,440
Intangible assets	14,707		14,707
Inventories	98,637		98,637
Trade receivables	113,107		113,107
Trade payables	(70,960)		(70,960)
Net deferred tax assets	1,505		1,505
Other current/non-current assets/liabilities	(28,766)		(28,766)
Cash and cash equivalents	47,666		47,666
Current financial assets	169		169
Non-current financial assets	1,019		1,019
Net deferred tax liabilities	(5,992)		(5,992)
Current financial liabilities	(25,420)		(25,420)
Non-current financial liabilities	(582,631)		(582,631)
Employee benefits	(6,574)		(6,574)
Current/non-current provisions	(2,665)		(2,665)
Net liabilities	**(252,757)**	**-**	**(252,757)**
Equity attributable to non-controlling interests	22,898		22,898
Net identifiable liabilities (net of equity attributable to non-controlling interests)	**(275,655)**	**-**	**(275,655)**
Net identifiable assets and liabilities - acquired by Space 4 S.p.A. (67%)	**(184,117)**	**-**	**(184,117)**
Goodwill arising from the acquisition	**538,157**		**538,157**
Consideration paid at the date of acquisition	**354,040**		**354,040**
Net identifiable liabilities - PII G S.à.r.l e Quaestio Capital SGR (33%)	**(91,538)**		**(91,538)**
Goodwill arising from the acquisition	**266,497**		**266,497**
Capital increase to serve the merger pertaining to PII G S.à.r.l and Quaestio Capital SGR	**174,960**		**174,960**
Total goodwill arising from the acquisition	**804,654**	**-**	**804,654**

Pre-merger Guala Closures shares were exchanged in the ratio of 0.675381 Space4 shares for every Guala Closures share based on an independent appraisal. Consequently, the fair value of the residual 33% of pre-merger Guala Closures shares exchanged with Space4 shares was calculated to be €174,960 thousand.

Measurement of fair values

Trade receivables comprised gross contractual amounts due of €115,321 thousand. Of which €2,213 thousand was expected to be uncollectable at the date of acquisition.

The transaction has only been provisionally recognized in the approved condensed interim consolidated financial statements at September 30, 2018 as the PPA procedure for acquired assets, assumed liabilities and contingent liabilities of the Guala Closures Group it is still ongoing.

If the new information obtained within one year from the acquisition date relating to facts and circumstances existing at the acquisition date will lead to adjustments to the amounts indicated or to any other fund existing at the acquisition date, the acquisition accounting will be reviewed.

As required by IFRS 3, the pro forma figures are given below as if the business combination had taken place at the beginning of the year. Specifically, the net revenue and the profit from the date of acquisition have amounted to approximately €91 million and €3 million, respectively.
The net revenue and the loss for the first nine months of 2018 would have amounted to approximately €397.0 million and €3 million, respectively. In calculating the above amounts, the company management hypothesized that the fair value adjustments at the acquisition date, determined on a provisional basis, would have been the same even if the acquisition had taken place on January 1, 2018.

The group incurred acquisition-related costs of approximately €12.5 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been mainly included in legal/consultancy expenses of the group's statement of profit or loss and other comprehensive income/(expense).

Goodwill

Goodwill arising from the acquisition was recognized as follows:

Thousands of Euros	**Carrying amounts before acquisition**	**Provisional adjustments for fair value measurement**	**Provisional amounts recognized at acquisition**
Consideration paid at the acquisition by Space 4 S.p.A.	354,040		354,040
Capital increase to serve the merger pertaining to PII G S.à.r.l and Quaestio Capital SGR	174,960		174,960
Fair value of identifiable net assets	275,655		275,655
Goodwill	**804,654**		**804,654**

Given the short interval between the date of the business combination and the reporting date (September 30, 2018), the complexities of the PPA procedure for the acquired assets, assumed liabilities and contingent liabilities and the longer term of 12 months from the date of the business combination allowed by the relevant standard because of the above complexities, a provisional amount of €804.7 million was recognised in "Goodwill" in these condensed interim consolidated financial statements, equal to the difference between the consideration transferred by the buyers to purchase pre-merger Guala Closures shares, and the consolidated net liabilities of Guala Closures Group on July 31, 2018.

The recognised goodwill will not be deductible for income tax purposes.

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

Cash and cash equivalents amount to €32,456 thousand at September 30, 2018 (€512,206 thousand at December 31, 2017), while those of Guala Closures Group at the business combination date amounted to €47,666 thousand. The reduction in comparison of December 31, 2017 is mainly due to the acquisition of the equity investment in Guala Closures Group, the refinancing of the group's debt and the withdrawal of a number of previous shareholders.

(6) Trade receivables

This caption may be analyzed as follows:

(Thousands of Euros)	December 31, 2017	Balances of Guala Closures Group at the business combination date, July 31, 2018	September 30, 2018
Trade receivables		115,321	117,116
Allowance for impairment		(2,213)	(2,159)
Total	**-**	**113,107**	**114,957**

The allowance for impairment changed as follows:

(Thousands of Euros)	September 30, 2017	Nine months ended September 30, 2018
Opening allowance for impairment	-	-
Business combination	-	2,213
Accruals and utilization/releases of the period	-	(55)
Closing allowance for impairment	**-**	**2,159**

The allowance at July 31, 2018 and 30 September 30, 2018 relates to a few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(7) Inventories

This caption may be analyzed as follows:

(Thousands of Euros)	December 31, 2017	Balances of Guala Closures Group at the business combination date, July 31, 2018	September 30, 2018
Raw materials, consumables and supplies		46,738	44,641
(Allowance for inventory write-down)		(899)	(855)
Work in progress and semi-finished products		26,736	24,759
(Allowance for inventory write-down)		(571)	(525)
Finished products and goods		26,725	27,211
(Allowance for inventory write-down)		(691)	(858)
Payments on account		597	453
Total	**-**	**98,637**	**94,826**

The increase in inventories at period end is mainly due to the seasonal nature of sales.

Changes in the first nine months of 2018 are as follows:

(Thousands of Euros)	2017	2018
January 1, 2018	-	-
Business combination	-	98,637
Exchange gains	-	(4,118)
Change in raw materials, consumables and supplies	-	959
Change in semi-finished products and finished goods	-	(796)
Change in payments on account	-	145
September 30, 2018	**-**	**94,826**

The allowance for inventory write-down varied as follows:

(Thousands of Euros)	September 30, 2017	September 30, 2018
Opening allowance for inventory write-down	-	-
Business combination	-	2,161
Net exchange gains	-	8
Write-downs of the period	-	69
Utilisation	-	-
Closing allowance for inventory write-down	**-**	**2,238**

(8) Property, plant and equipment

The following table shows the changes in this caption in the first nine months of 2018:

(Thousands of Euros)	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, 2017	-	-	-	-	-	-
Accumulated depreciation and impairment losses at December 31, 2017	-	-	-	-	-	-
Carrying amount at December 31, 2017	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at January 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**
Business combinations	52,016	117,171	11,238	1,512	11,503	**193,440**
Exchange gains/(losses)	(1,183)	(2,481)	(24)	3	(89)	**(3,773)**
Additions	25	996	16	9	1,790	**2,836**
Disposals	-	(52)	(1)	-	-	**(53)**
Impairment losses	(2)	1	-	-	-	**(1)**
Reclassifications	(35)	2,174	292	47	(2,478)	**-**
Depreciation	(305)	(4,018)	(379)	(103)	-	**(4,804)**
Historical cost at September 30, 2018	69,221	411,278	64,823	9,888	10,727	**565,936**
Accumulated depreciation and impairment at September 30, 2018	(18,703)	(297,487)	(53,682)	(8,419)	-	**(378,291)**
Carrying amount at September 30, 2018	**50,517**	**113,791**	**11,141**	**1,469**	**10,727**	**187,645**

Property, plant and equipment include the amounts arising from work performed by the group and capitalized.

(9) Intangible assets

The following table shows the changes in this caption in the first nine months of 2018:

(Thousands of Euros)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2017	-	-	-	-	-	**-**
Accumulated amortization and impairment losses at December 31, 2017	-	-	-	-	-	**-**
Carrying amount at December 31, 2017	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at January 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**
Business combinations	1,091	9,777	804,654	1,990	1,849	**819,362**
Exchange gains/(losses)	7	(3)	-	(56)	(1)	**(52)**
Additions	2	1	-	6	155	**165**
Reclassifications	(11)	-	-	(11)	-	**-**
Amortization	(132)	(246)	-	(258)	-	**(636)**
Historical cost at September 30, 2018	8,492	71,706	804,654	16,373	2,004	**903,229**
Accumulated amortisation and impairment at September 30, 2018	(7,534)	(62,176)	-	(14,681)	-	**(84,391)**
Carrying amount at September 30, 2018	**958**	**9,530**	**804,654**	**1,692**	**2,004**	**818,837**

The business combination took place on July 31, 2018 and the merger between Space4 S.p.A. and Guala Closures S.p.A. became effective on August 6, 2018.
In accordance with IFRS 3, the PPA procedure for acquired assets, assumed liabilities and contingent liabilities is still on-going.
Given the short interval between the date of the business combination and the reporting date (September 30, 2018), the complexities of the PPA procedure for the acquired assets, assumed liabilities and contingent liabilities and the longer term of 12 months from the date of the business combination allowed by the relevant standard because of the above complexities, a provisional amount of €804.7 million was recognised in "Goodwill" in these condensed interim consolidated financial statements, equal to the difference between the consideration paid by the buyers to purchase Guala Closures pre-merger shares and the identified consolidated net liabilities of Guala Closures Group at July 31, 2018.
Consequently, because of the above, in these condensed interim consolidated financial statements, the fair value of the assets acquired and the liabilities assumed has not been calculated. The completion of the measurement process in accordance with IFRS 3, which will take place within the deadlines required by the relevant standard, may result in a measurement of Guala Closures' assets acquired and liabilities assumed at the date of the business combination different from that presented in these condensed interim consolidated financial statements. The completion of the PPA procedure may have an impact on the future results of operations (e.g., greater amortization of intangible assets to which part of the consideration may be allocated) without affecting the forecast cash flows.

Changes in goodwill are shown below:

(Thousands of Euros)	**December 31, 2017**	**September 30, 2018**
Goodwill attributable to Guala Closures Group	-	804,654
Total	**-**	**804,654**

The impairment test is carried out annually and whenever necessary, e.g., in the case of trigger events and consists in checking whether there are any indications that an asset may be impaired. For goodwill and intangible assets with indefinite useful life, it must be verified annually that their recoverable value is at least equal to the accounted amount. This verification will be carried out before the preparation of the annual Financial Statement.

(10) 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 27) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further information on the group's exposure to interest and currency risks.

Overall, at September 30 and at December 31, 2017, all covenants and commitments set out in all current financing contracts and the financing contracts in place during the period, were largely met.

Financial liabilities at December 31, 2017, the business combination date (July 31, 2018) and September 30, 2018, are analyzed below:

(Thousands of Euros)	December 31, 2017	Balances of Guala Closures Group at the business combination date, July 31, 2018	September 30, 2018
Current financial liabilities			
Bonds	-	5,181	-
Bank loans and borrowings	-	16,897	17,921
Other financial liabilities	12,500	3,342	13,328
	12,500	25,420	31,249
Non-current financial liabilities			
Bonds	-	503,010	-
Bank loans and borrowings	-	57,550	441,327
Other financial liabilities	-	22,071	21,824
	-	582,631	463,151
Total	**12,500**	**608,051**	**494,400**

On May 25, 2018, Space4 received the debt commitment letters from Credit Suisse AG, Milan Branch, Barclays Bank PLC, UniCredit S.p.A. and Intesa Sanpaolo S.p.A. pursuant to which each of the aforementioned financial institutions or their associates undertook to grant to Space4, subject to the fulfilment of the conditions precedent, part or the entire amount of the following facilities: (i) a bridge facility of an amount of up to maximum €520 million; and (ii) a revolving credit facility ("RCF") of €80 million, aimed to, inter alia, redeem pre-merger Guala Closures' financial debt resulting from the bonds of €510 million and the RCF of €65 million.

On August 1, 2018, pre-merger Guala Closures, in agreement with Space4, fully repaid the Guala Closures Bonds and the RCF and any outstanding interest at the repayment date, by using the intragroup loan granted by Space4 to pre-merger Guala Closures on the same date, further to the signing by Space4 of a bridge facility agreement with UniCredit Bank AG, Milan Branch, acting as the agent, and the original lenders (Credit Suisse AG, Milan Branch, Banca IMI S.p.A., Banco BPM S.p.A., Barclays Bank PLC and UniCredit S.p.A.) of €450,000,000.00 (the "Bridge Facility Agreement"), which shall be repaid within one year from its first utilization.

Furthermore, on July 20, 2018, Space4 entered into a new revolving credit facility agreement governed by the law in England and Wales, for a maximum amount of €80 million (the "New RCF") with UniCredit Bank AG, Milan Branch, as the agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.p.A.). The New RCF will expire five years and six months after the first utilization of the Bridge Facility. Following the Merger (as defined below), the post-merger Guala Closures will be liable for all the obligations arising under the Bridge Facility Agreement and the New RCF.

The Bridge Facility was subsequently repaid on October 3, 2018, following the issue of floating-rate bonds of €455 million redeemable in 2024. For additional information, reference should be made to note (30) Events after the reporting period.

The terms and expiry dates of the financial liabilities at December 31, 2017 and September 30, 2018 are shown below:

	Nominal amount					
(Thousands of Euros)	**Total December 31, 2017**	**Within one year**	**Between one and five years**	**More than five years**	**Current**	**Non-current**
Bonds						
Total bonds						
Bank loans and borrowings:						
Total bank loans and borrowings						
Other financial liabilities:						
Market warrants	12,500	12,500	-	-	12,500	-
Total other financial liabilities	**12,500**	**12,500**	**-**	**-**	**12,500**	**-**
TOTAL	**12,500**	**12,500**	**-**	**-**	**12,500**	**-**

	Nominal amount					
(Thousands of Euros)	**Total September 30, 2018**	**Within one year**	**Between one and five years**	**More than five years**	**Current**	**Non-current**
Bank loans and borrowings:						
Bridge Facility Agreement	450,000	-	450,000	-	-	450,000
Interest on Bridge Facility Agreement	2,063	2,063	-	-	2,063	-
Transaction costs	(11,291)	-	(11,291)	-	-	(11,291)
Total Bridge Facility Agreement	**440,772**	**2,063**	**438,709**	**-**	**2,063**	**438,709**
Senior Revolving Facility	-	-	-	-	-	-
Transaction costs	(776)	-	(776)	-	-	(776)
Total Senior Revolving Facility	**(776)**	**-**	**(776)**	**-**	**-**	**(776)**
Other accrued expenses - Guala Closures S.p.A.	97	97	-	-	97	-
Yes Bank loan and bank overdraft Axiom Propack (India)	3,979	3,979	-	-	3,979	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,899	3,899	-	-	3,899	-
Banco de la Nacion Argentina loan (Chile)	417	185	232	-	185	232
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	317	263	54	-	263	54
Advances on receivables and loans (Argentina)	1,155	1,142	13	-	1,142	13
Banamex / Bancomer loan (Mexico)	9,390	6,294	3,095	-	6,294	3,095
Total bank loans and borrowings	**459,249**	**17,921**	**441,327**	**-**	**17,921**	**441,327**
Other financial liabilities:						
Market warrants	10,073	10,073	-	-	10,073	-
Guala Closures S.p.A. finance leases	6,104	2,314	3,790	-	2,314	3,790
Other companies finance leases	359	176	184	-	176	184
Liability to the Ukrainian non-controlling investors	17,850	-	-	17,850	-	17,850
Other liabilities	765	765	-	-	765	-
Total other financial liabilities	**35,151**	**13,328**	**3,974**	**17,850**	**13,328**	**21,824**
TOTAL	**494,400**	**31,249**	**445,301**	**17,850**	**31,249**	**463,151**

“Other current financial liabilities” include the fair value of the market warrants at September 30, 2018 (€10,073,000). The difference between the fair value at September 30, 2018 and that at December 31, 2017 was recognized in the statement of comprehensive income of the period, under financial income (€11,794 thousand), net of the equity effect of the issue of an additional 9,367.39 market warrants on August 6, 2018 at the unit price of €1.00. The impact on the statement of comprehensive income for the period is attributable to the decrease in the market price of the market warrants, which went from €1.25 at December 31, 2017, to €0.52 at September 30, 2018.

On the date of their first trading, the company recognized 10,000,000 market warrants, traded separately to the shares, of €6,000,000, by setting up a negative reserve of the same amount (described in note 12) Equity attributable to the owners of the parent). Furthermore, on August 6, 2018, the date the merger became effective, another 9,367,393 market warrants were assigned for €9,367,393, setting up a negative reserve of the same amount. The warrants were assigned free of charge in the ratio of four market warrants to every 10 ordinary shares. They can be exercised against payment as resolved by the shareholders in their extraordinary meetings of September 26, 2017 and November 16, 2017.

Based on the market warrant regulation, the warrant holders may decide to exercise them in whole or in part at any time and to subscribe the exchange shares at the subscription price, as long as the average monthly price is higher than the strike price (€10 per share). The subscription price of €0.10 per exchange share was approved by the shareholders on September 26, 2017 based on the amendments introduced on October 26, 2017. The company will publish the acceleration communication should the average monthly price be the same as or higher than €13 per share.
As a result, the holders of the market warrants will be assigned exchange shares based on the following exchange ratio:

$$\frac{\textit{Average monthly price - Strike price}}{\textit{Average monthly price - Subscription price}}$$

Warrants not exercised by the expiry date are taken to have been extinguished and are no longer valid when by expiry date is meant the first of the following dates: (i) the first trading date after five years from the Relevant Transaction’s effective date and (ii) the first trading date after 60 calendar days from the date of publication of the acceleration communication.

The liability to the Ukrainian non-controlling investors relates to recognition of these investors’ right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its expected time of exercise.
This caption has been recognized since 2008 using the present access method, whereby the financial liability was recognized as a reduction in equity in the first year. The fluctuation in each year, if any, is recognized 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 27) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further details.

The terms and expiry dates of the financial liabilities at December 31, 2017 and September 30, 2018 are shown below:

Thousands of Euros	**Currency**	**Nominal interest rate**	**Expiry date**	**Total December 31, 2017**
Bonds				
Total bonds				**-**
Bank loans and borrowings:				
Total bank loans and borrowings				**-**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	12,500
Total other financial liabilities				**12,500**
TOTAL				**12,500**

Thousands of Euros	**Currency**	**Nominal interest rate**	**Expiry date**	**Total September 30, 2018**
Bank loans and borrowings:				
Bridge Facility Agreement	€	Euribor 3M + 2.75%	2019	450,000
Transaction costs	€	n.a.	2019	2,063
Interest on Bridge Facility Agreement	€	n.a.	2018	(11,291)
Total Bridge Facility Agreement				**440,772**
Senior Revolving Facility due in 2021	€	Euribor 3M + 2.50%	2021	0
Transaction costs	€	n.a.	2021	(776)
Total Senior Revolving Facility				**(776)**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2018	97
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	n.a.	3,979
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	3,899
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	417
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2019	317
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	1,155
Banamex / Bancomer loan (Mexico)	USD	n.a.	2023	9,390
Total bank loans and borrowings				**459,249**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	10,073
Guala Closures S.p.A. finance leases	€	Euribor + 1.5% (**)	2020	6,104
Other companies finance leases	€	n.a.	n.a.	359
Liability to the Ukrainian non-controlling investors	€	n.a.	n.a.	17,850
Other liabilities	€	n.a.	n.a.	765
Total other financial liabilities				**35,151**
				494,400

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"
(**) Nominal interest rate on the property finance lease

The Senior Revolving Facility's availability at September 30, 2018 is shown in the table below:

	Available amount (thousands of Euros)	**Amount used at September 30, 2018**	**Residual available amount at September 30, 2018**
Revolving Facility due 2024	80,000	-	80,000
Total	**80,000**	**-**	**80,000**

(11) Trade payables

These may be analyzed as follows:

(Thousands of Euros)	**December 31, 2017**	**Balances of Guala Closures Group at the business combination date, July 31, 2018**	**September 30, 2018**
Suppliers	4,490	70,242	65,836
Payments on account	-	718	903
Total	**4,490**	**70,960**	**66,740**

(12) Equity attributable to the owners of the parent

At September 30, 2018, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario) organized and managed by Borsa Italiana S.p.A., within the Star Segment, since August 6, 2018.

At its incorporation date (September 19, 2017), the company's share capital of €100,000 consisted of 10,000 ordinary shares without a nominal amount all held by Space Holding S.r.l..

During their extraordinary meeting of September 26, 2017, the shareholders resolved to convert all the 10,000 ordinary shares into special shares at conditions and effective from the date on which trading of the ordinary shares started on the investment vehicles section of the Italian stock exchange.

The shareholders approved a capital increase against payment in their meeting of November 16, 2017, with the issue of a maximum of 50,000,000 ordinary shares without a nominal amount for a total amount of €500,000,000, including the share premium. The subscription price paid of €10 per share was assigned as follows: €1 for the shares' implicit carrying amount and €9 to the share premium reserve. Every ten ordinary shares subscribed received four Space4 S.p.A. market warrants. Two of these warrants were immediately traded on the investment vehicles section of the Italian stock exchange separately from the shares starting from the date on which the shares began to be traded. The right to receive the other two warrants is built into the shares and they are attached until the effective date of the Relevant Transaction.

The share premium reserve, set up with the capital increase that took place at the listing date, includes €6,000,000 for the 10,000,000 market warrants that have been traded separately from the ordinary shares since the listing date with an initial subscription price of €0.60 each.

On the same date, the shareholders resolved to increase the share capital against payment in their extraordinary meeting solely for Space Holding S.r.l. (Space4's promoter) for a total of €12,400,000, including the share premium, by issuing a maximum of 1,240,000 special shares. The subscription price of each special share paid of €10 was assigned as follows: €1 for the shares' implicit carrying amount and €9 to the share premium reserve. Two Space4 S.p.A. sponsor warrants were attached to each share subscribed. The automatic conversion during the listing of the 10,000 ordinary shares into special shares involved the assignment of 20,000 Space4 S.p.A. sponsor warrants.

The above resolutions led to the actual subscription and payment of the shares during the placing on the market.

Finally, the shareholders resolved to increase the share capital: (i) by a maximum of €465,116.30 to cover the exercise of 20,000,000 Space4 S.p.A. market warrants through the issue of a maximum of 4,651,163 ordinary shares without a nominal amount at a price of €0.10 each, allocated to their implicit carrying amount; (ii) by a maximum, including the share premium, of €32,500,000 to cover the exercise of 2,500,000 Space4 S.p.A. sponsor warrants by issuing a maximum of 2,500,000 ordinary shares without a nominal amount at a price of €13, with €1 for the implicit carrying amount and €12 for the share premium.

When the ordinary shares were placed on the market and the capital increase took place, the company set up a reserve for capital increase costs of €4,677,128, which covers both the start-up costs and the cost of listing the company on the investment vehicles section of the Italian stock exchange. The reserve also includes the commissions agreed with the banks for the placement (€4,000,000).

The period during which the right of first refusal could be exercised ended on July 18, 2018. It covered 6,378,568 Space4 ordinary shares for which the withdrawal right was exercised. The company's shareholders exercised their first-refusal and pre-emptive rights acquiring a total of 1,700,884 shares for which the withdrawal right was exercised, while Peninsula and Quaestio, under the back-stop agreements, acquired 1,514,692 shares for which the withdrawal right was exercised. Therefore, the company purchased the remaining 3,162,992 shares for which the withdrawal right had been exercised, equal to 6.33% of Space4's ordinary share capital for €31,323,110 and subsequently cancelled them.

Finally, on August 6, Guala Closures' first trading day on the STAR segment, Guala Closures was merged into Space4. The merger became effective for statutory, accounting and tax purposes as of this date. On this date, the following took place:

- cancellation of all the ordinary and class B Guala Closures shares, making up its entire share capital at the merger effective date;
- allocation of ordinary shares with the same characteristics as the ordinary Space4 shares to the holders of Guala Closures shares other than Space4 at the merger effective date using an exchange ratio of 0.675381 Space4 shares to every one Guala Closures share;
- allocation of 9,367,393 market warrants (the residual two market warrants every ten ordinary shares held) to the holders of ordinary Space4 shares;
- cancellation of all the Guala Closures Management Warrants outstanding at the merger effective date and allocation of 1,000,000 newly issued Space4 warrants with the same characteristics as Space4 sponsor warrants;
- a €17,567 thousand capital increase to serve the merger to be subscribed by GCL Holdings S.C.A., PII G S.à.r.l and Quaestio Capital SGR;
- conversion of the first instalment of special Space4 shares (437,500 or 35% of the total number of special Space4 shares) into 1,968,750 post-merger Guala Closures shares.

Therefore, at September 30, 2018, Guala Closures S.p.A. has subscribed and paid-up share capital of €68,907 thousand, consisting of 67,184,904 shares, of which 62,049,966 ordinary shares, 4,322,438 class B multiple-vote shares and 812,500 class C shares with no voting rights. Similarly, 19,367,393 market warrants, 2,500,000 sponsor warrants and 1,000,000 Management Warrants are outstanding.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

The special shares to which, upon issue, 2,500,000 sponsor warrants have been attached, have the same rights as the ordinary shares, with the sole exception of the following:

- they do not have voting rights at ordinary and extraordinary shareholders' meetings;
- they do not have the right to dividends approved as ordinary dividends;
- they cannot be transferred until the last day of the twelfth month after the Relevant Transaction and, should the Relevant Transaction not take place, for the maximum duration of the company as established by article 4 of the by-laws except for (i) those transferred to the withdrawing shareholders of Space Holding after the liquidation procedure as payment in kind for the sale of their investment; and (ii) those transferred to the beneficiary of a proportionate demerger of Space Holding S.r.l.;
- if the company is dissolved, they give the right to their voters to be paid their stake of liquidation equity after the ordinary shareholders;
- they give the right to receive two sponsor warrants for every special share issued;
- when certain conditions are met, the special shares are automatically converted into ordinary shares, at the ratio of 4.5 ordinary shares for each special share, without the need for their holders to express their intention to convert and without any change to be made to the amount of share capital, provided that the conversion will decrease the implicit carrying amount of ordinary shares.

The sponsor warrants attached to the special shares and assigned free of charge in the ratio of two warrants for every special share subscribed are not traded on the Italian regulated stock market or abroad.

Each sponsor warrant gives its holder the right to subscribe an exchange share if the share's official price is equal to or higher than €13 for at least one day in the exercise period, which is the period between the first trading date after the Relevant Transaction's effective date and the tenth anniversary of this date.

Furthermore, on the date the merger became effective, 1,000,000 Management Warrants were issued. They can be exercised as of this date and will entitle holders to one Management Warrant share for every exchangeable management warrant, provided that the post-merger Guala Closures share's official price is equal to or higher than €13 for at least one day in the exercise period, and against payment of a subscription price per share of €13.

Warrants that have not been exercised at the end of this period irrevocably become ineffective and are taken to have been extinguished as explained in the related regulations to which reference is made.

At September 30, 2018, equity comprises unavailable reserves for market warrants of €19,367 thousand, of which €6,000 thousand was recognized as a decrease in the share premium reserve following the capital increase which took place on December 21, 2017 and the concurrent allocation of 10,000 thousand market warrants, and €9,367 thousand was taken as a reduction of other reserves, following the allocation of the residual 9,367,393 market warrants upon listing and the concurrent merger on August 6, 2018.

Except for the 3,162,992 shares for which the withdrawal right was exercised, equal to 6.33% of Guala Closures S.p.A.'s ordinary share capital, which were acquired by the company and subsequently cancelled, the company does not hold treasury shares or shares of its subsidiaries, either directly or through trustees or nominees.

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 thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the group has access to external sources of financing at acceptable terms, including via maintaining 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.

To achieve these objectives, the group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

(13) Equity attributable to non-controlling interests

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

	% Non-controlling interests December 31, 2017	% Non-controlling interests July 31, 2018	% Non-controlling interests September 30, 2018	Balance at December 31, 2017	Balances of Guala Closures Group at the business combination date July 31, 2018	September 30, 2018
Guala Closures Ukraine LLC		30.0%	30.0%		8,720	8,625
Guala Closures India Pvt Ltd.		5.0%	5.0%		2,102	2,105
Guala Closures de Colombia LTDA		6.8%	6.8%		437	475
Guala Closures Bulgaria A.D. CONS		30.0%	30.0%		2,018	2,054
Guala Closures DGS Poland S.A.		30.0%	30.0%		9,505	10,064
Guala Closures France SAS		30.0%	30.0%		115	73
Total				**-**	**22,898**	**23,396**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(14) Net revenue

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

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Europe		51,127		51,127
Asia		13,581		13,581
Latin and North America		17,116		17,116
Oceania		6,941		6,941
Africa		2,561		2,561
Total	**-**	**91,326**	**-**	**91,326**

The table below illustrates net revenue by product type:

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Safety closures		40,558		40,558
Luxury closures		4,549		4,549
Wine closures		14,177		14,177
Pharma closures		1,442		1,442
Roll-on closures		26,217		26,217
PET		344		344
Other revenue		4,039		4,039
Total	**-**	**91,326**	**-**	**91,326**

The Guala Closures Group records seasonal factors with reference to certain types of products, with an increase in sales volumes in the second half of each year and, in particular, during holiday periods. As a result, the quarterly results of the Guala Closures Group do not contribute in a uniform manner to the formation of the economic and financial results of each year

(15) Other operating income

This caption includes:

	Third quarter		Nine months ended September 30,	
Thousands of Euros €	**2017**	**2018**	**2017**	**2018**
Sundry recoveries/repayments		501		501
Gains on sale of fixed assets		5		5
Other		181		181
Total	**-**	**687**	**-**	**687**

(16) Internal work capitalized

This caption amounts to €510 thousand in the first nine months of 2018 and includes €62 thousand of capitalized development expenditure and €488 thousand of maintenance carried out on property, plant and equipment.

(17) Costs for raw materials

This caption includes:

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Raw materials and supplies		36,188		36,188
Packaging		1,714		1,714
Consumables and maintenance		1,144		1,144
Fuels		74		74
Other purchases		317		317
Change in inventories		959		959
Total	**-**	**40,396**	**-**	**40,396**

(18) Costs for services – third parties

This caption includes:

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Electricity / heating		3,839		3,839
Transport		3,695		3,695
External processing		1,086		1,086
External labor / porterage		1,097		1,097
Maintenance		872		872
Sundry industrial services		860		860
Travel		656		656
Insurance		490		490
Legal and consulting fees	8	4,713	8	6,857
Directors' fees		263		263
Administrative services	2	1,240	2	1,240
Cleaning service		162		162
Technical assistance		275		275
Commissions		201		201
Entertainment expenses		91		91
Telephone costs		107		107
Security		84		84
Advertising services		72		72
Commercial services		47		47
Expos and trade fairs		26		26
Other		264		264
Total	**9**	**20,138**	**9**	**22,283**

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

(19) Costs for services – related parties

The item amounting to € 1,219 thousand as at September 30,2018 refers to the consulting service offered by Space Holding Srl from January 1, 2018 to August 6, 2018, as per the contract of September 27, 2017, subsequently amended on November 16, 2017 and better described in the note to the condensed interim consolidated financial statements n. 30) "Related party transactions".

(20) Personnel expense

This caption includes:

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Wages and salaries		12,434		12,467
Social security contributions		2,084		2,084
Expense from defined benefit plans		218		218
Other costs		1,099		1,099
Total	**-**	**15,835**	**-**	**15,868**

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

At September 30, 2018, the group had the following number of employees:

Number	**September 30, 2018**
Blue collars	3,163
White collars	932
Managers	215
Total	**4,310**

(21) Other operating expense

This caption includes:

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Rent and leases		906		906
Other provisions		13		13
Taxes and duties		297		297
Other costs for the use of third party assets		260		260
Accrual to the loss allowance		2		2
Other charges		212		212
Total	**-**	**1,689**	**-**	**1,689**

(22) Financial income

This caption includes:

Thousands of Euros	Third quarter 2017	Third quarter 2018	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Exchange gains		862		862
Interest income		112		745
Fair value of the market warrants		7,794		11,794
Other financial income		292		292
Total	**-**	**9,061**	**-**	**13,693**

Market warrants are listed instruments which are recognized under current financial liabilities. The financial income related to their fair value refers to the change in the official price of these instruments during the reporting period set by Borsa Italiana. A decrease in the official price generates financial income since it results in the reduction of the underlying financial liability.

(23) Financial expense

This caption includes:

Thousands of Euros	Third quarter 2017	Third quarter 2018	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Interest expense		2,987		2,987
Exchange losses		4,261		4,261
Financial expense on liability to non-controlling investors in the Ukrainian company		150		150
Non-recurring financial expense related to the refinancing		7,995		7,995
Other financial expense		352		352
Total	**-**	**15,745**	**-**	**15,745**

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

Non-recurring financial expense related to the refinancing, amounting to €8.0 million in the first nine months of 2018, refers to the write-off of the unamortized transaction costs due to the Guala Closures Group pre-merger's refinancing on August 1, 2018 (early redemption of the Floating Rate Senior Secured Notes due in 2021 and the previous Senior Revolving Facility due in 2021).

(24) Income taxes

This caption includes:

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Current taxes		2,949		2,949
Deferred taxes		(814)		(814)
Total	**-**	**2,135**	**-**	**2,135**

(25) Earnings per share – basic and diluted

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Profit/(loss) for the period attributable to the owners of the parent	(9)	(2,153)	(9)	(715)
Weighted average number of shares	10,000	60,273,584	10,000	53,474,889
Earnings/(loss) per share - basic (in Euros)	**(0,95)**	**(0,04)**	**(0,95)**	**(0,01)**

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Profit/(loss) for the period attributable to the owners of the parent	(9)	(2,153)	(9)	(715)
Weighted average number of shares	10,000	68,152,799	10,000	57,678,905
Earnings/(loss) per share - diluted (in Euros)	**(0,95)**	**(0,03)**	**(0,95)**	**(0,01)**

On September 30, 2018 the diluted earnings per share amounted to € (0,01), while the quarterly net operating result per diluted share, for the quarter ended September 30, 2018, amounted to € (0,03). The diluted earning was calculated considering, in addition to the ordinary shares outstanding, also the maximum potential ordinary shares deriving from the possible conversion of:

- n. 19,367,393 market warrants outstanding,

- n. 2,500,000 outstanding sponsor warrants,

- n. 1,000,000 management warrants outstanding,

- n. 812,500 outstanding special shares.

(26) Net financial indebtedness

Net financial indebtedness at December 31, 2017, July 31, 2017 (Guala Closures Group's balances at the date of the business combination) and September 30, 2018, is analyzed below and calculated in accordance with ESMA/2013/319 recommendations:

(in thousands of Euros)		December 31, 2017	July 31, 2018	September 30, 2018
A	Cash	-	-	-
B	Other cash and cash equivalents	512,206	47,666	32,456
C	Securities held for trading	-	-	-
D	**Cash (A+B+C)**	**512,206**	**47,666**	**32,456**
E	**Current loan assets**	**-**	**169**	**57**
F	Current bank loans and borrowings	0	15,047	14,018
G	Current portion of non-current indebtedness	0	7,031	3,903
H	Other current loans and borrowings	0	3,342	3,255
I	**Current financial indebtedness (F+G+H)**	**-**	**25,420**	**21,176**
J	**Net current financial indebtedness (I-E-D)**	**(512,206)**	**(22,415)**	**(11,336)**
K	Non-current bank loans and borrowings	0	57,550	441,327
L	Bonds issued	0	503,010	0
M	Other non-current liabilities	0	22,071	21,824
N	**Non-current financial indebtedness (K+L+M)**	**0**	**582,631**	**463,151**
O	**Net financial indebtedness as per ESMA's recommendation (J+N)**	**(512,206)**	**560,216**	**451,815**

The group monitors the performance of its financial indebtedness using a parameter which includes the amounts shown in the above table, non-current financial assets and the market value of the market warrants, recognised under current financial liabilities.

In the annex to the Directors' report, the group gives a breakdown of net financial indebtedness, including non-current financial assets and the market value of the market warrants, recognised under current financial liabilities.

The table below shows the reconciliation of the total net financial indebtedness shown in the annex A) to the Directors' report and the structure of net financial indebtedness as per the ESMA's recommendation:

(in thousands of Euros)		December 31, 2017	July 31, 2018	September 30, 2017
O	Net financial indebtedness as per ESMA's recommendation	(512,206)	560,216	451,815
P	Non-current financial assets	-	1,019	273
Q	Market warrants	12,500	-	10,073
R	**Total net financial indebtedness (O-P+Q)**	**(499,706)**	**559,197**	**461,615**

The change in net financial indebtedness at September 30, 2018 compared to December 31, 2017 is mainly due to the cash flows used to finance the purchase of the investment in Guala Closures Group, the withdrawal of a number of previous shareholders and the inclusion of the debt of the acquired group.

OTHER INFORMATION

(27) 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 September 30, 2018. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in the first nine months of 2018 and in the third quarter of 2018.

December 31, 2017			**Carrying amount**				**Fair value**			
Thousands of Euros	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Financial assets at amotised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value (*)										
Cash and cash equivalents	5			512,206		512,206				-
		-	**-**	**512,206**	**-**	**512,206**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Market warrants	10				(12,500)	**(12,500)**	(12,500)			
				-	**(12,500)**	**(12,500)**	**(12,500)**	**-**	**-**	**-**
Financial liabilities not measured at fair value (*)										
Trade payables	11				(4,490)	**(4,490)**				
		-	**-**	**-**	**(4,490)**	**(4,490)**	**-**	**-**	**-**	**-**

(*) The group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets – third parties and current trade payables, because their carrying amounts are a reasonable approximation of fair values.

September 30, 2018		Carrying amount					Fair value			
Thousands of Euros	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value (*)										
Trade receivables - third parties	6			114,957		**114,957**				**-**
Financial assets - third parties				330		**330**		330		**330**
Cash and cash equivalents	5			32,456		**32,456**				**-**
		-	**-**	**147,742**	**-**	**147,742**	**-**	**330**	**-**	**330**
Financial liabilities measured at fair value										
Interest rate swaps used for hedging			(90)			**(90)**		(90)		**(90)**
Market warrants					(10,073)	**(10,073)**	(10,073)			**(10,073)**
Put option on non-controlling interests	10				(17,850)	**(17,850)**			(17,850)	**(17,850)**
			(90)	**-**	**(27,923)**	**(28,013)**	**(10,073)**	**(90)**	**(17,850)**	**(28,013)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	10				(7,878)	**(7,878)**		(7,878)		**(7,878)**
Secured bank loans	10				(450,637)	**(450,637)**		(458,362)		**(458,362)**
Unsecured bank loans	10				(734)	**(734)**		(734)		**(734)**
Finance lease liabilities	10				(6,463)	**(6,463)**		(6,412)		**(6,412)**
Trade payables - third parties	10				(66,740)	**(66,740)**				**-**
Other financial liabilities	10				(765)	**(765)**		(765)		**(765)**
		-	**-**	**-**	**(533,217)**	**(533,217)**	**-**	**(474,152)**	**-**	**(474,152)**

(*) The group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets – third parties and current trade payables, because their carrying amounts are a reasonable approximation of fair values.

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Therefore, the following changes in fair value could significantly affect the company's performance:
- a rise in the market warrants' fair values could lead to an increase in the company's liabilities and financial expense;
- a reduction in the market warrants' fair values could lead to a decrease in the company's liabilities and an increase in financial income.

These financial income and expense are accounting changes that do not lead to cash inflows or outflows.

The following tables show the valuation techniques used in measuring Level 2 and 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
Put option on non-controlling interests	Discounted cash flows: The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	• Forecast EBITDA (average of last 2 years - 2016 and 2017 - and 2018 budget figures) • Net financial position of the Ukrainian subsidiary as at September 30, 2018 • Risk-adjusted discount rate (7.4%) • Expected date of put option exercise	The estimated fair value would increase if: • the EBITDA was higher • the net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward interest rate swaps	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.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bond issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

Level 3 fair values at the date of the business combination and at the reporting date are shown below.

	Third quarter		Nine months ended September 30,	
Thousands of Euros	**2017**	**2018**	**2017**	**2018**
Amount at the date of the business combination		17,700		17,700
(Profit)/ loss included in "(financial income) / financial expense"- Net change in fair value (unrealised)		150		150
September 30, 2018	**-**	**17,850**	**-**	**17,850**

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2018 to one of the significant unobservable inputs, while keeping other inputs constant, would have had the following effects:

Thousands of Euros	**Increase/(decrease) in unobservable inputs**	**Favorable/ (unfavorable) effect on the loss for the period**
Forecast EBITDA	10%	(1,275)
	(10%)	1,350
Net financial position	+ 1 million €	(150)
	- 1 million €	150
Risk-adjusted discount rate	1%	1,200
	(1%)	(1,350)
Expected date of put option exercise	+ 1 year	825
	- 1 year	(900)

(c) 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,

Reference should be made to the analyzes carried out for the purposes of the consolidated financial statements as at 31 December 2017 of the Guala Closures Pre-Merger Group and to the financial statements of Space4 S.p.A. on the same date, since they did not change.

(28) 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.

(29) Commitments and guarantees

The group's commitments and guarantees given at September 30, 2018 comprise:

- a pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V. which secures the RCF and Guala Closures Bonds, now fully repaid, and whose release is actually in progress; and
- a personal guarantee granted by Guala Closures S.p.A. in respect of the obligations arising from the Bridge Facility Agreement and the New RCF.

(30) Related party transactions

Intercompany transactions and balances with subsidiaries are eliminated on consolidation and, therefore, do not appear in the condensed interim consolidated financial statements figures and are not disclosed in this report.

Transactions with the key management personnel are set out below:

Thousands of Euros	Costs recognised in the first nine months of 2018									
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	Employment benefits at September 30, 2018	Other Liabilities at September 30, 2018	Cash flows for the period
Total key management personnel transactions	184	70	369	4	2	59	**688**	85	433	540

Following the sale of Guala Closures S.p.A. to Space4 S.p.A. and the simultaneous reorganization of the Luxembourg companies, which previously controlled Guala Closures S.p.A., the incorporated under the Luxembourg law company GCL Holdings S.C.A. has become wholly owned by Managers and by their relatives and controlled by law by Mister Marco Giovannini.
The relationships between this company and the group at September 30, 2018 are summarized below:
- from August 6 (effective date of the merger), it had four members appointed by it on the Board of Directors of Guala Closures SpA, as well as two independent members with an appointment jointly held with Space Holding SpA;
- starting from September 10, 2018 two permanent members and one alternate member of the board of statutory auditors of Guala Closures S.p.A. were appointed under recommendation of GCL Holdings S.C.A.
- starting from July 31, 2018 GCL Holdings S.C.A. holds 14.24% of the share capital of Guala Closures S.p.A. and, as a result of the 4,322,438 B multi-voting shares, it holds 24.28% of the voting rights.
- the transactions with GCL Holdings S.C.A. were carried out under normal market conditions.

Also Space Holding S.p.A. can be considered a related party.
The relationships between this company and the group at September 30, 2018 are summarized below:
- from August 6 (effective date of the merger), it had two members appointed by it on the Board of Directors of Guala Closures SpA. (of which one is independent), as well as two independent members with a joint appointment with GCL Holdings S.C.A.
- starting from September 10, 2018 one permanent member and one alternate member of the board of statutory auditors of Guala Closures S.p.A. were appointed under recommendation of Space Holding SpA;
- starting from July 31, 2018, Space Holding holds 4.70% of the share capital of Guala Closures S.p.A. and, also due to the 805,675 C shares without voting rights, it holds 3.14% of the voting rights.
- the transactions with Space Holding SpA were carried out under normal market conditions.

Peninsula Capital II sarl (as a general partner of Peninsula Investments II SCA that controls PII G Sarl) can be considered a related party.
The relationships between this company and the group at September 30, 2018 are summarized below:
- from August 6 (effective date of the merger), it had a member appointed by it on the Board of Directors of Guala Closures S.p.A.
- starting from July 31, 2018 Peninsula holds 9.84% of the share capital of Guala Closures S.p.A. holding voting rights of 8.92%.
- the transactions with Peninsula were carried out under normal market conditions.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 20) Employee benefits to the consolidated financial statements at December 31, 2017 of the Guala Closures Group pre-merger for additional information.

(31) Events after the reporting period

Refinancing

(A) On October 3, 2018, Guala Closures S.p.A. fully repaid the €450 million bridge loan, using the proceeds from a floating-rate bond issue due in 2024 of €455 million (the "**Bonds**") (Euribor 3 months +3.5% - zero floor) under an indenture contract governed by the laws of the State of New York. The contract was signed, inter alia, by Guala Closures S.p.A., as the issuer, The Law Debenture Trust Corporation p.l.c., as the senior secured notes trustee and Bondholders' representatives pursuant to articles 2417 and 2418 of the Italian Civil Code, Deutsche Bank AG, London branch, as the paying agent, and Deutsche Bank Luxembourg S.A., as the transfer agent and the registrar (the "**Indenture**").

(B) On October 11, 2018, under some agreements to participate in the new RCF and a supplement to the indenture, Guala Closures International B.V., Guala Closures U.K. Limited, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures do Brasil LTDA and Guala Closures Iberica S.A. granted first-level collateral to guarantee the facility made available by the new RCF and the Bonds.

(C) In addition to the above and in order to guarantee the facility made available by the new RCF and the Bonds, the following companies granted the following guarantees:

(i) Pledge over the Guala Closures International B.V. shares held by Guala Closures S.p.A.;
(ii) Transfer of Guala Closures S.p.A.'s receivables arising from specific intercompany financing contracts as a guarantee;

(iii) Pledge over Guala Closures S.p.A.'s receivables arising from some intercompany financing contracts ;
(iv) Plege over Guala Closures International B.V.'s receivables arising from some intercompany financing contracts ;
(v) Specific security deed on Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures International B.V.;
(vi) Specific security deed on Guala Closures Australia Holdings Pty shares held by Guala Closures Australia Holdings Pty Ltd;
(vii) Pledge over the FPI and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.;
(viii) Specific security deed on Guala Closures New Zealand Limited shares held by Guala Closures International B.V.;
(ix) Charge on Guala Closures U.K. Limited shares held by Guala Closures International B.V.;
(x) Pledge over Guala Closures DGS Poland S.A. shares held by Guala Closures International B.V.;

Incorporation of a newco

On October 30, 2018, the board of directors of the subsidiary GCL International S.à r.l. approved the incorporation of a new company in Kenya, named Guala Closures East Africa. The newco will initially market the products manufactured by other group companies and, in the future, it may set up a production unit.
Guala Closures (India) Pvt Limited and its subsidiary Axiom Propack (Pvt) Limited (acquired in 2017) began a merger procedure which will result in the merger of Axiom Propoack Pvt Limited into Guala Closures (India) Pvt.
As part of this procedure, on September 11, 2018, the companies jointly requested the Mumbai National Company Law Tribunal's approval of this transaction. Pending the approval by the competent authorities, the merger is expected to take place on December 31, 2018.

Merger between group companies

Guala Closures (India) Pvt Limited and its subsidiary (acquired in 2017) Axiom Propack (Pvt) Limited undertook a merger process, after which Axiom Propoack Pvt Limited will be merged into Guala Closures (India) Pvt.
As part of this process, on September 11, 2018 the companies jointly requested the Mumbai National Company Law Tribunal to approve the merger. Pending approval by the competent authorities, the merger is expected to be finalized by December 31, 2018.

On behalf of the Board of directors
The Chairman and Managing Director
Marco Giovannini
(signed on the original)

November 14, 2018

Annexes to the condensed interim consolidated financial statements

Annex
Statement of the CEO and manager in charge of financial reporting

ANNEX

Statement of the CEO and manager in charge of financial reporting

Statement on the condensed interim consolidated financial statements pursuant to article 81-ter of Consob regulation no. 11971 of May 14, 1999, as subsequently amended and integrated

1. The undersigned Marco Giovannini and Anibal Diaz, CEO and manager in charge of financial reporting of Guala Closures S.p.A., respectively, state that pursuant to article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998:
   - the administrative and accounting procedures are adequate given the company's characteristics; and
   - they were actually applied during the period to prepare the condensed interim consolidated financial statements as at and for the nine months ended September 30, 2018.
2. No significant issues arose.
3. Moreover, they state that:

   3.1 The condensed interim consolidated financial statements:

   a) have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b) are consistent with the accounting records and entries;

   c) are suitable to give a true and fair view of the financial position as at September 30, 2018 and the results of operations and cash flows for the nine months then ended of the issuer.

   3.2 The Directors' report includes a reliable analysis of the key events that took place during the first 9 mnths of the year and their impact on the condensed interim consolidated financial statements.

November 14, 2018

The CEO
The manager in charge of financial reporting
Marco Giovannini
Anibal Diaz
(signed on the original)