



KPMG S.p.A.
Revisione e organizzazione contabile
Corso Vittorio Emanuele II, 48
10123 TORINO TO
Telefono +39 011 8395144
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Guala Closures S.p.A.*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Guala Closures S.p.A. (formerly Space4 S.p.A., the "company"), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Guala Closures S.p.A. as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recognition of the business combination

Notes to the separate financial statements: notes "(2) Accounting policies" and "(3) Business combinations"

Key audit matter	Audit procedures addressing the key audit matter
<p>In 2018, Space4 S.p.A., a SPAC listed on the investment vehicles section of the Italian stock exchange, acquired the former Guala Closures S.p.A.. After the acquisition, Guala Closures S.p.A. was merged into Space4 S.p.A., which then changed its name to Guala Closures S.p.A..</p> <p>The directors elected to initially recognise the business combination provisionally, since the fair value measurement process is still ongoing. Assisted by specifically engaged experts, the directors determined the acquisition date, the transaction cost (or consideration transferred) and the provisional allocation of the cost to the identifiable assets, liabilities and contingent liabilities of the former Guala Closures S.p.A. at the acquisition date (purchase price allocation).</p> <p>This procedure entailed, inter alia, measuring the acquisition-date fair value of the consideration transferred and the recognition of goodwill of €714 million in the separate financial statements.</p> <p>Due to the complexity of the transaction and the materiality of the assets acquired, liabilities assumed and contingent liabilities, we believe that the recognition of the above business combination is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">— understanding the process adopted by the company's directors to measure the fair value of the consideration transferred and the provisional fair value of the assets, liabilities and contingent liabilities of the former Guala Closures S.p.A. at the acquisition date;— analysing the report prepared by the external experts for the purposes of the provisional PPA;— involving experts of the KPMG network in the assessment of the reasonableness of the model used to measure the fair value of the consideration transferred and the provisional fair value of the assets acquired, liabilities assumed and contingent liabilities;— checking the former Guala Closures S.p.A.'s acquisition-date accounting balances;— assessing the appropriateness of the disclosures provided in the notes about the recognition of the business combination.



Recoverability of goodwill

Notes to the separate financial statements: notes "(2) Accounting policies" and "(14) Intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
<p>Following the merger of the former Guala Closures S.p.A. into Space4 S.p.A., the company recognised goodwill of €714 million at 31 December 2018.</p> <p>The directors tested the reporting-date carrying amount of the Closures CGU, which includes the related goodwill, for impairment by comparing it to its recoverable amount. The directors estimated the recoverable amount based on value in use calculated using the discounted cash flow model.</p> <p>Impairment testing entails a high level of judgement, especially in relation to:</p> <ul style="list-style-type: none">— the expected cash flows, calculated by taking into account the general economic performance and that of company's sector and the actual cash flows generated by the CGU in recent years;— the financial parameters to be used to discount the above cash flows. <p>For the above reason, we believe that the recoverability of goodwill is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">— understanding the process adopted for impairment testing approved by the company's board of directors;— understanding the process adopted for preparing the 2019-2023 business plan approved by the company's board of directors (the "2019-2023 plan") from which the expected cash flows used for impairment testing have been derived;— analysing the reasonableness of the assumptions used by the company to prepare the 2019-2023 plan;— checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process;— comparing the expected cash flows used for impairment testing to those used for the 2019-2023 plan and analysing the reasonableness of any discrepancies;— involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information;— assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.



Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the



related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 26 September 2017, the company's (formerly Space4 S.p.A.) shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the a directors' report and a report on corporate governance and ownership structure at 31 December 2018 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the



Guala Closures S.p.A.
Independent auditors' report
31 December 2018

company's separate financial statements at 31 December 2018 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2018 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Turin, 28 March 2019

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit