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

MARCH 31, 2019

2019 FIRST QUARTER REPORT

AS AT MARCH 31, 2019

Guala Closures Group

Registered and administrative office:
Via Rana 12 – zona industriale D/6 - 15122 Spinetta Marengo – Alessandria
Subscribed and fully paid-up share capital €68,906,646
Tax code and Company Registration no. 10038620968

COMPANY OFFICERS

BOARD OF DIRECTORS

Chairman and CEO	Marco Giovannini
Director	Anibal Diaz Diaz
Director	Francesco Bove
Director	Filippo Giovannini
Director	Edoardo Carlo Maria Subert
Director	Nicola Colavito
Independent director	Luisa Maria Virginia Collina
Independent director	Lucrezia Reichlin
independent director	Francesco Caio

RISK AND CONTROL COMMITEE

Chairman	Francesco Caio
Independent director	Lucrezia Reichlin
Director	Nicola Colavito

REMUNERATION COMMITTEE

Chairman	Luisa Maria Virginia Collina
Independent director	Francesco Caio
Director	Edoardo Carlo Maria Subert

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITORS

KPMG S.p.A.

CONTENTS **PAGE**

DIRECTORS' REPORT

Introduction

Guala Closures Group is a multinational leader in the aluminium and non-refillable closures production market active on five continents with 29 production sites and is supported by 4 product research centers plus one materials research center.

Since **August 6, 2018**, the parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange.
At the date of this report, the parent has a significant float.

The corporate reorganisation of 2018

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 was a special purpose acquisition company (SPAC), set up under Italian law as an SIV (special investment vehicle) pursuant to the Italian stock exchange regulation. Trading began on December 21, 2017.

On July 31, 2018, Space4 S.p.A. acquired Guala Closures S.p.A., the parent of Guala Closures Group ("pre-merger Guala Closures" or "pre-merger Guala Closures Group", respectively). On August 6, 2018, Guala Closures S.p.A. was merged into Space4 S.p.A.. Furthermore, following the above transaction, the latter company was renamed Guala Closures S.p.A. and the group headed by Space4 S.p.A. was renamed 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 registrar. Its registered office is in via Rana 12, zona industriale D6, Spinetta Marengo (Alessandria).

The comparative figures presented in this report include the effects of the above-mentioned business combination. Accordingly and to facilitate an understanding of this report, the directors' report includes pro forma comparative figures to make a comparison of the group's performance from 2018 to 2019 easier (more information is available in the "Pro forma financial position, results of operations and cash flows of Guala Closures Group" section).

Alternative performance indicators used in this directors' report

In addition to the performance indicators required by IFRS, this directors' report includes some alternative performance indicators (EBITDA, adjusted EBITDA, adjusted EBIT, net financial indebtedness and amounts for the three months of 2019 at constant exchange rates) which, although not required by IFRS, are based on IFRS values.

Management has presented the performance measures EBITDA, adjusted EBITDA and adjusted EBIT because it monitors them at a consolidated level and it believes that these measures are relevant to an understanding of the group's financial performance and should not be considered as substitutes of IFRS indicators.

The "Alternative performance indicators" section on page 35 of this report provides more information about these indicators and their calculation.

Definitions

The following definitions are provided to make it easier to understand the comparative 2018 figures:

- Lux BU: the business unit transferred by GCL Holdings S.C.A. (the former parent of Guala Closures S.p.A.) to GCL International S.à r.l. on July 31, 2018, comprised of 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 pre-merger Guala Closures, except for the balances arising from the intragroup loans granted to the latter.

- Company: Guala Closures S.p.A. (formerly Space4 S.p.A., renamed following the merger of August 6, 2018).

- Pre-merger Guala Closures: Guala Closures S.p.A. before its merger into Space4 S.p.A. on August 6, 2018.

- Pre-merger Guala Closures Group: Guala Closures Group before its merger into Space4 S.p.A. on August 6, 2018.

- Post-merger Guala Closures Group: Space4 S.p.A. and pre-merger Guala Closures Group resulting from the merger of Guala Closures S.p.A. into Space4 S.p.A. (which changed its name to Guala Closures S.p.A.).

- Guala Closures Group: the pre-merger Guala Closures Group and the post-merger Guala Closures Group.

The group structure at March 31, 2019 - Guala Closures Group

The group structure at December 31, 2018 - Guala Closures Group

The group structure at March 31, 2018 - Guala Closures Group

Key figures

€ / million	PROFORMA[2] Q1 2018	Q1 2019 Constant exchange rates	Q1 2019 Current exchange rates	Q1 2019 excluding UCP Constant exchange rates	Q1 2019 excluding UCP Current exchange rates
Net revenue	123	144	142	131	129
Growth %		*17.5%*	*15.7%*	*7.1%*	*5.2%*
Adjusted gross operating profit (Adjusted EBITDA)	20	23	23	22	22
Growth %		*12.2%*	*11.8%*	*8.7%*	*8.4%*

	31.12.2018	31.03.2019 Current exchange rates
Net financial indebtedness[1]	453	477

Employees	4,903
Plants	29 plants and 3 sales offices in 22 countries on 5 continents
Patents and utility models	more than 140

Notes:

(1) *The net financial indebtedness consists of financial liabilities minus cash and cash equivalents and financial assets.*

(2) *Reference should be made to Annex A) for information on the pro forma figures and to the "Alternative performance indicators" section for information on the adjusted EBITDA and 2019 sales at constant exchange rates.*

Guala Closures Group

Guala Closures Group is a leading multinational group manufacturing closures for spirits, wine and non-alcoholic beverages such as water, olive oil and vinegar as well as pharma products. The group is also active in the field of production of PET plastic preforms and bottles.

Thanks to the policy of continuous product development, the group is the world leader in "non-refillable" closures which are an instrument against adulteration and counterfeiting of liquids; these closures protect the quality and the reputation of the most important international brands in the areas of spirits, non-alcoholic beverages, wine, oil, pharma and cosmetics products.

Events of the quarter and strategies

At constant 2018 exchange rates, the group delivered 7% sales growth and an 8.7% increase in adjusted EBITDA on a like-for-like basis (i.e., excluding United Closures and Plastics (UCP), which entered the consolidation scope at the end of December 2018). UCP recorded encouraging results for the three months confirming management's expectations about its positive contribution to the group.
Guala Closures East Africa, incorporated on November 8, 2018 to set up a manufacturing facility in Kenya, started production in February 2019 and made its first sales in March 2019.
Revenue and adjusted EBITDA grew by 17.5% and 12.2%, respectively (at constant exchange rates), demonstrating the validity of group management's strategies.

In fact, management has a clear growth vision that envisages:

- ongoing revenue growth through entry into emerging markets promoting especially safety closures and the promotion of the value added of security and luxury closures;
- continued optimisation of production processes and the supply chain by sharing best practices within the group to improve the profitability of its production sites;
- continuous extension of the product range by promoting innovative and high tech products along with a focus on their presentation to meet the brand promotion requirements of customers;
- careful assessment of potential targeted acquisitions to expand the group's presence in new geographical segments and/or markets that it does not yet have an adequate share of.

The group's mission is to retain its market leadership, improve profitability and develop its business through organic growth and targeted acquisitions to build up its market share.

Investments

The group continued its investment policy investing approximately €8 million in the first quarter of the year compared to €10 million in the same period of 2018.
Capital expenditure mainly involved plant and machinery in all five continents where the group is present to a greater or lesser degree. About 70% of its investments were made in Europe and specifically Italy, Ukraine, Poland, United Kingdom and Spain. Most of the remainder was earmarked for Asia and Latam-USA and, in particular, India, Mexico and Colombia.
Guala Closures East Africa started production in its Kenya-based facility in February 2019 and made its first sales to a major local customer in March. Small start-up investments were allocated to this company.

In Oceania and, specifically, Australia and New Zealand, only investments of immaterial amounts were made for maintenance.

Key events of the quarter

The main events which affected the company and Guala Closures Group are summarised below:

Authorisation to repurchase own shares

On February 14, 2019, in their ordinary meeting, the parent's shareholders authorised the board of directors to repurchase its ordinary shares, including in more than one transaction, up to a maximum of 3% of the outstanding ordinary shares at that date.
No repurchases had taken place at the date of this report.

Reorganisation of Guala Closures France SAS

At the end of March 2019, Guala Closures France officially rolled out its reorganisation, which entails an investment in the Chambray facility to produce small batches of closures for the wine sector with very short lead times to meet market requirements.
At the same time, the French company plans to transfer the assets (machinery and some employees) from the Saint Remy Sur Avre manufacturing facility to the Chambray facility or other group companies. As a result, the Saint Remy Sur Avre facility will be closed down.
The reorganisation should be completed by July 2019.
At the date of this report, meetings are being held with the employee representatives to discuss the transfer procedure and related conditions. The company has also cancelled the facility's lease.
These condensed interim consolidated financial statements include the effects of the reorganisation and a specific provision to cover its costs.

Reorganisation of Beijing Guala Closures

Beijing Guala Closures received notice from the owner of the building leased for the intention to terminate the contract early on December 31, 2019. The subsidiary Beijing Guala Closures formally contested this communication because both the current contract expires in February 2022 and the lessor had contractually guaranteed that for the entire duration of the lease the use of the area would not have changed.
By virtue of this situation, and in the absence of further formal communications, assessments are currently underway with the owners to establish what the actual date of release of the building should be, or, alternatively, what the compensation criteria for the property should be for the early termination of the rental relationship.
These condensed interim consolidated financial statements include an impairment loss on property, plant and equipment that the group does not expect to recover in the event of cessation of activity on the current site.

Payment of the deferred consideration for Axiom Propack Pvt Ltd and its merger into Guala Closures India

On January 4, 2019, Guala Closures India Pvt Ltd paid €0.6 million as Axiom's deferred consideration, as originally set out in the acquisition contract, to its former owners.
During the reporting period, Guala Closures India commenced the procedures for the merger of its subsidiary Axiom Propack into it.
The merger is effective from April 9, 2019.

Application

On November 27, 2018, Guala Closures S.p.A. applied to the Regional office of the Piedmont tax authorities to continue the national tax consolidation scheme already in place with the subsidiary GCL Pharma S.r.l. and for the disapplication of the limits set out in article 172.7 of the Consolidated Income Tax Act ("TUIR") to the tax losses incurred prior to the merger.
On February 28, 2019, the Regional office of the Piedmont tax authorities allowed the interpretations included in the application and approved the continuation of the national tax consolidation scheme in place between the company and its subsidiary GCL Pharma S.r.l. and the disapplication of the limits set out in article 172.7 of the TUIR to the tax losses incurred prior to the merger.

Accident at the Magenta plant

In relation to the fatal accident that took place on January 30, 2017 at the Magenta plant (Milan) of pre-merger Guala Closures, which was subsequently merged into the company, compensation was paid in full to the heirs of the deceased in July 2018; 80% of such compensation was covered by the insurance company of pre-merger Guala Closures and the remaining 20% by the health and safety manager at the time of the accident.
With respect to Guala Closures' inclusion in the criminal proceedings as per Legislative decree no. 231/01, the parent filed an application for settlement. Although the public prosecutor had already expressed their favourable opinion thereon, the judge for the preliminary investigation rejected all the settlement applications, finding them inadequate, on April 16, 2019. At the date of this report, the case has not yet been returned to the public prosecutor for its re-evaluation. The possible outcomes of this procedure should not have effects significantly different from those already set aside in previous years provisions.

Pro forma financial position, results of operations and cash flows of Guala Closures Group

Introduction

In order to facilitate an understanding of the group's performance in the reporting period and the comparative period of 2018 and given its restructuring in 2018, the comparative figures have been restated.
Specifically, with respect to the comparative Q1 2018 figures, up until July 31, 2018, the consolidation scope only included Space4 S.p.A. (an non-operating vehicle) while, after the above-mentioned acquisition, the scope includes both Space4 S.p.A. and pre-merger Guala Closures Group from August 1, 2018.
Therefore, pro forma figures for Q1 2018 have been prepared, including pre-merger Guala Closures Group and Space4 in the consolidation scope so that the two periods are comparable.
Reference should be made to the annex A) to this report for details on the preparation of the pro forma 2018 figures.

Results of operations

Analysis of the pro forma results of operations

The table below summarises the comparable results of operations of Guala Closures Group for the first three months of 2018 (pro forma) and for the same period of 2019.

Consolidated income statement Guala Closures Group	**Q1 2018 Pro forma**		**Q1 2019**	
	Thousands of Euros	***% of net revenue***	**Thousands of Euros**	***% of net revenue***
Net revenue	**122,618**	***100.0%***	**141,817**	***100.0%***
Change in finished goods and semi-finished products	6,965	*5.7%*	7,132	*5.0%*
Other operating income	747	*0.6%*	1,354	*1.0%*
Internal work capitalised	995	*0.8%*	994	*0.7%*
Costs for raw materials	(59,103)	*(48.2%)*	(69,037)	*(48.7%)*
Costs for services	(24,871)	*(20.3%)*	(27,656)	*(19.5%)*
Personnel expense	(25,350)	*(20.7%)*	(30,660)	*(21.6%)*
Other operating expense	(3,206)	*(2.6%)*	(2,544)	*(1.8%)*
Impairment losses	(139)	*(0.1%)*	(1,018)	*(0.7%)*
EBITDA	**18,656**	***15.2%***	**20,381**	***14.4%***
Amortisation and depreciation	(7,724)	*(6.3%)*	(9,980)	*(7.0%)*
EBIT	**10,933**	***8.9%***	**10,401**	***7.3%***
Financial income	1,946	*1.6%*	5,097	*3.6%*
Financial expense	(11,024)	*(9.0%)*	(9,538)	*(6.7%)*
Net financial expense	**(9,078)**	***(7.4%)***	**(4,441)**	***(3.1%)***
Profit before taxation	**1,855**	***1.5%***	**5,959**	***4.2%***
Income tax expense	(3,477)	*(2.8%)*	(4,057)	*(2.9%)*
Profit (loss) for the period	**(1,622)**	***(1.3%)***	**1,902**	***1.3%***
Profit (loss) for the period attributable to the owners of the parent	(3,194)	*(2.6%)*	614	*0.4%*
Profit for the period attributable to non-controlling interests	1,572	*1.3%*	1,288	*0.9%*
Adjusted EBITDA	**20,260**	***16.5%***	**22,652**	***16.0%***

Notes:

- *Adjusted EBITDA has been calculated based on the definition in the alternative performance indicators section of this directors' report.*
- *The amounts for the first three months of 2019 include the consolidation of United Closures and Plastics (UCP) acquired on December 12, 2018.*

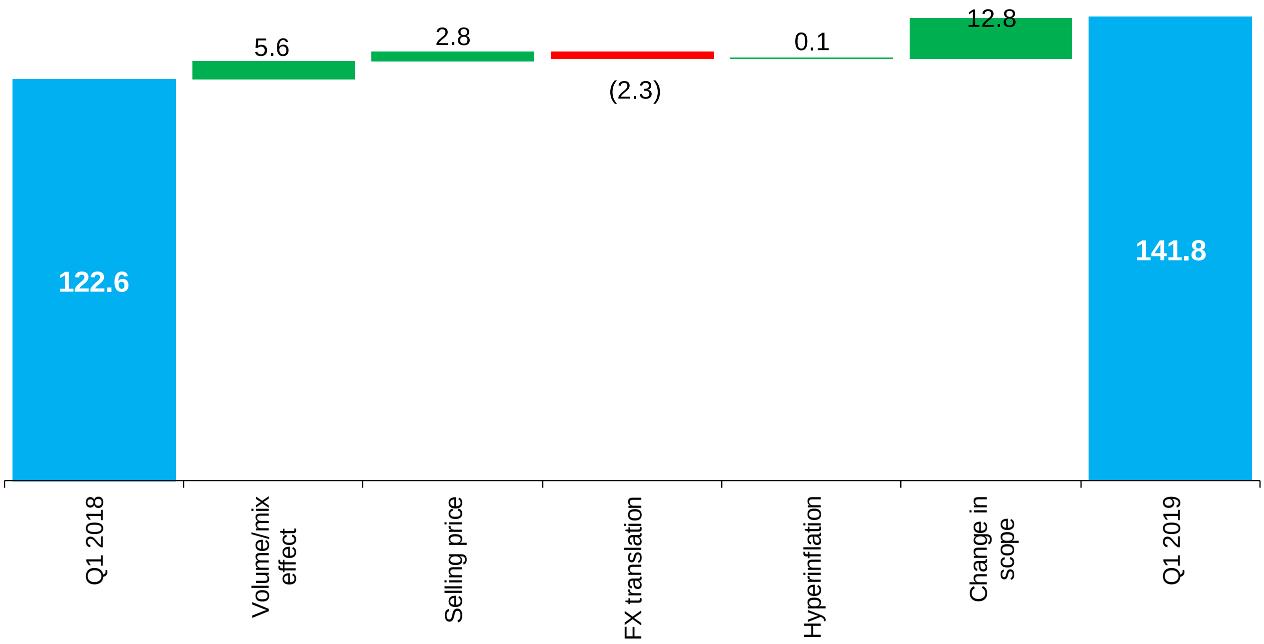
  The comparative analysis between the figures for the three months of 2018 and 2019 has been carried out considering the impact on net revenue instead of on the absolute values.

Net revenue

In the three months ended March 31, 2019, consolidated net revenue was €141.8 million, up €19.2 million or 15.7% on the three months ended March 31, 2018, despite the negative translation impact (€2.3 million or 1.9%) following the Euro's appreciation against the main currencies in which the group operates.

At constant exchange rates, net revenue rose by €21.5 million (17.5%) on the first three months of 2018. The increase is mainly due to the larger sales/mix volumes in Mexico, the United Kingdom, Argentina and Spain (€5.6 million or 4.6%), due to the further success of safety closures, the changeover from cork to aluminium closures for wine bottles, the increase in sales prices (€2.8 million or 2.3%) and the consolidation of UCP starting from December 12, 2018 (€12.8 million or 10.4%).

The graph below shows the difference between the net revenue for the first three months of 2018 and 2019:



Source: Management accounts

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 currency transaction effect is generated by the sales in the first three months of 2019 invoiced in a currency other than the local reporting currency recalculated based on the exchange rates for the first three months of 2018.

The "Selling price" effect is calculated by each group company as the difference in the average price of the current period versus the corresponding period 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 Euros of the sales in local currency reported by local subsidiaries.

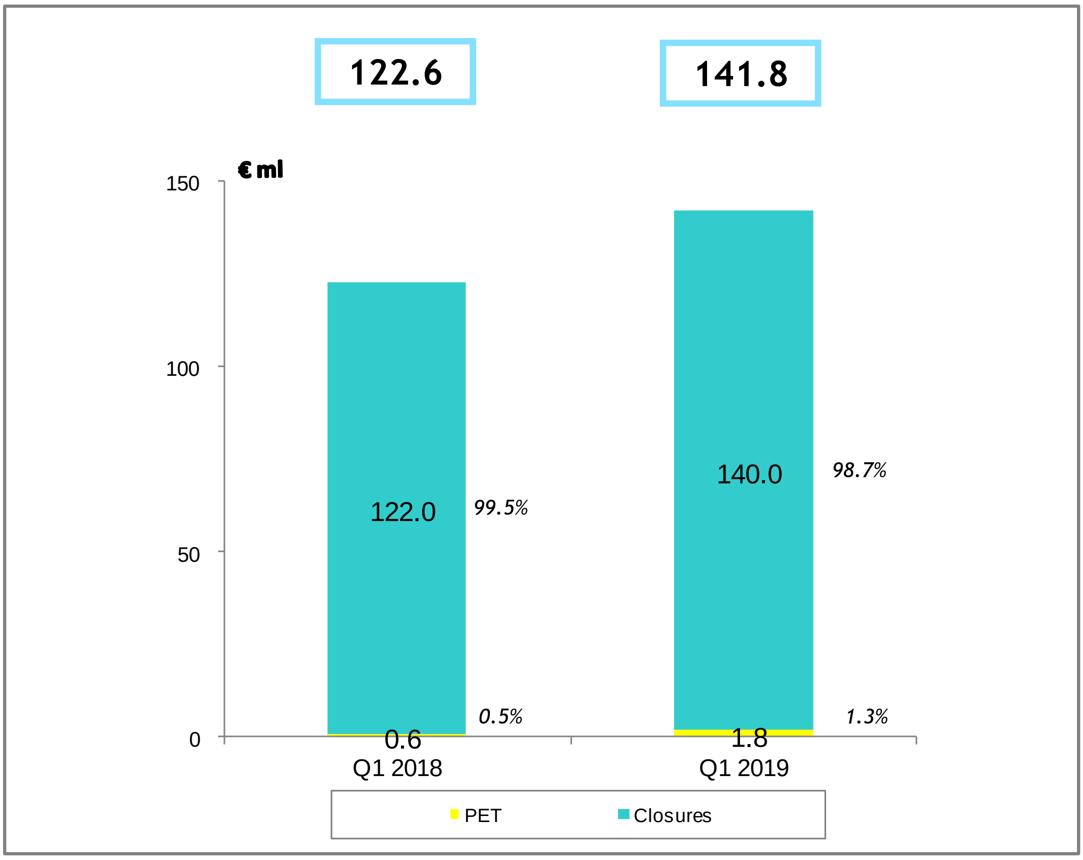
The "Hyperinflation" effect refers to the Argentine peso's revaluation after application of IAS 29.

The "Change in scope" reflects the additional volumes contributed by the newly acquired UCP in the United Kingdom (acquired in December 2018) and is calculated as additional business with third parties compared to the corresponding period of the 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: Management accounts

The "Closures" division represents the group's core business (roughly 99% of net revenue), specialised in the following product lines: safety closures, customised closures (luxury), wine closures in aluminium, roll-on (standard) closures, pharma closures and other revenue.

The Closures division's net revenue increased by €18.0 million from €122 million in the first three months of 2018 to €140.0 million in the first three months of 2019.

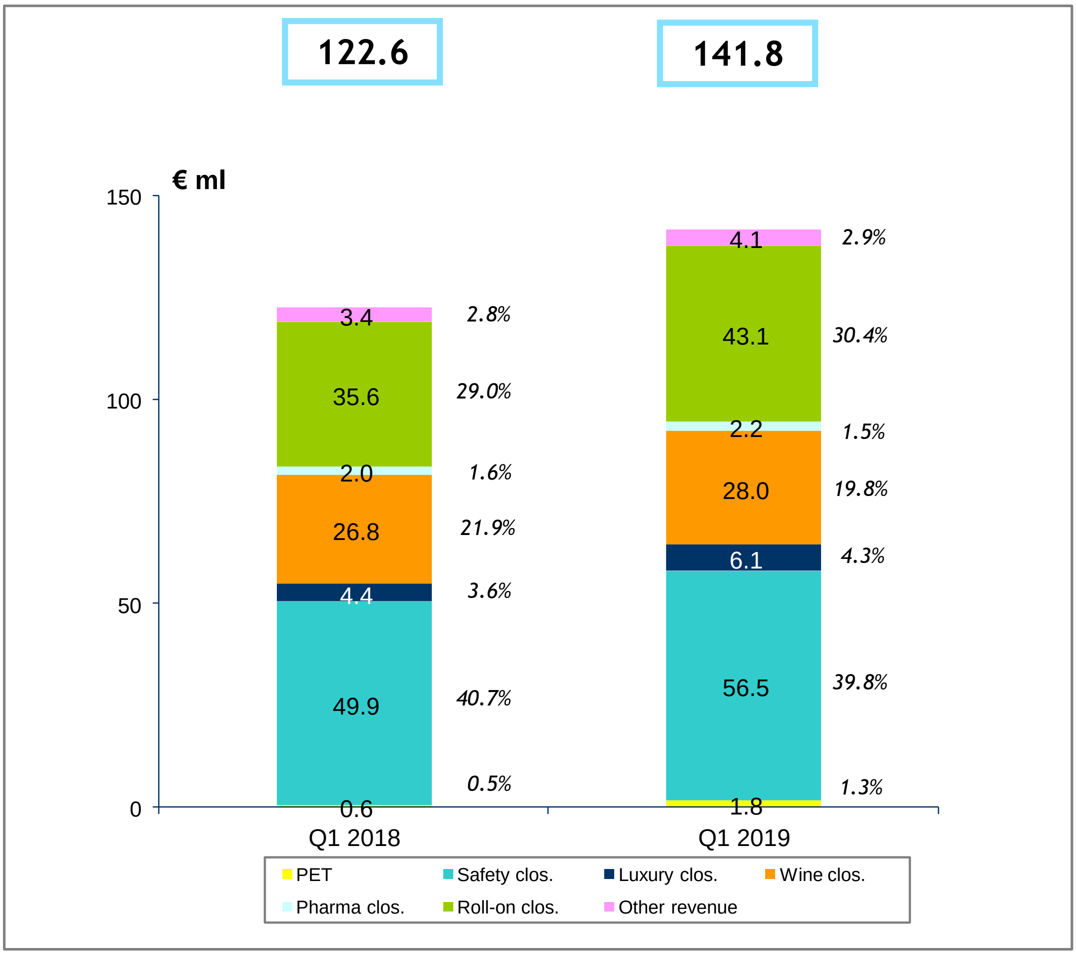
The "PET" division, active in the production of PET bottles and miniatures, is not considered a core business for the group.

On April 16, 2019, the board of directors of Guala Closures Iberica (a Spanish company) resolved to sell its PET division business unit. The plan is to sell part of the business unit to a non-group company active in this sector and another part to the group company United Closures and Plastics (UCP), also active in this sector.
UCP, acquired in December 2018 and included in the consolidation scope from that month, also operates in the PET sector and the PET division's €1.2 million increase in its net revenue is due to UCP's contribution.
Until UCP's acquisition, only Guala Closures Iberica was active in the PET sector and its volumes were substantially stable in recent years and in the first quarter of 2019.

As the PET division is not significant in size, it is not analysed in this directors' report.

Net revenue by product

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



Source: Management accounts

Safety closures revenue increased by €6.6 million, from €49.9 million in the first three months of 2018, or 40.7% of net revenue, to €56.5 million in the reporting period, or 39.8%, despite the negative translation impact (€0.7 million). At constant exchange rates, net revenue rose by €7.3 million or 14.6% on the corresponding period of 2018 thanks to the growth recorded in Mexico in the tequila market and to the growth in the UK, also due to the contribution of new consolidated company UCP.

Luxury closures revenue increased by €1.8 million from €4.4 million in the first three months of 2018, or 3.6% of net revenue, to €6.1 million in the first three months of 2019 (or 4.3%), including the positive translation impact (€0.2 million). At constant exchange rates, net revenue was up €1.6 million or 35.7% on the first three months of 2018, mainly due to recent investments made in the United Kingdom and Mexico to support this segment.

Wine closures revenue increased by €1.2 million from €26.8 million in the first three months of 2018, or 21.9% of net revenue, to €28.0 million in the first three months of 2019, or 19.8% despite the negative translation impact (€1.1 million). At constant exchange rates, net revenue was up €2.3 million or 8.5% on the first three months of 2018.

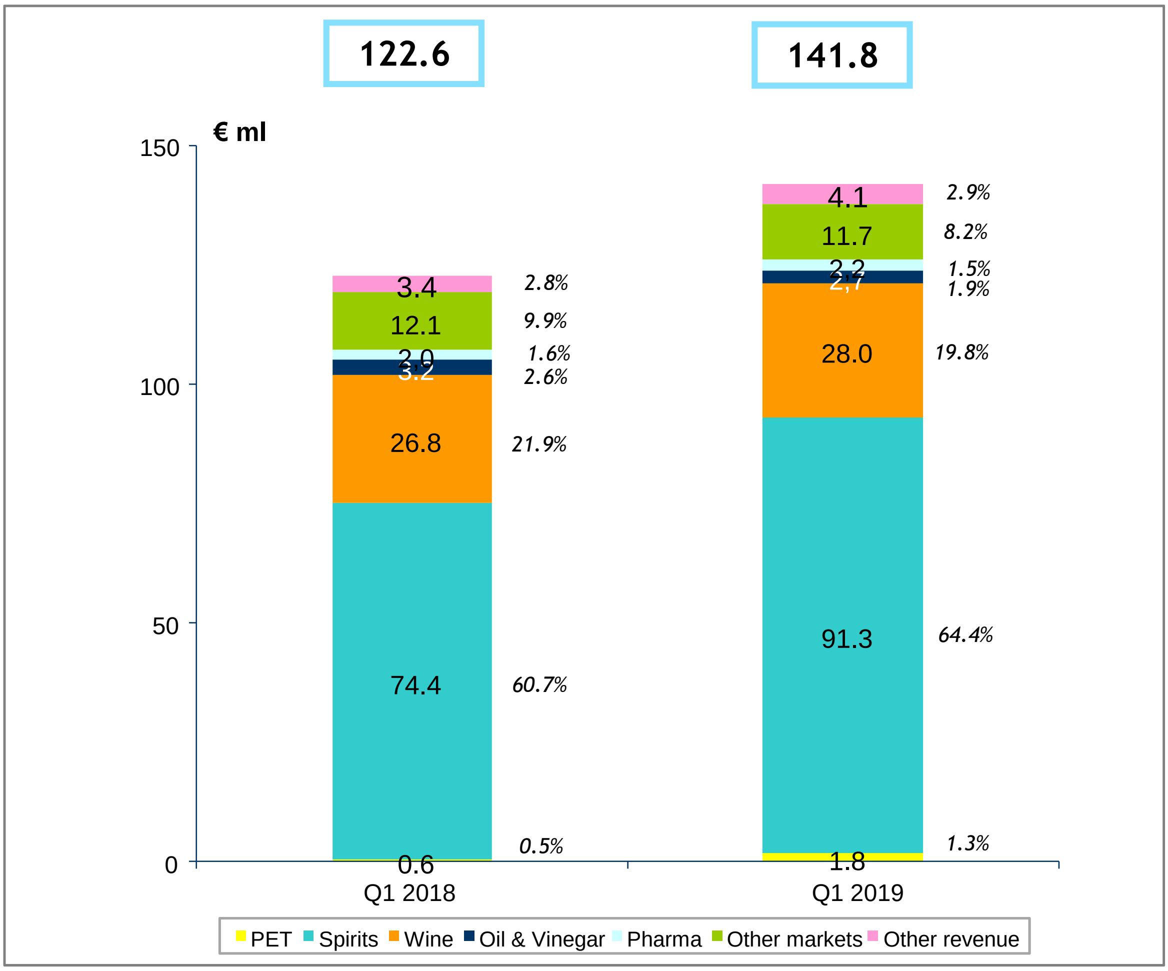
Pharma closures revenue increased by €0.2 million from €2.0 million in the first three months of 2018, or 1.6% of net revenue, to €2.2 million in the first three months of 2019, or 1.5%.

Roll-on (standard) closures revenue increased by €7.6 million from €35.6 million in the first three months of 2018, or 29.0% of net revenue, to €43.1 million in the first three months of 2019 (or 30.4%), despite the negative translation impact (€0.7 million). At constant exchange rates, net revenue was up €8.2 million or 23.1% on the first three months of 2018, mainly due to the consolidation of UCP (€6 million) and to the increases made in Italy in the mineral water segment and in Mexico in the tequila segment.

Other revenue increased by €0.7 million from €3.4 million in the first three months of 2018, or 2.8% of net revenue, to €4.1 million in the first three months of 2019 (or 2.9%).

Net revenue by destination market

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



Source: Management accounts

The most important destination market for the group sales continues to be the spirits market, which represents roughly 64% of net revenue in the first three months of 2019.

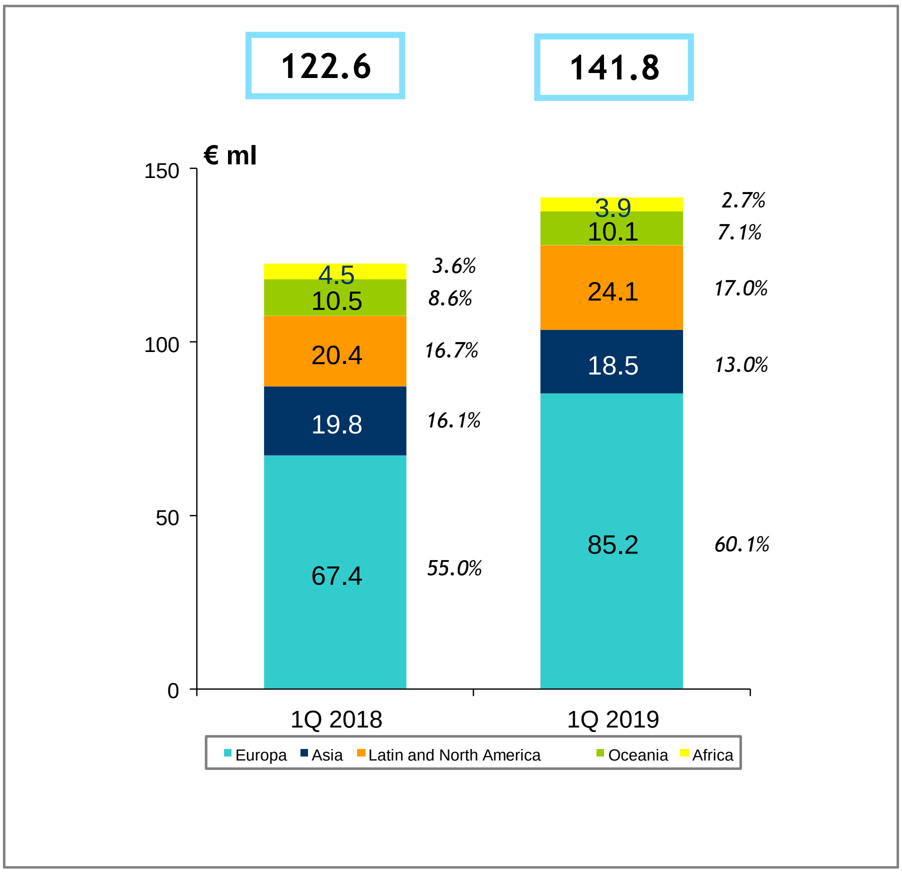
Net revenue related to the spirits market increased from €74.4 million in the first three months of 2018 to €91.3 million in the first three months of 2019, despite the negative translation impact (€1.1 million). At constant exchange rates, the net revenue of this segment increased by €18.0 million (24.2%) compared to the first three months of 2018.

The rise in the group's share of the spirits market is mostly due to the consolidation of UCP and growth in Mexico and the United Kingdom.

The second most important destination market is the wine market, which represents 19.8% of net revenue in the first three months of 2019.
Net revenue related to the wine closures market increased by €1.2 million from €26.8 million in the first three months of 2018, or 21.9% of net revenue, to €28.0 million in the first three months of 2019, or 19.8% despite the negative translation impact (€1.1 million). At constant exchange rates, net revenue was up €2.3 million or 8.5% on the first three months of 2018.

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: pro forma data

<u>Net revenue from operations in Europe</u> increased by €17.8 million from €67.4 million in the first three months of 2018, or 55.0% of net revenue, to €85.2 million in the first three months of 2019, or 60.1%, including the positive translation impact of €0.5 million.
The increase in this segment is mainly due to the consolidation of UCP (change in consolidation scope of €12.8 million) and the growth achieved in the United Kingdom and in Spain.
In the United Kingdom, in addition to the impact of the acquisition, the Group increased sales thanks to the organic growth of safety and luxury closures through the consolidation of the new closure launched in 2018 that allowed the entry into the Single Malt Whiskey market and benefitted from the growth of the wine market.
Spain benefitted of increase of sales in spirits and mineral water segments.

<u>Net revenue from operations in Asia</u> decreased from €19.8 million in the first three months of 2018, or 16.1% of net revenue, to €18.5 million in the first three months of 2019 or 13.0%. This negative evolution is attributable to the weakness of the results in China and the Indian subsidiary Axiom, due to a process of destocking in progress and to a downturn in the market in northern India.

Net revenue from operations in Latin America and North America increased by €3.7 million from €20.4 million in the first three months of 2018, or 16.7% of net revenue, to €24.1 million in the first three months of 2019, or 17.0%, despite the negative translation impact of €2.3 million. At constant exchange rates, the net revenue of this segment increased by €6 million or 29.4% on the first three months of 2018. The net revenue of this segment also benefited from the effect of the €0.1 million revaluation due to the hyperinflation in Argentina.
The increase in this segment is mainly due to the significant increase recorded in Mexico in the market of safety closure for tequila.

Net revenue in Oceania decreased by €0.4 million from €10.5 million in the first three months of 2018 or 8.6% of net revenue to €10.1 million in the first three months of 2019 or 7.1% of net revenue. In Oceania the weakness of the market remains, in which grape harvests affected by unfavourable weather conditions accentuate the trend of bulk wine sales to Europe. The global presence of the Group, and in particular its strength in Europe, make it possible to mitigate the impact of this local trend at a consolidated level.

Net revenue in Africa decreased by €0.6 million from €4.5 million in the first three months of 2018 or 3.6% of net revenue to €3.9 million in the first three months of 2019 or 2.7% of net revenue, including €0.3 million due to the negative translation impact.

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

Other operating income

Other operating income rose €0.6 million, from €0.7 million in the first three months of 2018 (0.6% of net revenue) to €1.3 million in the first three months of 2019 (1.0%).

Internal work capitalised

This caption did not change at €1.0 million (0.7% of net revenue).
This income comprises capitalised development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

These costs rose €9.9 million from €59.1 million in the first three months of 2018 (48.2% of net revenue) to €69.0 million in the first three months of 2019 (48.7%) due to the increase in raw materials costs in 2019 due to the change in the consolidation scope, which includes UCP in the reporting period (+€7.0 million).

Costs for services

Costs for services rose from €24.9 million in the first three months of 2018, or 20.3% of net revenue, to €27.7 million in the first three months of 2019, or 19.5%, representing an increase of €2.8 million, due mainly to the change in the consolidation scope, which includes UCP in the reporting period (+€2.0 million).
As a percentage of net revenue, this caption did not change at 19.5% excluding the effect of the non-recurring costs.
This caption includes €12 thousand in the first three months of 2019 (€505 thousand in the first three months of 2018) related to the consulting service provided by Space Holding S.r.l. from January 1, 2019 to March 31, 2019, as per the contract dated September 27, 2017 as subsequently amended.

Personnel expense

Personnel expense increased by €5.3 million from €25.4 million in the first three months of 2018, or 20.7% of net revenue, to €30.7 million in the first three months of 2019 (21.6%), due mainly to the change in the consolidation scope, which includes UCP in the reporting period (+€3.5 million) and the provision for the long-term incentive plan (€0.6 million).

Other operating expense

Other operating expense decreased from €3.2 million in the first three months of 2018, or 2.6% of net revenue, to €2.5 million in the first three months of 2019, or 1.8%, representing a decrease of €0.7 million, mainly due to smaller liabilities for leases (€1.1 million) following the recognition of IFRS 16.
Both periods include non-recurring costs, mostly due to the accrual to Guala Closures UK's restructuring fund of €0.5 million in the first three months of 2018, while in the reporting period, the accrual was to Guala Closures France's restructuring fund of €0.8 million described in the "Events of the year and strategies" section.

Impairment losses

Impairment losses increased by €0.9 million, from €0.1 million in the first three months of 2018 (0.1% of net revenue) to €1.0 million in the first three months of 2019 (0.7%), mainly as a result of the recognition of the impairment loss on plant and machinery of Guala Closures France's Saint Rémy facility (€0.8 million) as part of its reorganisation, which includes the facility's closure, and the impairment loss on the leasehold improvements and plant of Beijing Guala Closures (€0.2 million) in relation to the communication received of potential early termination of the rental contract of the building in which the Chinese subsidiary operates (see the "Events of the year and strategies" section for more information on both ongoing reorganisations).

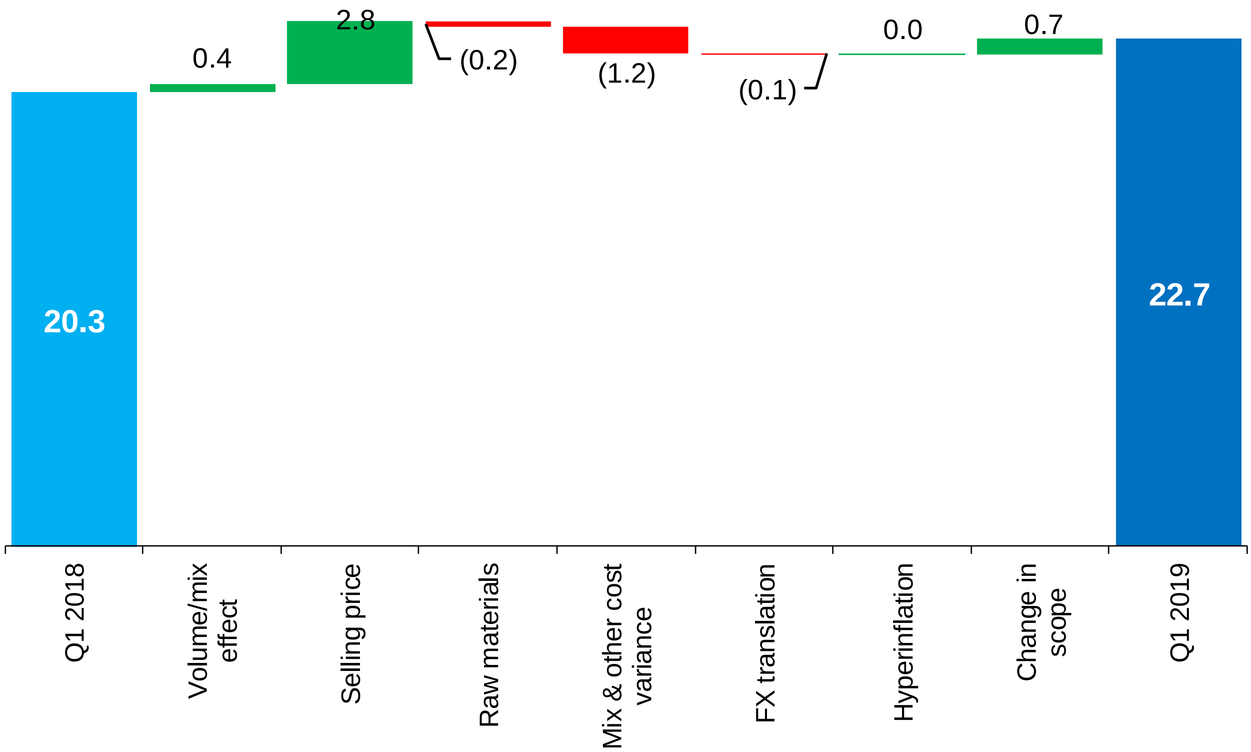
Gross operating profit

The group's gross operating profit (EBITDA) for the first three months of 2019 came to €20.4 million, or 14.4% of net revenue, showing a €1.7 million (9.2%) increase on the first three months of 2018, despite the higher non-recurring costs incurred in the first three months of 2019 compared to those of the first three months of 2018 (€0.7 million) and the negative translation impact (€0.1 million) following the appreciation of the Euro against the main currencies in which the group operates.
In the first three months of 2019, the group's EBITDA benefited from €0.7 million generated by the change in the consolidation scope and €1.3 million related to the application of IFRS 16, partially offset by the provision relating to the long-term incentive plan (€0.6 million).

The adjusted EBITDA for the first three months of 2019 amounts to €22.7 million, an increase of €2.4 million on the first three months of 2018.
At constant exchange rates, the adjusted EBITDA increased by €2.5 million (12.2%) compared to the first three months of 2018.

It came to 16.0% as a percentage of net revenue in the first three months of 2018 (17.0% at constant perimeter 2018) compared to 16.5% in the first three months of 2018.

The graph below shows the difference between adjusted EBITDA in the first three months of 2018 and 2019:



Source: Management accounts

The "Volume/mix" effect includes the change in adjusted EBITDA due to the change in the volume/mix of products sold and due to the currency transaction effect. 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 impact (%) 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 the sales and purchases in the first three months of 2019 accounted for in a currency other than the local reporting currency, recalculated based on the exchange rates for the first three months of 2018.

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 period versus the corresponding period of the previous year, applied to the production volumes of the current period.
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 "Mix & 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. "Mix & other cost variance" effect includes a positive effect of €1.3 million related to the application of IFRS 16, partially offset by the provision relating to the long-term incentive plan (€0.6 million).

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

The "Hyperinflation" effect refers to the Argentine peso's revaluation after application of IAS 29.

The "Change in scope" shows the additional EBITDA coming from the acquisition of UCP.

Amortisation and depreciation

Amortisation and depreciation increased by €2.3 million from €7.7 million in the first three months of 2018, or 6.3% of net revenue, to €10.0 million in the first three months of 2019, or 7.0%.
The large increase is mostly due to the application of IFRS 16 (€1.4 million) and the change in scope due to the acquisition of UCP (€0.7 million).

Financial income and expense

Net financial expense decreased from €9.1 million in the first three months of 2018 to €4.4 million in the first three months of 2019. The €4.6 million reduction is mainly due to the decrease in net interest expense (€1.8 million) as a result of the smaller liability and lower interest rate compared to the corresponding period of 2018, net exchange gains (€2.6 million) and the change in fair value of the liability to non-controlling investors (€1.5 million) after the periodic update of the fair value of the put options on non-controlling investments.

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

Thousands of Euros	Q1 2018 Pro forma	Q1 2019
Net exchange gains (losses)	(2,044)	540
Net fair value gains on market warrants	1,000	77
Net fair value gains (losses) on the liability to non-controlling investors	(450)	1,048
Net fair value gains (losses) on currency derivatives	-	(489)
Net interest expense	(7,302)	(5,459)
Other net financial expense	(283)	(159)
Net financial expense	**(9,078)**	**(4,441)**

Source: pro forma data

The net fair value gains on market warrants arose on the difference between the Borsa Italiana S.p.A.'s official price at December 31, 2018 and March 31, 2019.

The net fair value gains on the liability to non-controlling investors relate to the liability due to non-controlling investors, which decreased by €1.0 million in the first three months of 2019 after the periodic update of the estimate of the fair value of the put options on non-controlling investments.

Net interest expense dropped €1.8 million in the first three months of 2019, mainly due to the reduction in financial indebtedness and the effects of the group's refinancing at more advantageous interest rates.

Income taxes

Income tax expense increased by €0.6 million from €3.5 million in the first three months of 2018, or 2.8% of net revenue, to €4.1 million in the first three months of 2019 (2.9%), mainly as a consequence of the rise in pre-tax profit.

Profit for the period

The profit for the period increased by €3.5 million, up from a loss of €1.6 million in the first three months of 2018 to a profit of €1.9 million in the first three months of 2019. This is mainly due to the higher EBITDA and lower net financial expense, partially offset by the higher amortisation and depreciation and by the taxes.

Reclassified statement of financial position

Analysis of the group's financial position

The following table shows the reclassified financial position as at March 31, 2019 of Guala Closures Group with comparative figures at December 31, 2018:

(Thousands of Euros)	December 31, 2018	March 31, 2019
Intangible assets	806,104	806,197
Property, plant and equipment	205,984	193,322
Right-of-use assets		27,933
Contract costs	29	24
Net working capital	124,732	132,125
Contract assets	25	25
Net derivative assets (liabilities)	88	(297)
Employee benefits	(6,461)	(6,672)
Other net liabilities	(34,131)	(30,526)
Net invested capital	**1,096,370**	**1,122,132**
Financed by:		
Net financial liabilities - third parties	478,319	496,390
Financial liabilities - non-controlling investors	18,500	17,452
Market warrants	4,338	4,261
Cash and cash equivalents	(47,795)	(40,739)
Net financial indebtedness	**453,362**	**477,364**
Equity	**643,008**	**644,768**
Sources of financing	**1,096,370**	**1,122,132**

Intangible assets

Intangible assets mostly consist of goodwill recognised on the acquisition of pre-merger Guala Closures Group (€785.2 million).
Goodwill recognised in these condensed interim consolidated financial statements relates to the ongoing purchase price allocation (PPA) procedure.

Property, plant and equipment

Property, plant and equipment decreased by €12.7 million, mainly due to the reclassification (€12.3 million) of finance lease assets recognised in this caption under IAS 17 in previous periods and now recognised as "Right-of-use assets" under IFRS 16, which has replaced IAS 17.
Investments of €5.8 million for the three months were principally made in Italy, Ukraine, India, Poland, United Kingdom, Spain, Mexico and Colombia.
Depreciation amounts to €7.9 million for the three months.

Net working capital

The table below provides a breakdown of net working capital.

(Thousands of Euros)	**December 31, 2018**	**March 31, 2019**
Inventories	93,258	103,192
Trade receivables	102,805	105,124
Trade payables	(71,331)	(76,191)
Net working capital (*)	**124,732**	**132,125**

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

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

Days	**December 31, 2018**	**March 31, 2019**
Inventories	57	65
Trade receivables	63	67
Trade payables	(44)	(48)
Net working capital days	**77**	**84**

Net working capital increased from €124.7 million at December 31, 2018 to €132.1 million at March 31, 2019, representing an increase, in net working capital days, from 77 days to 84 days, mainly attributable to the sales seasonality.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

(Thousands of Euros)	**December 31, 2018**	**March 31, 2019**
Net financial liabilities - third parties	478,319	496,390
Financial liabilities - non-controlling investors	18,500	17,452
Market warrants	4,338	4,261
Cash and cash equivalents	(47,795)	(40,739)
Net financial indebtedness	**453,362**	**477,364**

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 B) to this report.

The rise in net financial indebtedness in the period is chiefly due to the application of IFRS 16 and the related recognition of lease liabilities for the leases that qualified as operating leases under IAS 17. The related FTA effect at January 1, 2019 is €17.0 million. The lease liability at March 31, 2019 amounts to €21.7 million and includes both the finance lease liability already recognised at December 31, 2018 and the liability recognised for the operating leases recognised in accordance with IFRS 16.
The cash flows for the period improved of €14.4 million compared to 1Q 2018, with an absorption reduced to €7.0 million in the 1Q 2019 compared to €21.4 million in the 1Q 2018
This absorption of €7.0 million for the period is generated by the cash flows from operating activities of €9.8 million, cash flows used in investing activities of €8.4 million and the increase in net financial indebtedness due to cash flows used in financing activities of €8.4 million, mostly used for net interest expense of €5.6 million and to pay dividends of €3.1 million to non-controlling investors.
The details of the above are provided in the reclassified statement of changes in net financial indebtedness.

Equity

The table below shows a breakdown of equity:

(Thousands of Euros)	**December 31, 2018**	**March 31, 2019**
Equity attributable to the owners of the parent	617,840	622,695
Equity attributable to non-controlling interests	25,168	22,073
Equity	**643,008**	**644,768**

Reclassified statement of changes in net financial indebtedness

Analysis of the reclassified statement of changes in net financial indebtedness

The group's reclassified statement of changes in net financial indebtedness for the first three months of 2019 with comparative pro forma figures for the corresponding period of 2018 is provided below.

(Thousands of Euros)	Q1 Pro forma Guala Closures Group	Q1 Guala Closures Group
Opening net financial indebtedness	**(552,513)**	**(453,362)**
Opening net cash	**145,666**	
Effects of IFRS 16 FTA		**(16,962)**
A) Opening pro forma net financial indebtedness	**(406,848)**	**(470,324)**
EBITDA	18,656	20,381
Change in net working capital	(9,954)	(4,654)
Other operating items	(4,343)	(166)
Taxes	(7,691)	(5,748)
B) Net cash from (used in) operating activities	**(3,332)**	**9,812**
Net capex	(8,143)	(6,117)
Change in liabilities for investments	(1,905)	(1,758)
Contingent consideration for the acquisition of Axiom Propack Pvt Ltd. (India)		(554)
C) Cash flows used in operating activities	**(10,048)**	**(8,429)**
Net interest expense	(7,583)	(5,618)
Fair value gains on market warrants	1,000	77
Derivatives and other financial items	(341)	586
Dividends paid	(1,181)	(3,137)
Effect of exchange rate fluctuation	79	(331)
D) Change in net financial indebtedness due to financing activities	**(8,026)**	**(8,423)**
E) Total change in net financial indebtedness (B+C+D)	**(21,405)**	**(7,040)**
F) Closing net financial indebtedness	**(428,253)**	**(477,364)**

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

Opening net financial indebtedness was adjusted to reflect the application of IFRS 16 and the related recognition of the lease liabilities for the leases classified as operating under IAS 17. The FTA effect at January 1, 2019 is €17.0 million.
Opening net financial indebtedness was adjusted to include the effect of the net cash contributed by Space4 S.p.A. as a result of the merger (€145.7 million).

Net cash flows from operating activities

Net cash flows from operating activities increased significantly from a negative €3.3 million in the first three months of 2018 to a positive €9.8 million in the reporting period.
The €13.1 million increase is mostly due to the improvement in net working capital and smaller outflows for the other operating items (€0.2 million in the first three months of 2019 compared to €4.3 million for the corresponding period of 2018), mostly due to the payment of costs incurred for non-recurring transactions.

Cash flows used in investing activities

Cash flows used in investing activities decreased by €1.6 million from €10.0 million in the first three months of 2018 to €8.4 million in the first three months of 2019. This amount includes the €2.2 million decrease in net investments for the period compared to the corresponding period of 2018 and payment of the deferred consideration of €0.6 million for the Axiom Propack acquisition.

Change in net financial indebtedness due to financing activities

The increase in net financial indebtedness due to financing activities of €8.4 million is mostly due to net interest expense of €5.6 million and to the payment of dividends of €3.1 million to non-controlling investors. It is mainly a result of the more advantageous interest rate agreed after the group's refinancing transaction, which led to a significant decrease in net financial expense compared to the first three months of 2018, as well as the smaller dividends paid in the corresponding period of 2018 by the group companies that have non-controlling investors.

Alternative performance indicators

In addition to the performance indicators required by IFRS, this directors' report includes some alternative performance indicators (EBITDA, adjusted EBITDA, adjusted EBIT, net financial indebtedness and amounts for the three months of 2019 at constant exchange rates (average rates for the first three months of 2018) which, although not required by IFRS, are based on IFRS values.

Management has presented the performance measures EBITDA, adjusted EBITDA and adjusted EBIT because it monitors them at a consolidated level and it believes that these measures are relevant to an understanding of the group's financial performance and should not be considered as substitutes of IFRS indicators.

EBITDA is calculated by adjusting the profit for the period to exclude the impact of taxation, net financial expense and amortisation/depreciation.

The adjusted EBITDA is calculated by deducting income taxes, net financial expense, amortisation/depreciation and other balances, such as the costs related to Space4, prior year income and expense, the reorganisation costs, merger and acquisition ("M&A") expenses, operating expenses related to discontinued plant and impairment losses from the profit for the period.

The adjusted EBIT is calculated by deducting income taxes, net financial expense and other balances, such as the costs related to Space4, prior year income and expense, the reorganisation costs, merger and acquisition ("M&A") expenses, operating costs related to discontinued plant and impairment losses from the profit for the period.

EBITDA, adjusted EBITDA and adjusted EBIT are not defined performance measures in the IFRS. The group's definition of adjusted EBITDA and adjusted EBIT may not be comparable with similarly titled performance measures and disclosures by other entities.

Adjusted EBITDA

Thousands of Euros	Q1 2018 Pro forma	Q1 2019
Profit (loss) for the period	(1,622)	1,902
Income tax expense	3,477	4,057
Profit before tax	**1,855**	**5,959**
Net financial expense	9,078	4,441
Amortisation and depreciation	7,724	9,980
EBITDA	**18,656**	**20,381**
Adjustments for:		
Costs related to Space4	2,264	
Prior year income and expense	(1,325)	-
Reorganisation costs	493	1,212
Merger and acquisition ("M&A") expenses		40
Operating expenses related to discontinued plant	33	
Impairment losses	139	1,018
Adjusted EBITDA	**20,260**	**22,652**

Adjusted EBIT

Thousands of Euros	Q1 2018 Pro forma	Q1 2019
Profit (loss) for the period	(1,622)	1,902
Income tax expense	3,477	4,057
Profit before tax	**1,855**	**5,959**
Net financial expense	9,078	4,441
EBIT	**10,933**	**10,401**
Adjustments for:		
Costs related to Space4	2,264	-
Prior year income and expense	(1,325)	-
Reorganisation costs	493	1,212
Merger and acquisition ("M&A") expenses	-	40
Operating expenses related to discontinued plant	33	-
Impairment losses	139	1,018
Adjusted EBIT	**12,537**	**12,672**

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 replaces the amounts for the first three months of 2019 (income and expense of foreign operations for the first three months of 2019 are translated into Euros at the average exchange rates of the first three months of 2019) by the first quarter 2019 currency amounts calculated at constant average exchange rates for the first three months of 2018 (income and expense of foreign operations for the first three months of 2019 are translated into Euros at the average exchange rates of the first three months of 2018).

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

Net financial indebtedness consists of financial liabilities minus cash and cash equivalents and financial assets as reconciled in Annex B) to 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.

Annexes to the directors' report

Annex A)
Calculation of the pro forma results of operations

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

Annex A)

Calculation of the pro forma results of operations

The table shows how the pro forma results of operations for the first three months of 2018, presented in the directors' report, were obtained.
The pro forma figures were obtained by consolidating the figures of the IFRS financial statements of Space4 S.p.A., Guala Closures Group and the Lux BU for the three months ended 31 March 2018.

Statement of profit or loss and other comprehensive income Guala Closures Group - Q1 2018	Reported statement of profit or loss and OCI	Guala Closures Group Q1	LUX BU Q1	Intragroup write-offs and reclass.	Pro forma
(Thousands of Euros)	i	ii	iii	iv	i+ii+iii+iv
Net revenue		122,615	4	(1)	122,618
Change in finished goods and semi-finished products		6,965			6,965
Other operating income		693	1,572	(1,519)	747
Internal work capitalised		995	-		995
Costs for raw materials		(59,086)	(17)	1	(59,103)
Costs for services	(2,247)	(25,035)	893	1,519	(24,871)
Personnel expense	(16)	(24,450)	(883)		(25,350)
Other operating expense		(3,057)	(150)		(3,206)
Impairment losses		(139)			(139)
EBITDA	**(2,264)**	**19,502**	**1,418**	**-**	**18,656**
Amortisation and depreciation		(7,595)	(128)		(7,724)
EBIT	**(2,264)**	**11,907**	**1,290**	**-**	**10,933**
Financial income	1,195	1,920	1,534	(2,702)	1,946
Financial expense		(11,362)	(1,185)	1,523	(11,024)
Net financial income (expense)	**1,195**	**(9,442)**	**349**	**(1,179)**	**(9,078)**
Profit (loss) before taxation	**(1,069)**	**2,465**	**1,639**	**(1,179)**	**1,855**
Income tax expense		(3,455)	(23)		(3,477)
Loss for the period	**(1,069)**	**(990)**	**1,616**	**(1,179)**	**(1,622)**
Loss for the period attributable to the owners of the parent	(1,069)	(3,741)	1,616	(1)	(3,194)
Profit for the period attributable to holders of the financial participating instruments of the parent		1,179		(1,179)	-
Profit for the period attributable to non-controlling interests		1,572			1,572
Adjusted EBITDA	**-**	**20,167**	**93**	**-**	**20,260**

The "Reported statement of profit or loss and OCI" column shows the statement of profit or loss and other comprehensive income figures taken from the separate financial statements of the merging company, Space4 S.p.A., at March 31, 2018.
The "Guala Closures Group Q1" column shows pre-merger Guala Closures Group's results from January 1 to March 31, 2018 taken from the condensed interim consolidated financial statements at March 31, 2018.
The "Lux BU Q1" column shows the results of operations of the Lux business unit from January 1 to March 31, 2018.
The "Intragroup write-offs and reclass." column shows the intragroup write-offs between Guala Closures Group and the Lux BU and the reclassification from equity to interest of the interest accrued on the FPI between January 1 and March 31, 2018 recognised in the consolidated financial statements of pre-merger Guala Closures Group.

Finally, the "Pro forma" column shows the figures of pre-merger Guala Closures Group for the three months of 2018 including those of Space4 S.p.A. and the Lux BU in order to compare them with the corresponding three months of 2019 on a like-for-like basis.

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

The table shows how the pro forma net financial indebtedness for the first three months of 2019, presented in the directors' report, was obtained.
The pro forma figures were obtained by consolidating the figures of Space4 S.p.A., Guala Closures Group and the Lux BU for the three months ended March 31, 2018.

	Reported statement of cash flows	Guala Closures Group Q1	Lux BU Q1	Intragroup write-offs	Q1 2018 Pro forma Guala Closures Group	Acquisition	Q1 2018 Pro forma Guala Closures Group
(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 net 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)**
EBITDA	(2,264)	19,502	1,418		20,920		18,656
Change in net working capital	(683)	(9,945)	674		(9,271)		(9,954)
Other operating items	(127)	(2,074)	(2,037)	(106)	(4,216)		(4,343)
Taxes		(7,325)	(473)	107	(7,691)		(7,691)
B) Net cash from (used in) operating activities	**(3,073)**	**157**	**(417)**	**1**	**(258)**	**-**	**(3,332)**
Net capex		(8,047)	(96)		(8,143)		(8,143)
Change in liabilities for investments		(1,939)	34		(1,905)		(1,905)
C) Net cash flows used in financing activities	**-**	**(9,986)**	**(62)**	**-**	**(10,048)**	**-**	**(10,048)**
Net interest expense	195	(6,947)	349	(1,180)	(7,777)		(7,583)
Fair value gains on market warrants	1,000				-		1,000
Derivatives and other financial items		(341)			(341)		(341)
Dividends paid		(1,181)			(1,181)		(1,181)
Effect of exchange rate fluctuation		79			79		79
D) Change in net financial indebtedness due to financing activities	**1,195**	**(8,390)**	**349**	**(1,180)**	**(9,221)**	**-**	**(8,026)**
E) Total change in net financial indebtedness (B+C+D)	**(1,879)**	**(18,218)**	**(130)**	**(1,179)**	**(19,526)**	**-**	**(21,405)**
F) Closing net financial indebtedness (A+E)	**497,827**	**(506,504)**	**815**	**(66,351)**	**(572,040)**	**(354,040)**	**(428,253)**

Source: pro forma data

The "Reported statement of cash flows" column shows the cash flows of the merging company, Space4 S.p.A., for the first three months of 2018.
The "Guala Closures Group Q1" column shows the balances of the statement of cash flows of pre-merger Guala Closures Group's from January 1 to March 31, 2018.
The "Lux BU Q1" column shows the balances of the statement of cash flows of the Lux BU from January 1 to March 31, 2018.

The "Intragroup write-offs" column shows the intragroup write-offs between Guala Closures Group and the Lux BU.

Finally, the "Q1 2018 pro forma Guala Closures Group" column shows the balances of the statement of cash flows of pre-merger Guala Closures Group for the first three months of 2018, inclusive of the cash flows for the period of Space4 S.p.A. and the Lux BU, in order to compare them with the corresponding three months of 2019.

ANNEX B)

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

Classification in reclassified financial income and expense	Q1 2018	Q1 2019	Classification in the notes to condensed interim consolidated financial statements (notes 14-15)
Net exchange gains	-	3,410	Exchange gains
Net exchange losses	-	(2,870)	Exchange losses
Fair value gains on market warrants	1,000	77	Fair value of the market warrants
Fair value losses on derivatives	-	(489)	Fair value gains (losses) on currency derivatives
Fair value gains (losses) on the liability to non-controlling investors	-	1,048	Financial expense on the liability to non-controlling investors
Net interest expense	195	111	Interest income
Net other financial expense	-	451	Other financial income
Net interest expense	-	(5,570)	Interest expense
Net other financial expense	-	(610)	Other financial expense
Total net financial expense	**1,195**	**(4,441)**	

(*) as per the statement of profit or loss and other comprehensive income in the condensed interim consolidated financial statements

ANNEX B)

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	**December 31, 2018**	**March 31, 2019**	**Financial statements classification**
Net working capital	102,805	105,124	Trade receivables
Net working capital	93,258	103,192	Inventories
Net working capital	(71,331)	(76,191)	Trade payables
Total net working capital	**124,732**	**132,125**	
Financial derivative assets/(liabilities)	146	26	Financial derivative assets
Financial derivative assets/(liabilities)	(58)	(323)	Financial derivative liabilities
Total financial derivative assets/liabilities	**88**	**(297)**	
Other net liabilities	4,044	4,679	Current direct tax assets
Other net liabilities	8,100	8,652	Current indirect tax assets
Other net liabilities	6,670	6,210	Other current assets
Other net liabilities	5,807	6,849	Deferred tax assets
Other net liabilities	486	369	Other non-current assets
Other net liabilities	(3,364)	(3,631)	Current direct tax liabilities
Other net liabilities	(7,035)	(6,548)	Current indirect tax liabilities
Other net liabilities	(1,521)	(2,319)	Current provisions
Other net liabilities	(34,779)	(31,478)	Other current liabilities
Other net liabilities	(11,718)	(12,457)	Deferred tax liabilities
Other net liabilities	(252)	(253)	Non-current provisions
Other net liabilities	(570)	(598)	Other non-current liabilities
Total net liabilities	**(34,131)**	**(30,526)**	

ANNEX B)

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	December 31, 2018	March 31, 2019	Financial statements classification
Net financial liabilities - third parties	(653)	(198)	Current financial assets
Net financial liabilities - third parties	(273)	(361)	Non-current financial assets
Net financial liabilities - third parties	20,946	23,659	Current financial liabilities
Market warrants	4,338	4,261	Current financial liabilities
Net financial liabilities - third parties	458,299	473,291	Non-current financial liabilities
Financial liabilities - non-controlling investors	18,500	17,452	Non-current financial liabilities
Cash and cash equivalents	(47,795)	(40,739)	Cash and cash equivalents
Total net financial indebtedness	**453,362**	**477,364**	

ANNEX B)

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

(Thousands of Euros)	March 31, 2019
Total variation in net financial indebtedness	**(7,040)**
Proceeds from new borrowings and bonds	2,390
Repayment of borrowings and bonds	(1,146)
Repayment of finance leases	(1,406)
FX translation effect on foreign currency assets and liabilities	831
Fair value losses on liabilities to non-controlling interests	(1,048)
Change in liabilities for financial expense	479
Transaction costs paid for new bonds issued in 2018	(483)
Change in financial assets	367
Total change in financial assets / liabilities	**(16)**
Total change in cash and cash equivalents	**(7,055)**

GUALA CLOSURES GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at and for the three months ended March 31, 2019

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

(Migliaia di €)	Q1 2018	*of which:* Related parties	*of which:* Non-recurring expense	Q1 2019	*of which:* Related parties	*of which:* Non-recurring expense	Notes
Net revenue	**-**			**141,817**		**-**	7
Change in inventories of finished goods and semi-finished products	-			7,132		(188)	
Other operating income	-			1,354		-	8
Internal work capitalised	-			994		-	9
Costs for raw materials	-			(69,037)		(220)	10
Costs for services	(2,247)	(505)	(2,247)	(27,656)	(12)	(40)	11
Personnel expense	(16)		(16)	(30,660)		(19)	12
Other operating expense	-		-	(2,534)		(785)	13
Impairment losses on trade receivables and contract assets				(10)		-	
Impairment losses				(1,018)		(1,018)	21-22
Amortisation and depreciation	-			(9,980)		-	21-22-23
Operating profit (loss)	**(2,264)**	**(505)**	**(2,264)**	**10,401**	**(12)**	**(2,272)**	
Financial income	1,195			5,097		-	14
Financial expense				(9,538)		-	15
Net financial expense	**1,195**	**-**	**-**	**(4,441)**	**-**	**-**	
Profit (loss) before taxation	**(1,069)**	**(505)**	**(2,264)**	**5,959**	**(12)**	**(2,272)**	
Income tax expense	-			(4,057)		-	16
Profit (loss) for the period	**(1,069)**	**(505)**	**(2,264)**	**1,902**	**(12)**	**(2,272)**	
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Actuarial gains on defined benefit plans				-			
	-			**-**			
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations				4,647			
Hedging reserve				1			
Hedging reserve for cash flow hedges reclassified to profit or loss				26			
Tax on items that are or may be reclassified subsequently to profit or loss				(6)			
	-			**4,668**			
Other comprehensive income for the period, net of tax	**-**			**4,668**			
Comprehensive income (expense) for the period	**(1,069)**			**6,570**			
Profit/(loss) for the period attributable to:							
owners of the parent	(1,069)			614			
non-controlling interests				1,288			
Profit (loss) for the period	**(1,069)**			**1,902**			
Comprehensive income (expense) attributable to:							
owners of the parent	(1,069)			4,854			
non-controlling interests				1,716			
Comprehensive income (expense) for the period	**(1,069)**			**6,570**			
Basic earnings (loss) per share (Euro)	**(0.02)**			**0.01**			
Diluted earnings (loss) per share (Euro)	**(0.02)**			**0.01**			

The accompanying notes are an integral part of the condensed interim consolidated financial statements.
(*)Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.

Statement of financial position
Guala Closures Group - ASSETS as at March 31, 2019

(Thousands of Euros)	**December 31, 2018 (*)**	*of which:* Related parties	**March 31, 2019**	*of which:* Related parties	**Notes**
ASSETS					
Current assets					
Cash and cash equivalents	47,795		40,739		18
Current financial assets	653		198		
Trade receivables	102,805		105,124		19
Contract assets	25		25		
Inventories	93,258		103,192		20
Current direct tax assets	4,044		4,679		
Current indirect tax assets	8,100		8,652		
Financial derivative assets	146		26		
Other current assets	6,670		6,210		
Total current assets	**263,495**	-	**268,846**	-	
Non-current assets					
Non-current financial assets	273		361		
Property, plant and equipment	205,984		193,322		21
Right-of-use assets	-		27,933		22
Intangible assets	806,104		806,197		23
Contract costs	29		24		
Deferred tax assets	5,807		6,849		
Other non-current assets	486		369		
Total non-current assets	**1,018,684**	-	**1,035,055**	-	
TOTAL ASSETS	**1,282,179**	-	**1,303,901**	-	

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

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.

Statement of financial position
Guala Closures Group - LIABILITIES as at March 31, 2019

(Thousands of Euros)	**December 31, 2018 (*)**	of which: Related parties	**March 31, 2019**	of which: Related parties	**Notes**
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	25,284		27,920		24
Trade payables	71,331	-	76,191	15	25
Current direct tax liabilities	3,364		3,631		
Current indirect tax liabilities	7,035		6,548		
Current provisions	1,521		2,319		26
Financial derivative liabilities	58		323		
Other current liabilities	34,779		31,478		
Total current liabilities	**143,372**	-	**148,409**	15	
Non-current liabilities					
Non-current financial liabilities	476,799		490,743		24
Employee benefits	6,461		6,672		
Deferred tax liabilities	11,718		12,457		
Non-current provisions	252		253		26
Other non-current liabilities	570		598		
Total non-current liabilities	**495,799**	-	**510,724**	-	
Total liabilities	**639,171**	-	**659,133**	15	
Share capital and reserves attributable to non-controlling interests	22,253		20,785		
Profit for the period/year attributable to non-controlling interests	2,915		1,288		
Equity attributable to non-controlling interests	**25,168**	-	**22,073**	**-**	**29**
Equity attributable to the owners of the parent					
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Translation reserve	(1,161)		3,058		
Hedging reserve	43		64		
Retained earnings and other reserves	121,316		126,215		
Profit for the period/year	4,898		614		
Equity attributable to the owners of the parent	**617,840**	-	**622,695**	-	27-28
Total equity	**643,008**		**644,768**		
TOTAL LIABILITIES AND EQUITY	**1,282,179**	-	**1,303,901**	15	

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

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.

Statement of cash flows
Guala Closures Group

(Thousands of Euros)	2018 (*)	Q1 2019	Notes
Opening cash and cash equivalents	**512,206**	**47,795**	**18**
A) Cash flows from operating activities			
Profit (loss) before taxation	(1,069)	5,959	
Changes in:			
Amortisation and depreciation	-	9,980	21-22-23
Net financial expense	(1,195)	4,441	
Changes in:			
Receivables, payables and inventories	(683)	(5,062)	
Other operating items	(127)	725	
VAT and indirect tax assets/liabilities	-	(1,064)	
Income taxes paid	-	(4,685)	
Net cash flows from (used in) operating activities	**(3,073)**	**10,295**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	-	(7,932)	
Proceeds from sale of property, plant and equipment and intangible assets	-	57	
Deferred consideration for Axiom Propack (India)		(554)	
Net cash used in investing activities	**-**	**(8,429)**	
C) Cash flows from financing activities			
Interest received	195	1,610	
Interest paid	-	(7,154)	
Transaction costs paid for bonds issued in 2018	-	(483)	
Other financial items	-	(462)	
Dividends paid	-	(3,137)	
Proceeds from new borrowings and bonds	-	2,390	24
Repayment of borrowings and bonds	-	(1,146)	24
Repayment of finance leases	-	(1,406)	
Change in financial assets	-	367	
Net cash flows from (used in) financing activities	**195**	**(9,421)**	
Net cash flows of the year	**(2,879)**	**(7,555)**	
Effect of exchange fluctuations on cash held	-	500	
Closing cash and cash equivalents	**509,327**	**40,739**	**18**

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

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.

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*	*Translation reserve*	*Hedging reserve*	*Retained earnings and other reserves*	*Profit (loss) for the period*	*Equity*	*Share capital and reserves*	*Profit (loss) for the period*	*Equity*	*Total equity*
Balance at January 1, 2018	**51,340**	**455,160**			**(4,677)**	**(6,577)**	**495,246**			**-**	**495,246**
Allocation of 2017 loss					(6,577)	6,577	-	-	-	-	-
Profit for the period						(1,069)	(1,069)			-	(1,069)
Other comprehensive income (expense)							-			-	-
Comprehensive expense for the period	***-***	***-***	***-***	***-***	***(6,577)***	***5,508***	***(1,069)***	***-***	***-***	***-***	***(1,069)***
Balance at March 31, 2018	**51,340**	**455,160**	**-**	**-**	**(11,254)**	**(1,069)**	**494,177**	**-**	**-**	**-**	**494,177**
Balance at January 1, 2019	**68,907**	**423,837**	**(1,161)**	**43**	**121,316**	**4,898**	**617,840**	**22,253**	**2,915**	**25,168**	**643,008**
Allocation of 2018 profit					4,898	(4,898)	-	2,915	(2,915)	-	-
Loss for the period						614	614		1,288	1,288	1,902
Other comprehensive income (expense)			4,219	21	-		4,240	428		428	4,668
Comprehensive income for the period	***-***	***-***	***4,219***	***21***	***4,898***	***(4,284)***	***4,854***	***3,344***	***(1,628)***	***1,716***	***6,570***
Dividends to non-controlling interests							-	(4,811)		(4,811)	(4,811)
Total contributions and distributions from/to shareholders and other changes	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***(4,811)***	***-***	***(4,811)***	***(4,811)***
Balance at March 31, 2019	**68,907**	**423,837**	**3,058**	**64**	**126,215**	**614**	**622,695**	**20,785**	**1,288**	**22,073**	**644,768**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.
(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.

Notes to the condensed interim consolidated financial statements at March 31, 2019

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 was a special purpose acquisition company (SPAC), set up under Italian law as an SIV (special investment vehicle) pursuant to the Italian stock exchange regulation. Trading began on December 21, 2017.

On July 31, 2018, Space4 S.p.A. acquired Guala Closures S.p.A., the parent of Guala Closures Group ("pre-merger Guala Closures" or "pre-merger Guala Closures Group", respectively). On August 6, 2018, Guala Closures S.p.A. was merged into Space4 S.p.A..

Following the above transaction, the latter company was renamed Guala Closures S.p.A. and the group headed by Space4 S.p.A. was renamed 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 registrar. Its registered office is in via Rana 12, zona industriale D6, Spinetta Marengo (Alessandria).

Further to the acquisition of pre-merger Guala Closures Group completed by Space4 S.p.A. on July 31, 2018, the 2018 comparative figures comprise those of just Space4 S.p.A. for the period from January 1, 2018 to March 31, 2018.
The directors' report provides full disclosures on the pro forma figures.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialised in the production of safety closures (safety product line), customised closures (luxury product line), aluminium closures (wine product line), roll-on closures (standard product line) and closures for the pharmaceutical and other sectors;

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

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

(2) Accounting policies

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

Except for that set out in the “Changes to standards” section and especially as regards IFRS 16, the accounting policies and financial reporting standards applied to prepare the condensed interim consolidated financial statements by all the group companies are the same as those applied to prepare the consolidated financial statements of Guala Closures Group at December 31, 2018, to which reference should be made.

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

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for derivatives, market warrants and contingent consideration arising in a business combination (i.e., put options 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.

The condensed interim consolidated financial statements 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 asset and liability caption including amounts due within and after one year, the amount which is expected to be received or paid after one year is shown.
Pursuant to Consob resolution no. 15519 of July 27, 2006 on financial statements, significant related party transactions and non-recurring items have been indicated separately in the condensed interim consolidated financial statements.

In preparing the condensed interim consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the carrying amount of recognised 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 recognise the loss allowance, the allowance for inventory write-down, assets classified as held for sale, depreciation/amortisation and impairment losses on non-current assets, employee benefits, taxes, provisions, measurement of derivatives, market warrants and measurement of the effects of business combinations.

In accordance with IAS 34 - Interim Financial Reporting, the interim measurement of the figures of the condensed interim consolidated financial statements may rely on a 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 March 31, 2019.

List of investments in subsidiaries at March 31, 2019

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	€	6,640,700	100%	Indirect (*)	Line-by-line
Guala Closures UK Ltd.	UK	GBP	134,000	100%	Indirect (*)	Line-by-line
United Closures and Plastics Ltd.	UK	GBP	3,509,000	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	106,918,500	100%	Indirect (*)	Line-by-line
LATIN AND NORTH 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	231,170,970	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
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect (*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect (*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect (*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect (*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect (*)	Line-by-line
Guala Closures East Africa Pty Ltd.	Kenya	KES	30,300,000	100%	Indirect (*)	Line-by-line

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

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

Statement of financial position

1 Euro = x foreign currency	December 31, 2018	March 31, 2019
Pound sterling	0.8945	0.8583
US dollar	1.1450	1.1235
Indian rupee	79.7298	77.7190
Mexican peso	22.4921	21.6910
Columbian peso	3,721.8100	3,570.2500
Brazilian real	4.4440	4.3865
Chinese renminbi	7.8751	7.5397
Argentinian peso	43.1593	48.9345
Polish zloty	4.3014	4.3006
New Zealand dollar	1.7056	1.6500
Australian dollar	1.6220	1.5821
Ukrainian hryvnia	31.7362	30.6037
Bulgarian lev	1.9558	1.9558
South African rand	16.4594	16.2642
Japanese yen	125.8500	124.4500
Chilean peso	794.3700	766.0200
Kenyan shilling	116.6284	113.2098

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	Q1 2018	Q1 2019
Pound sterling	0.88338	0.87230
US dollar	1.22947	1.13563
Indian rupee	79.15663	80.07297
Mexican peso	23.03620	21.80380
Columbian peso	3,513.93667	3,559.46667
Brazilian real	3.99017	4.27677
Chinese renminbi	7.81493	7.66190
Argentinian peso	24.20327	48.93450
Polish zloty	4.17923	4.30200
New Zealand dollar	1.68977	1.66650
Australian dollar	1.56377	1.59430
Ukrainian hryvnia	33.54447	31.00160
Bulgarian lev	1.95580	1.95580
South African rand	14.7056	15.9185
Japanese yen	133.1350	125.0984
Chilean peso	740.1533	757.5100
Kenyan shilling	n.a.	114.4022

(3) Changes in standards

Except for that set out below, the accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements of Guala Closures Group at December 31, 2018, to which reference should be made.

The changes to the standards set out below will be applied in the consolidated financial statements at December 31, 2019.

<u>New applicable standards</u>

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2019 are set out below.

- IFRS 16 - Leases
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)
- Annual improvements to IFRS Standards 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2020 are set out below.

- Standards and/or amendments applicable to annual reporting periods beginning on or after January 1, 2020:
  - Amendments to References to the Conceptual Framework in IFRS Standards
  - Definition of a Business (Amendments to IFRS 3)
  - Definition of Material (Amendments to IAS 1 and IAS 8)
- Standards and/or amendments applicable to annual reporting periods beginning on or after January 1, 2021:
  - IFRS 17 - Insurance Contracts
- Standards and/or amendments available for optional adoption:
  - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 - Leases

The group has applied IFRS 16 starting from January 1, 2019. Other new standards became applicable on the same date but have not had a significant impact on the group's consolidated financial statements.

IFRS 16 introduces a single lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting model for lessors has not changed substantially from the IAS 17 model.

The group has elected to apply the modified retroactive approach whereby the effects of FTA are recognised in the reserves at January 1, 2019. Therefore, it has not restated the comparative figures for 2018 which are presented in line with the figures shown in the consolidated financial statements at December 31, 2018 drawn up in accordance with IAS 17.

A. Definition of a lease

Prior to application of IFRS 16, Guala Closures Group determined whether a contract was, or contained, a lease at the inception date in accordance with IFRIC 4 - Determining Whether an Arrangement Contains a Lease. The group now determines whether a contract is, or contains, a lease based on the new definition of IFRS 16. Specifically, the new standard establishes that a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

B. Leases in which the group is a lessee

The group has recognised new assets and liabilities for its operating leases (as per the definition of IAS 17) of land, warehouse and factory facilities, production lines, vehicles used within the facilities and IT hardware.

The nature of expenses related to those leases has changed because the group recognises a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value, which have been excluded from the scope of IFRS 16 as per the practical expedient, are recognised as operating costs on a straight-line basis over the lease term.

i. Recognition and measurement

The group recognises a right-of-use asset, separately from property, plant and equipment, and a lease liability at the commencement date of the lease, which is the date on which the lessor makes an underlying asset available for use to the lessee.

The group initially measures the right-of-use asset at cost and subsequently at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

It depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The group initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses the incremental borrowing rate of the lessee (the group company) or the group.

The lease liability is subsequently increased to reflect interest on the lease liability and decreased to reflect the lease payments made.

The group remeasures the lease liability to reflect changes in the in-substance fixed or variable lease payments that depend on an index or a rate used to determine those payments, in any residual value guarantees provided to the lessor by the lessee or, if appropriate, there is a change in the assessment of whether the lessee is reasonably certain it will exercise a purchase or extension option or it is reasonably certain it will not exercise a termination option.

The lessee considers the renewal options when determining the lease term. Assessment of the reasonable certainty of exercising the renewal option affects the lease term which, in turn, significantly affects the lease liability and the right-of-use asset.

ii. First-time adoption

The group elected to adopt the modified retroactive approach and recognised the effects of FTA in reserves at January 1, 2019.
It also elected to adopt the following simplifications and practical expedients provided by IFRS 16 to decrease the costs of FTA:

- exclusion from the list of leases identified as being, or containing, a lease at the date of initial application (January 1, 2019) of short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value;
- with respect to leases identified as finance leases under IAS 17 at the date of initial application (January 1, 2019), the right-of-use asset and the lease liability are recognised at the carrying amounts shown in the consolidated financial statements at December 31, 2018 in accordance with IAS 17;
- with respect to leases identified as operating leases under IAS 17 at the date of initial application (January 1, 2019), the lease liability is initially recognised at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, while the right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

As a result of the simplifications and practical expedients adopted by the group, there are no effects of the FTA recognised in the reserves at January 1, 2019.

i. Leases in which the group is a lessor

The recognition and measurement of leases as a lessor have not changed from IAS 17. Sub-leases are classified considering the right-of-use asset of the head lease and not the identified underlying asset.
The group has not made any adjustments due to transition to IFRS 16 for leases where it is the lessor.

D. Effects on the condensed interim consolidated financial statements

At the date of initial application (January 1, 2019), the group recognised the following amounts for the right-of-use assets and lease liabilities for leases not already recognised under IAS 17.

(Thousands of Euros)	**January 1, 2019**
Right-of-use assets - land and buildings	13,492
Right-of-use assets - plant and machinery	825
Right-of-use assets - equipment	1,662
Right-of-use - other assets	1,027
Finance lease liabilities	(17,006)
Effect on equity at January 1, 2019	**0**

As noted, the adoption of IFRS 16 has not generated differences to be recognised in the reserves at January 1, 2019 due to the group's application of the practical expedients.

The group used the interest rate implicit in the lease to measure the lease liability or if that rate cannot be readily determined, the lessee's incremental borrowing rate (i.e., the incremental borrowing rate of the group companies) or alternatively, as a last resort, the group's incremental borrowing rate.

The liability for leasing, recorded on first-time application as at January 1, 2019, amounts to € 21.6 million and in addition to the nominal value of the minimum future payments for non-cancellable lease / rental contracts of € 12.7 million reported in notes to the annual financial report at December 31, 2018 of the Guala Closures Group, it includes:
- the finance lease liability recognized in the Annual Financial Report at December 31, 2018 for € 6.1 million;
- the value of the extension of the lease term for which the Group is reasonably certain that the option will be exercised;
- net of the value of the leases of a modest unit value and of a duration not exceeding 12 months excluded from the scope of application of IFRS 16, and
- net of the financial effect of the discounting of minimum future payments for leasing / rental contracts that cannot be canceled as at 31 December 2018.

At the date of initial application, the group recognised a right-of-use asset and a lease liability of €17.0 million as the effect of FTA of IFRS 16 for leases previously classified as operating leases.

(4) Brexit

The group carries out a considerable part of its business in the United Kingdom and this has increased since its acquisition of the Scottish company United Closures and Plastics (“UCP) in 2018.
At the date of preparation of this report, it is unknown whether there will be a hard or soft Brexit. The political and institutional situation is complicated and there are many options.
Should the United Kingdom leave the EU without a deal, the risks facing the group would mostly refer to the difficulties in managing imports by the local companies (Guala Closures UK and UCP) and exports to EU member states.
The group and especially Guala Closures UK and UCP are prepared for a hard Brexit outcome and have introduced new procedures for imports to manage the flow of goods between the EU and the United Kingdom. While there is great uncertainty about future events, based on internal assessments and supported by meetings with the customers of the local group companies, the group has not identified significant indicators that would suggest that its production and sales will be greatly affected by Brexit.

(5) 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 under IFRS 8 in March 2019.

On April 16, 2019, the board of directors of Guala Closures Iberica (a Spanish company) resolved to sell its PET division business unit as part of the reorganisation of the PET segment. The plan is to sell part of the business unit to a non-group company active in this sector and another part to the group company United Closures and Plastics (UCP), also active in this sector.
Up until the group's acquisition of UCP in December 2018, its activities in the PET segment were only performed by Guala Closures Iberica. After this acquisition and as part of the reorganisation, just UCP will be active in the segment.

Information regarding the results of the group's reportable segment is included below. Performance is measured based on segment revenue, operating profit, amortisation and depreciation, 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 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.

The comparative 2018 figures included in these condensed interim consolidated financial statements only refer to Space4 S.p.A., which did not have any operating segments, for the period from January 1 to March 31, 2018.

Statement of profit or loss and other comprehensive income

Thousands of Euros	Closures		Other operations		Total	
	Q1 2018	Q1 2019 *	Q1 2018	Q1 2019 *	Q1 2018	Q1 2019 *
Net revenue	-	140,041	-	1,777	-	141,817
Operating profit (loss)	-	10,425	-	(24)	-	10,401
Amortisation and depreciation	-	(9,924)	-	(56)	-	(9,980)

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.
Amortisation and depreciation recognised in the first three months of 2019 include the depreciation of the right-of-use assets.

Statement of financial position

Thousands of Euros	Closures		Other operations		Total	
	December 31, 2018	March 31, 2019 *	December 31, 2018	March 31, 2019 *	December 31, 2018	March 31, 2019 *
Trade receivables	102,198	104,184	606	940	102,805	105,124
Inventories	92,232	102,259	1,026	933	93,258	103,192
Trade payables	(70,383)	(75,530)	(948)	(661)	(71,331)	(76,191)
Property, plant and equipment	205,333	192,713	651	609	205,984	193,322

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.
The group recognises the right-of-use assets separately from property, plant and equipment; therefore, the caption does not include the effects of IFRS 16 FTA.

Statement of cash flows

Thousands of Euros	Closures		Other operations		Total	
	Q1 2018	Q1 2019 *	Q1 2018	Q1 2019 *	Q1 2018	Q1 2019 *
Capital expenditure (net of disposals)	-	7,875	-	-	-	7,875

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retroactive approach under which the comparative figures are not restated and the FTA effects are recognised in the reserves at January 1, 2019.
Cash flows for capital expenditure in the first three months of 2019 include the additions for the right-of-use assets.

Geographical information

The Closures segment operates from a network of manufacturing facilities in all five continents and specifically in the United Kingdom, India, Poland, Italy, Mexico, Spain, Ukraine, Australia, France, South Africa and the USA.

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**	
	Q1 2018	**Q1 2019**
United Kingdom		26,913
India		15,599
Poland		14,800
Italy		14,770
Mexico		11,636
Spain		11,135
Ukraine		10,661
Australia		7,237
France		3,864
South Africa		3,792
USA		3,573
Other countries		17,838
Net revenue	**-**	**141,817**

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	December 31, 2018	**March 31, 2019**
Italy	769,984	760,524
Australia	62,217	63,420
India	33,468	33,936
Poland	28,605	27,234
Spain	21,272	21,126
Mexico	16,596	16,947
Ukraine	13,722	14,561
Brazil	9,409	9,489
South Africa	10,601	10,092
Other countries	54,509	54,214
Consolidation adjustments	(8,294)	(12,024)
Property, plant and equipment and intangible assets	**1,012,088**	**999,519**

Thousands of Euros	Deferred tax assets	
	December 31, 2018	**March 31, 2019**
Australia	1,233	1,839
Argentina	1,121	1,159
Italy	885	974
Chile	652	742
India	479	560
Spain	326	324
New Zealand	208	206
South Africa	143	128
China	100	153
Mexico	41	43
Ukraine	7	7
Consolidation adjustments	612	712
Deferred tax assets	**5,807**	**6,849**

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

Information about major customers

In the Closures segment, at March 31, 2019, there are two customers that generate over 10% of revenue: the turnover of the first customer amounts to around €20 million for the first three months of 2019 (roughly 14% of net revenue), while that of the second customer is approximately €16 million for the same period (around 11% of net revenue).

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

No non-recurring acquisitions of subsidiaries, business units or non-controlling interests took place during the reporting period.

With respect to the acquisition of pre-merger Guala Closures Group and the acquisition of United Closures and Plastics (described in detail in the 2018 Annual Report, to which reference should be made) and the related purchase price allocation of the assets acquired, the liabilities assumed and the contingent liabilities, this procedure is still ongoing. Therefore, the allocation of the carrying amounts of the assets acquired, the liabilities assumed and the contingent liabilities in these condensed interim consolidated financial statements is provisional and in line with that performed at December 31, 2018.

Given the longer 12-month window from the business combination date allowed by the reference regulations, these condensed interim consolidated financial statements include a provisional amount of €785.2 million recognised in “Goodwill”, equal to the difference between the consideration transferred by the buyers to purchase the pre-merger Guala Closures shares, and the consolidated net liabilities of Guala Closures Group.
The recognised goodwill is not deductible for income tax purposes.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(7) Net revenue

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

	Q1	
Thousands of Euros	**2018**	**2019**
Europe	-	85,200
Asia	-	18,495
Latin and North America	-	24,145
Oceania	-	10,120
Africa	-	3,858
Total	**-**	**141,817**

The table below illustrates net revenue by product type:

	Q1	
Thousands of Euros	**2018**	**2019**
Safety closures	-	56,452
Luxury closures (customised)	-	6,148
Wine closures	-	28,041
Pharma closures	-	2,169
Roll-on closures (standard)	-	43,111
PET	-	1,778
Other revenue	-	4,119
Total	**-**	**141,817**

The table below illustrates net revenue by destination market:

	Q1	
Thousands of Euros	**2018**	**2019**
Spirits closures	-	91,326
Wine closures	-	28,041
Oil and vinegar closures	-	2,720
Pharma closures	-	2,169
Closures for other markets	-	11,666
PET	-	1,778
Other revenue	-	4,119
Total	**-**	**141,817**

(8) Other operating income

This caption includes:

Thousands of Euros	Q1 2018	2019
Sundry recoveries/repayments		1,212
Gains on sale of fixed assets		2
Other		140
Total	**-**	**1,354**

(9) Internal work capitalised

Thousands of Euros	Q1 2018	2019
Internal work capitalised	-	994
Total	**-**	**994**

(10) Costs for raw materials

This caption includes:

Thousands of Euros	Q1 2018	2019
Raw materials and supplies		64,701
Packaging		2,931
Consumables and maintenance		1,859
Fuels		132
Other purchases		726
Change in inventories		(1,312)
Total	**-**	**69,037**

(11) Costs for services

This caption includes:

Thousands of Euros	Q1 2018	Q1 2019
Electricity / heating		7,192
Transport		6,175
External processing		2,514
External labour / porterage		1,452
Sundry industrial services		1,558
Maintenance		1,860
Travel		1,249
Insurance	4	1,162
Legal and consulting fees	2,223	1,112
Directors' fees		304
Administrative services	20	834
Cleaning service		323
Technical assistance		396
Commissions		254
Entertainment expenses		167
Telephone costs		182
Security		119
Advertising services		108
Commercial services		90
Expos and trade fairs		42
Other		562
Total	**2,247**	**27,656**

"Legal and consulting fees" comprise €12 thousand related to the consultancy service provided by Space Holding S.r.l. as per the contract dated September 27, 2017 as subsequently amended (€505 thousand for the corresponding period of 2018).

(12) Personnel expense

This caption includes:

Thousands of Euros	Q1 2018	Q1 2019
Wages and salaries	15	24,794
Social security contributions	1	3,522
Expense from defined benefit plans		223
Other costs		2,122
Total	**16**	**30,660**

At December 31, 2018 and March 31, 2019, the group had the following number of employees:

	December 31, 2018	March 31, 2019
Blue collars	3,485	3,644
White collars	1,023	1,011
Managers	239	248
Total	**4,747**	**4,903**

(13) Other operating expense

This caption includes:

	Q1	
Thousands of Euros	**2018**	**2019**
Rent and leases		753
Taxes and duties		510
Other costs for the use of third party assets		197
Provisions		869
Other charges		203
Total	**-**	**2,534**

(14) Financial income

This caption includes:

	Q1	
Thousands of Euros	**2018**	**2019**
Exchange gains	-	3,410
Interest income	195	111
Financial income on the liability to non-controlling investors	-	1,048
Fair value of the market warrants	1,000	77
Other financial income	-	451
Total	**1,195**	**5,097**

Financial income on the liability to non-controlling investors refers to the recognition of the decrease in the financial liability for these investors' right to exercise a put option to acquire the equity investments if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

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

(15) Financial expense

This caption includes:

	Q1	
Thousands of Euros	**2018**	**2019**
Interest expense		5,570
Exchange losses		2,870
Fair value of currency derivatives		489
Other financial expense		610
Total	**-**	**9,538**

(16) Income taxes

This caption includes:

	Q1	
Thousands of Euros	**2018**	**2019**
Current taxes		(4,477)
Deferred taxes		420
Total	**-**	**(4,057)**

(17) Earnings per share - basic and diluted

	Q1	
Thousands of Euros	**2018**	**2019**
Profit/(loss) for the period attributable to the owners of the parent	(1,069)	614
Weighted average number of shares	50,000,000	66,372,404
Earnings (loss) per share (in Euro)	**(0.02)**	**0.01**

	Q1	
Thousands of Euros	**2018**	**2019**
Profit/(loss) for the period attributable to the owners of the parent	(1,069)	614
Weighted average number of shares (including warrants)	52,325,582	78,032,699
Diluted earnings (loss) per share (in Euro)	**(0.02)**	**0.01**

The basic earnings per share are €0.01 for the first three months of 2019 compared to a basic loss of €0.02 for the corresponding period of 2018.

The diluted earnings per share are €0.01 (basic loss of €0.02 for the first three months of 2018), calculated on the basis of the outstanding ordinary shares and the maximum potential ordinary shares arising on the possible conversion of:

- 19,367,393 outstanding market warrants;
- 2,500,000 outstanding sponsor warrants;
- 1,000,000 outstanding management warrants;
- 812,500 outstanding special shares.

STATEMENT OF FINANCIAL POSITION

(18) Cash and cash equivalents

Cash and cash equivalents decreased to €40,739 thousand at March 31, 2019 (€47,795 thousand at December 31, 2018), mainly due to the change in net working capital, which was negative in the first three months of the year, as is customary given its seasonal nature.

(19) Trade receivables

This caption may be analysed as follows:

(Thousands of Euros)	December 31, 2018	March 31, 2019
Trade receivables	104,898	107,050
Loss allowance	(2,093)	(1,926)
Total	**102,805**	**105,124**

The loss allowance changed as follows:

(Thousands of Euros)	March 31, 2019
Opening balance	2,093
Exchange gains	23
Accruals	10
Utilisations/releases of the period	(200)
Closing balance	**1,926**

The allowance at March 31, 2019 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.

(20) Inventories

This caption may be analysed as follows:

(Thousands of Euros)	December 31, 2018	March 31, 2019
Raw materials, consumables and supplies	43,415	45,904
(Allowance for inventory write-down)	(1,068)	(1,291)
Work in progress and semi-finished products	23,623	26,308
(Allowance for inventory write-down)	(468)	(612)
Finished products and goods	28,020	33,270
(Allowance for inventory write-down)	(534)	(653)
Payments on account	270	265
Total	**93,258**	**103,192**

Changes in the period are as follows:

(Thousands of Euros)	
Opening balance	93,258
Exchange gains	1,494
Change in raw materials, consumables and supplies	1,312
Change in finished goods and semi-finished products	7,132
Change in payments on account	(4)
Balance at March 31, 2019	**103,192**

The allowance for inventory write-down varied as follows:

(Thousands of Euros)	March 31, 2019
Opening balance	2,070
Exchange gains	16
Accruals	469
Closing balance	**2,555**

(21) Property, plant and equipment

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

(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, 2018	76,485	456,823	67,225	10,177	8,977	**619,686**
Accumulated depreciation and impairment losses at December 31, 2018	(23,329)	(326,629)	(55,159)	(8,585)	-	**(413,702)**
Carrying amount at December 31, 2018	**53,156**	**130,193**	**12,066**	**1,591**	**8,977**	**205,984**
Effects of IFRS 16 FTA	(10,656)	(1,598)	-	-	-	**(12,254)**
Carrying amount at January 1, 2019	**42,500**	**128,595**	**12,066**	**1,591**	**8,977**	**193,730**
Exchange gains	530	2,108	80	23	150	**2,891**
Additions	3	2,881	119	123	2,666	**5,792**
Disposals	(7)	(43)	(8)	-	-	**(58)**
Impairment losses	(110)	(888)	(2)	(18)	-	**(1,018)**
Reclassifications	344	2,863	236	55	(3,568)	**(70)**
Depreciation	(409)	(6,742)	(633)	(161)	-	**(7,945)**
Historical cost at March 31, 2019	66,589	462,145	67,650	10,359	8,225	**614,969**
Accumulated depreciation and impairment losses at March 31, 2019	(23,737)	(333,372)	(55,792)	(8,746)	-	**(421,647)**
Carrying amount at March 31, 2019	**42,852**	**128,773**	**11,858**	**1,613**	**8,225**	**193,322**

Capital expenditure mainly involved plant and machinery in all five continents where the group is present to a greater or lesser degree. The majority of its investments were made in Europe and specifically Italy, Ukraine, Poland, United Kingdom and Spain. Most of the remainder was earmarked for Asia and Latam-USA and, in particular, India, Mexico and Colombia.
Guala Closures East Africa started production in its Kenya-based facility in February 2019 and made its first sales to a major local customer in March. Small start-up investments were allocated to this company.
In Oceania and, specifically, Australia and New Zealand, only investments of immaterial amounts were made for maintenance.

Impairment losses of the period relate to the losses made as part of the reorganisations of Guala Closures France and Beijing Guala Closures (described elsewhere). Specifically, Guala Closures France recognised impairment losses of €812 thousand on plant, machinery and other assets while the Chinese group company recognised impairment losses of €206 thousand on third party buildings, plant, machinery and equipment.

As a result of the application of IFRS 16, the group reclassified finance leases recognised under IAS 17 in the 2018 consolidated financial statements (€12.3 million) to "Right-of-use assets" at January 1, 2019.

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

The effect of hyperinflation included in exchange gains is €0.4 million.

At March 31, 2019, collateral on property, plant and equipment is unchanged on the consolidated financial statements at December 31, 2018 (to which reference should be made).

(22) Right-of-use assets

The following table shows the changes in this caption in 2019:

(Thousands of Euros)	**Right-of-use assets - Land and buildings**	**Right-of-use assets - Plant and machinery**	**Right-of-use assets - Industrial and commercial equipment**	**Right-of-use assets - Other assets**	**Total**
Historical cost at December 31, 2018					**-**
Accumulated depreciation and impairment losses at December 31, 2018					**-**
Carrying amount at December 31, 2018	**-**	**-**	**-**	**-**	**-**
Effects of IFRS 16 FTA	24,148	2,424	1,662	1,027	29,260
Carrying amount at January 1, 2019	**24,148**	**2,424**	**1,662**	**1,027**	**29,260**
Exchange gains/(losses)	(10)	6	(12)	8	**(9)**
Additions	-	-	33	42	**74**
Disposals					**-**
Impairment losses					**-**
Reclassifications	-	-			**-**
Depreciation of right-of-use assets	(758)	(250)	(218)	(167)	**(1,392)**
Historical cost at March 31, 2019	24,137	2,429	1,682	1,076	**29,325**
Accumulated depreciation and impairment losses at March 31, 2019	(758)	(250)	(218)	(167)	**(1,392)**
Carrying amount at March 31, 2019	**23,380**	**2,180**	**1,464**	**909**	**27,933**

There were no significant changes in the right-of-use assets in the reporting period except for reclassifications from property, plant and equipment of assets under finance lease recognised in the consolidated financial statements at December 31, 2018 under IAS 17.

(23) Intangible assets

The following table shows the changes in this caption at March 31, 2019:

(Thousands of Euros)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2018	9,608	73,970	785,201	13,032	1,533	**883,344**
Accumulated amortisation and impairment losses at December 31, 2018	(7,907)	(57,840)	-	(11,493)	-	**(77,240)**
Carrying amount at December 31, 2018	**1,700**	**16,130**	**785,201**	**1,539**	**1,533**	**806,104**
Carrying amount at January 1, 2019	**1,700**	**16,130**	**785,201**	**1,539**	**1,533**	**806,104**
Exchange gains	10	287	0	55	(0)	**352**
Additions	35	6	-	-	267	**308**
Reclassifications	62	-	-	-	8	**70**
Amortisation	(128)	(413)	-	(97)	-	**(637)**
Historical cost at March 31, 2019	9,715	74,263	785,201	13,088	1,808	**884,075**
Accumulated amortisation and impairment losses at March 31, 2019	(8,036)	(58,253)	-	(11,590)	-	**(77,879)**
Carrying amount at March 31, 2019	**1,679**	**16,011**	**785,201**	**1,498**	**1,808**	**806,197**

With respect to the goodwill recognised in these condensed interim consolidated financial statements and the acquisition of pre-merger Guala Closures Group (described in detail in the 2018 Annual Report, to which reference should be made) and the related purchase price allocation of the assets acquired, the liabilities assumed and the contingent liabilities, this procedure is still ongoing. Therefore, the allocation of the carrying amounts of the assets acquired, the liabilities assumed and the contingent liabilities in these condensed interim consolidated financial statements is provisional and in line with that performed at December 31, 2018.

Given the longer 12-month window from the business combination date allowed by the reference regulations, these condensed interim consolidated financial statements include a provisional amount of €785.2 million recognised in “Goodwill” equal to the difference between the consideration transferred by the buyers to purchase the pre-merger Guala Closures shares and the consolidated net liabilities of Guala Closures Group at July 31, 2018.

The recognised goodwill is not deductible for income tax purposes.

Finalisation of the PPA procedure could affect the group’s future results (e.g., greater amortisation of intangible assets to which part of the consideration could be allocated) but it will not affect forecast cash flows.

As described in note (2) Accounting policies to the consolidated financial statements at December 31, 2018, goodwill is not amortised, but is tested for impairment. The group checks the recoverability of goodwill at least once a year, or more frequently if specific events or circumstances indicate impairment, by testing each CGU (cash-generating unit). The CGU identified by the group to monitor goodwill coincides with the aggregation level of assets under IFRS 8 - Operating segments, i.e., the Closures division.

Goodwill allocated to the Closures CGU was successfully tested for impairment at December 31, 2018. Consequently, no impairment loss was recognised on goodwill at December 31, 2018.
No special events and/or circumstances arose in the first three months of 2019 which would indicate impairment and, therefore, that the group should re-perform the impairment test.

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

On July 20, 2018, the parent entered into a new revolving credit facility agreement governed by the laws of England and Wales 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.) for a maximum amount of €80 million (the "**New RCF**"), at the 3M Euribor/GBP LIBOR + 2.5% (zero floor). The New RCF will expire on February 28, 2024.

On October 3, 2018, Guala Closures S.p.A. issued a floating bond issue of €445 million (3M Euribor + 3.5% - zero floor) due in 2024 (the "**Bonds**") 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' representative 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**").

The parent has, inter alia, a covenant on the New RCF. Failure to comply with it may require the parent to repay the facility earlier than the expiry date, should the RCF be drawn by more than 40% of its total amount (€80 million). Under this covenant, the ratio of the parent's indebtedness to consolidated EBITDA, both calculated in accordance with the contractual provisions of the new RCF, shall not exceed 6.40x.
Furthermore, under this agreement, the parent's Treasury department is required to constantly monitor the covenant and to regularly report to management and the lending bank in order to ensure compliance. The first calculation date is September 30, 2019.
According to the group and the company, the risk that the covenant is exceeded on the date of the first check at September 30, 2019, is remote.

Financial liabilities at March 31, 2019 and 2018 are shown below:

(Thousands of Euros)	December 31, 2018	March 31, 2019
Current financial liabilities		
Bonds	3,937	3,318
Bank loans and borrowings	14,324	13,816
Other financial liabilities	7,023	10,786
	25,284	27,920
Non-current financial liabilities		
Bonds	441,383	442,034
Bank loans and borrowings	13,506	16,127
Other financial liabilities	21,910	32,583
	476,799	490,743
Total	**502,083**	**518,663**

The terms and expiry dates of the financial liabilities at December 31, 2018 and March 31, 2019 are shown below:

	Nominal amount					
(Thousands of Euros)	**Total at December 31, 2018**	**Within one year**	**Between one and five years**	**More than five years**	**Current**	**Non-current**
Bonds						
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	455,000	-	-	455,000	-	455,000
Interest on bonds	3,937	3,937	-	-	3,937	-
Transaction costs	(13,617)	-	-	(13,617)	-	(13,617)
TOTAL Bonds FRSN 2024 Guala Closures S.p.A.	**445,320**	**3,937**	**-**	**441,383**	**3,937**	**441,383**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	11,179	-	-	11,179	-	11,179
Transaction costs	(740)	-	-	(740)	-	(740)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**10,439**	**-**	**-**	**10,439**	**-**	**10,439**
Other accrued expenses - Guala Closures S.p.A.	121	121	-	-	121	-
Yes Bank loan and bank overdraft - Axiom Propack (India)	3,785	3,785	-	-	3,785	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,399	4,399	-	-	4,399	-
Banco de la Nacion Argentina loan (Chile)	357	178	178	-	178	178
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	105	56	48	-	56	48
Advances on loans and receivables (Argentina)	684	682	3	-	682	3
Banamex / Bancomer loan (Mexico)	7,942	5,103	2,838	-	5,103	2,838
TOTAL bank loans and borrowings	**27,831**	**14,324**	**3,068**	**10,439**	**14,324**	**13,506**
Other financial liabilities:						
Market warrants	4,338	4,338	-	-	4,338	-
Leases	6,095	2,685	3,410	-	2,685	3,410
Liability to non-controlling investors	18,500	-	-	18,500	-	18,500
TOTAL other financial liabilities	**28,933**	**7,023**	**3,410**	**18,500**	**7,023**	**21,910**
TOTAL	**502,083**	**25,284**	**6,477**	**470,322**	**25,284**	**476,799**

	Nominal amount					
(Thousands of Euros)	**Total at March 31, 2019**	**Within one year**	**Between one and five years**	**More than five years**	**Current**	**Non-current**
Bonds						
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	455,000	-	-	455,000	-	455,000
Interest on bonds	3,318	3,318	-	-	3,318	-
Transaction costs	(12,966)	-	-	(12,966)	-	(12,966)
TOTAL Bonds FRSN 2024 Guala Closures S.p.A.	**445,351**	**3,318**	**-**	**442,034**	**3,318**	**442,034**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	13,981	-	13,981	-	-	13,981
Transaction costs	(705)	-	(705)	-	-	(705)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**13,276**	**-**	**13,276**	**-**	**-**	**13,276**
Other accrued expenses - Guala Closures S.p.A.	128	128	-	-	128	-
Yes Bank loan and bank overdraft - Axiom Propack (India)	2,920	2,920	-	-	2,920	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,264	4,264	-	-	4,264	-
Banco de la Nacion Argentina loan (Chile)	323	185	139	-	185	139
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	79	38	40	-	38	40
Advances on loans and receivables (Argentina)	698	696	1	-	696	1
Banamex / Bancomer loan (Mexico)	8,255	5,584	2,670	-	5,584	2,670
TOTAL bank loans and borrowings	**29,942**	**13,816**	**16,127**	**-**	**13,816**	**16,127**
Other financial liabilities:						
Market warrants	4,261	4,261	-	-	4,261	-
Leases	21,656	6,525	15,131	-	6,525	15,131
Liability to non-controlling investors	17,452	-	-	17,452	-	17,452
TOTAL other financial liabilities	**43,369**	**10,786**	**15,131**	**17,452**	**10,786**	**32,583**
TOTAL	**518,663**	**27,920**	**31,258**	**459,486**	**27,920**	**490,743**

"Other financial liabilities" include the fair value of the market warrants at March 31, 2019 and December 31, 2018 (€4,261 thousand and €4,338 thousand, respectively). The difference between the fair value at March 31, 2019 and that at December 31, 2018 was recognised in the statement of profit or loss and comprehensive income for the period, under financial income (€77 thousand). The impact on the statement of profit or loss and comprehensive income for the period is attributable to the decrease in the market price of the market warrants, which went from €0.224 at December 31, 2018 to €0.220 at March 31, 2019.

On the date of their first trading, the parent recognised 10,000,000 market warrants, traded separately to the shares, for an amount of €6,000,000, by setting up a negative equity reserve of the same amount (described in note 27) 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 equity 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.

The "Liability to 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 recognised using the present access method, whereby the financial liability was recognised as a reduction in equity in the first year. The fluctuation in each year, if any, is recognised under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.
Reference should be made to note 31) Fair value of financial instruments and sensitivity analysis for further details.

The interest rates and expiry dates of the financial liabilities at December 31, 2018 and March 31, 2019 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2018
Bonds				
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	€	3M Euribor + 3.50%	2024	455,000
Interest on bonds	€	n.a.	2021	3,937
Transaction costs	€	n.a.	2024	(13,617)
TOTAL Bonds FRSN 2024 Guala Closures S.p.A.				**445,320**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	3M Euribor/Libor GBP + 2.50%	2024	11,179
Transaction costs	€	n.a.	2024	(740)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**10,439**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2019	121
Yes Bank loan and bank overdraft - Axiom Propack (India)	INR	8.50%	n.a.	3,785
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	1M Wibor (*)	n.a.	4,399
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	357
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	105
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	684
Banamex / Bancomer loan (Mexico)	USD	n.a.	2023	7,942
TOTAL bank loans and borrowings				**27,831**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	4,338
Leases	€	n.a.	n.a.	6,095
Liability to non-controlling investors	€	n.a.	n.a.	18,500
TOTAL other financial liabilities				**28,933**
TOTAL				**502,083**

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total March 31, 2019
Bonds				
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	€	3M Euribor + 3.50%	2024	455,000
Interest on bonds	€	n.a.	2021	3,318
Transaction costs	€	n.a.	2024	(12,966)
TOTAL Bonds FRSN 2024 Guala Closures S.p.A.				**445,351**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	3M Euribor/Libor GBP + 2.50%	2024	13,981
Transaction costs	€	n.a.	2024	(705)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**13,276**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2019	128
Yes Bank loan and bank overdraft - Axiom Propack (India)	INR	8.50%	2019	2,920
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	1M Wibor (*)	n.a.	4,264
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	323
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	79
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	698
Banamex / Bancomer loan (Mexico)	USD	n.a.	2023	8,255
TOTAL bank loans and borrowings				**29,942**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	4,261
Leases	€	n.a.	n.a.	21,656
Liability to non-controlling investors	€	n.a.	n.a.	17,452
TOTAL other financial liabilities				**43,369**
TOTAL				**518,663**

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

The Senior Revolving Facility’s availability at March 31, 2019 is shown in the table below:

	Available amount (thousands of Euros)	Amount used at March 31, 2019	Residual available amount at March 31, 2019
Revolving Credit Facility due 2024	80,000	13,981	66,019

(25) Trade payables

These may be analysed as follows:

(Thousands of Euros)	December 31, 2018	March 31, 2019
Suppliers	70,895	75,867
Payments on account	436	324
Total	**71,331**	**76,191**

(26) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2018	March 31, 2019
Provision for contingencies	710	710
Provision for returns	409	417
Provision for restructuring	402	1,193
Total current provisions	**1,521**	**2,319**

The provision for contingencies has been set up for pre-merger Guala Closures' tax issues for 2015 and 2016. While Guala Closures S.p.A. (the result of the reverse merger of GCL Special Closures S.r.l. into Guala Closures S.p.A. in 2012) deemed that it acted in compliance with the regulations ruling in those years, it decided to enter into a settlement agreement with the tax authorities to settle a dispute. As a result, the company paid €0.8 million for 2013 and 2014 in 2018, while the provision for contingencies still includes €0.7 million for the payments to be made in 2019 for 2015 and 2016.

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

The provision for restructuring includes €408 thousand for the downsizing of Guala Closures UK Ltd's production activities in Glasgow, commenced in the second quarter of 2018. Plant and machinery will be transferred from the secondary Broomhill facility to the main facility in Kirkintilloch. The project should be completed during 2019 and the provision has been calculated considering the cost of terminating the existing agreements and the benefits due to employees under the related contracts.
The remaining part of the provision for restructuring (€785 thousand) was accrued in the reporting period for the reorganisation of Guala Closures France started in March 2019.
This project includes an investment to be made at the Chambray facility to produce small batches of closures for the wine sector with very short lead times to meet market requirements. As a result, the assets (machinery and some employees) at the Saint Remy Sur Avre manufacturing facility will be transferred to the Chambray facility and other group companies. The Saint Remy Sur Avre facility will be closed down. The project's completion is slated for July 2019.
At the date of this report, meetings are being held with the employee representatives to discuss the transfer procedure and related conditions. The French company has also cancelled the facility's lease.
The accruals reflect the estimated costs the company will bear to transfer its employees from the Saint Remy Sur Avre facility and the relocation costs.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

Thousands of Euros	Q1 2019
Opening balance	1,521
Exchange losses	17
Accruals	869
Utilisations	(88)
Closing balance	**2,319**

The accruals relate to Guala Closures France's reorganisation project as described earlier.

NON-CURRENT PROVISIONS:

Thousands of Euros	December 31, 2018	March 31, 2019
Provision for legal disputes	112	112
Provision for agents' termination indemnity	140	142
Total non-current provisions	**252**	**253**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

Thousands of Euros	Q1 2019
Opening balance	252
Exchange gains	(0)
Accruals	2
Closing balance	**253**

(27) Equity attributable to the owners of the parent

At March 31, 2019, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the STAR segment of the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A., since August 6, 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.

At March 31, 2019, equity comprises unavailable reserves for market warrants of €19,367 thousand, of which €6,000 thousand was recognised 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.

The group's objectives in capital management are to create value for shareholders, safeguard the group's future and support its development.

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

On the basis of available information published by Consob (the Italian Commission for listed companies and the stock exchange), updated on March 31, 2019, the parent's main shareholders are as follows:

- GCL Holdings S.C.A. holding 24.276% of the voting shares;
- PII G S.à r.l. holding 8.816% of the voting shares;
- GCL Holdings LP S.à r.l. holding 5.634% of the voting shares.

(28) Repurchase of own shares

On February 14, 2019, during their ordinary meeting, the shareholders of Guala Closures S.p.A. resolved to:
1. authorise the board of directors, pursuant to article 2357 and following articles of the Italian Civil Code and article 132 of the Consolidated Finance Act, to repurchase the parent's ordinary shares (therefore excluding special B and special C shares), for the purposes set out by the directors in their report, up to the maximum amount which, considering the ordinary Guala Closures shares held from time to time by the parent, must not exceed a total of 3% of the ordinary shares outstanding on the date of the shareholders' meeting (equal to approximately 1,861,500 ordinary shares), to be carried out, including in more than one tranche, within 18 months of the date of the shareholders' resolution and in the manner described below:
i. the purchase price shall not be above or below 10% of the reference price on the Italian Stock Exchange (Mercato Telematico Azioniario), organised and managed by Borsa Italiana S.p.A. ("MTA") in the session prior to each individual transaction. Furthermore, in any case, the treasury shares will be repurchased in accordance with the additional operating limits set by EU and national legislation, including regulations, ruling from time to time and applicable to purchases;
ii. the purchases will be made in compliance with article 132 of the Consolidated Finance Act, article 144-bis.1.b) of the Issuer Regulation and any other applicable legislation, including the market practices accepted and recognised by Consob;
2. authorise, pursuant to article 2357-ter of the Italian Civil Code, the repurchase, including in more than one tranche and without time limits, of ordinary Guala Closures S.p.A. shares in accordance with the above resolution, as follows:
i. if carried out in cash, at a price not below 10% of the reference price on the MTA in the session prior to each transaction;
ii. if carried out as part of extraordinary transactions, including, but not limited to, exchange, swap, contribution or any other non-cash disposal, in accordance with the financial terms set by the board of directors, based on the nature and the characteristics of the transaction, also considering the performance of the parent's share;

iii. with respect to the ordinary shares serving stock option plans, in accordance with the terms and conditions set out in the relevant plan regulations;
iv. with respect to the activities falling under the so-called 'accepted market practice' covered by article 180.1.c) of the Consolidated Finance Act about operations to support market liquidity, in accordance with the criteria set by Consob from time to time and, in any case, in compliance with any terms, conditions and requirements set by EU and national legislation (including regulations) applicable from time to time, to grant the board of directors and/or through its Chairman and the CEO, Marco Giovannini, and the director, Anibal Diaz Diaz, the widest powers, including the power of sub-delegation or to engage external experts, to be exercised also separately and with the widest discretion, in order to implement the Programme and the relevant purchases and sales, however in full compliance with ruling legislation and the limitations of your authorisation as resolved above.
No repurchases had taken place at the reporting date.

(29) Equity attributable to non-controlling interests

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

	% Non-controlling interests December 31, 2018	**% Non-controlling interests March 31, 2019**	**Balance at December 31, 2018**	**Balance at March 31, 2019**
Guala Closures Ukraine LLC	30.0%	30.0%	9,359	9,550
Guala Closures India Pvt Ltd CONS	5.0%	5.0%	2,132	2,242
Guala Closures de Colombia LTDA	6.8%	6.8%	473	385
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,157	2,253
Guala Closures DGS Poland S.A.	30.0%	30.0%	10,961	8,152
Guala Closures France SAS	30.0%	30.0%	87	(509)
Total			**25,168**	**22,073**

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

30) Net financial indebtedness

Net financial indebtedness at December 31, 2018 and March 31, 2019, is analysed below and calculated in accordance with ESMA/2013/319 recommendations:

	(in thousands of Euros)	**December 31, 2018**	**March 31, 2019**
A	Cash	-	-
B	Cash equivalents	47,795	40,739
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**47,795**	**40,739**
E	**Current loan assets**	**653**	**198**
F	Current bank loans and borrowings	12,695	12,278
G	Current portion of non-current indebtedness	5,566	4,856
H	Other current loans and borrowings	2,685	6,525
I	**Current financial indebtedness (F+G+H)**	**20,946**	**23,659**
J	**Net current financial indebtedness (I-E-D)**	**(27,502)**	**(17,279)**
K	Non-current bank loans and borrowings	13,506	16,127
L	Bonds issued	441,383	442,034
M	Other non-current liabilities	21,910	32,583
N	**Non-current financial indebtedness (K+L+M)**	**476,799**	**490,743**
O	**Net financial indebtedness as per ESMA's recommendation (J+N)**	**449,297**	**473,464**

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

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

	(in thousands of Euros)	**December 31, 2018**	**March 31, 2019**
O	Net financial indebtedness as per ESMA's recommendation	449,297	473,464
P	Non-current financial assets	(273)	(361)
Q	Market warrants	4,338	4,261
R	**Total net financial indebtedness (O-P+Q)**	**453,362**	**477,364**

OTHER INFORMATION

(31) 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 March 31, 2019. It does 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 reporting period. The “Accounting policies” section provides information about the fair value hierarchy.

December 31, 2018		**Carrying amount**					**Fair value**			
Thousands of Euros	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Loans and receivables at amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Currency derivatives held for trading	-	146				**146**		146		**146**
		146	**-**	**-**	**-**	**146**	**-**	**146**	**-**	**146**
Financial assets not measured at fair value (*)										
Trade receivables	19			102,805		**102,805**				**-**
Financial assets				926		**926**		926		**926**
Cash and cash equivalents	18			47,795		**47,795**				**-**
		-	**-**	**151,526**	**-**	**151,526**	**-**	**926**	**-**	**926**
Financial liabilities measured at fair value										
Interest rate swaps used for hedging			(58)			**(58)**		(58)		**(58)**
Market warrants					(4,338)	**(4,338)**	(4,338)			**(4,338)**
Put option on non-controlling interests	24	(18,500)				**(18,500)**			(18,500)	**(18,500)**
		(18,500)	**(58)**	**-**	**(4,338)**	**(22,897)**	**(4,338)**	**(58)**	**(18,500)**	**(22,897)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	24				(8,184)	**(8,184)**		(8,184)		**(8,184)**
Secured bank loans	24				(19,186)	**(19,186)**		(19,489)		**(19,489)**
Unsecured bank loans	24				(461)	**(461)**		(461)		**(461)**
Secured bond issues	24				(445,320)	**(445,320)**		(463,777)		**(463,777)**
Finance lease liabilities	24				(6,095)	**(6,095)**				**-**
Trade payables	25				(71,331)	**(71,331)**		-		**-**
		-	**-**	**-**	**(550,576)**	**(550,576)**	**-**	**(491,911)**	**-**	**(491,911)**

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

March 31, 2019		**Carrying amount**					**Fair value**			
Thousands of Euros	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Loans and receivables at amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Aluminium derivatives used for trading		26				**26**		26		**26**
		26	**-**	**-**	**-**	**26**	**-**	**26**	**-**	**26**
Financial assets not measured at fair value (*)										
Trade receivables	19			105,124		**105,124**				**-**
Financial assets				560		**560**		560		**560**
Cash and cash equivalents	18			40,739		**40,739**				**-**
		-	**-**	**146,422**	**-**	**146,422**	**-**	**560**	**-**	**560**
Financial liabilities measured at fair value										
Interest rate swaps used for hedging			(31)			**(31)**		(31)		**(31)**
Market warrants					(4,261)	**(4,261)**	(4,261)			**(4,261)**
Currency derivatives held for trading		(292)				**(292)**		(292)		**(292)**
Put option on non-controlling interests	24	(17,452)				**(17,452)**			(17,452)	**(17,452)**
		(17,744)	**(31)**	**-**	**(4,261)**	**(22,036)**	**(4,261)**	**(323)**	**(17,452)**	**(22,036)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	24				(7,184)	**(7,184)**		(7,184)		**(7,184)**
Secured bank loans	24				(22,356)	**(22,356)**		(22,540)		**(22,540)**
Unsecured bank loans	24				(402)	**(402)**		(402)		**(402)**
Secured bond issues	24				(445,351)	**(445,351)**		(463,013)		**(463,013)**
Finance lease liabilities	24				(21,656)	**(21,656)**				
Trade payables	25				(76,191)	**(76,191)**		-		**-**
		-	**-**	**-**	**(573,141)**	**(573,141)**	**-**	**(493,139)**	**-**	**(493,139)**

(*) The group has not disclosed the fair values of some financial instruments such as cash and cash equivalents, trade receivables, financial assets, current trade payables and lease liabilities, 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 year 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 parent's performance:
— a rise in the market warrants' fair values could lead to an increase in the parent's liabilities and financial expense;
— a reduction in the market warrants' fair values could lead to a decrease in the parent's liabilities and an increase in financial income.
These financial income and liabilities 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, capitalised at the reporting date, net of the expected dividend yields, discounted to present value using a credit risk-adjusted discount rate. The expected payment is calculated considering the fair value of the subsidiary or its equity based on the relevant contractual agreements with non-controlling investors.	• Forecast 2019-2022 gross operating profit and expected cash flows of the period; • net financial position at the reporting date; • Capitalisation rate (risk free specific to the country in which the subsidiary operates), net of the expected dividend yield (based on the historical average of dividends paid by the subsidiary); • inflation data about Ukraine and the USA, used to calculate Ukraine's risk-free rates • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk • expected date of put option exercise	The estimated fair value would increase if: • the gross operating profit was higher • the net financial position was higher • the risk-free rate of the country increased • the expected dividend yield decreased • the inflation rate differential between Ukraine and the USA increased • the credit risk-adjusted discount rate was lower • the expected exercise date for the put option was earlier
Forward interest rate swaps, currency forwards and aluminium derivatives	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.

Even though secured bond issues are quoted on the OTC market like the Euro-MTF in Luxembourg, no relevant transactions were recorded during the year and so such financial instrument was classified as level 2.

Financial instruments not measured at fair value

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

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

Level 3 fair values at December 31, 2018 and at the reporting date are shown below.

Thousands of Euros	
Balance at December 31, 2018	18,500
(Profit)/ loss included in “(financial income) / financial expense” - Net change in fair value (unrealised)	(1,048)
Balance at March 31, 2019	**17,452**

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at March 31, 2019 to one of the significant unobservable inputs, while assuming other inputs remain constant, would have had the following effects:

Thousands of Euros	**Increase/(decrease) in unobservable inputs**	**Favourable/ (unfavourable) effect on the profit for the period**
Risk-adjusted discount rate	1%	444
	(1%)	(483)
Growth rate	1%	(1,155)
	(1%)	1,021
Expected date of put option exercise	+ 1 year	(457)
	- 1 year	454

(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,

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the group.
The proxy system ensures the risk management guidelines are implemented and regularly monitored.
The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.
More information is available in the 2018 Annual Report.

(32) Commitments and guarantees

The information disclosed in the consolidated financial statements at December 31, 2018 does not need to be updated as no significant changes have taken place in the reporting period.

(33) Related party transactions

For information about the procedures governing related party transactions, including with respect to that set out in article 2391-bis of the Italian Civil Code, reference should be made to the procedure adopted by the parent pursuant to the Regulation approved by Consob by resolution no. 17221 of March 12, 2010, as subsequently amended, posted on the "Investor Relations" section of the parent's website (www.gualaclosures.com).

Pursuant to Consob communication no. 6064293 of July 28, 2006, the following table summarises the financial impacts of trade and finance transactions carried out with third parties in the first three months of 2019:

- Space Holding S.r.l.: €12 thousand related to consultancy services provided in the three months as per the contract dated September 27, 2017 as subsequently amended;

Transactions with the key management personnel are set out below:

€'000	Costs recognised in the period									
	Fees for positions held	**Incentives**	**Remuneration for employment**	**Accrual for post-employment benefits and other supplementary pension funds**	**Non-cash benefits**	**Other benefits**	**Total**	**Accrual for post-employment benefits at March 31, 2019**	**Other liabilities at March 31, 2019**	**Cash flows for the period**
Total directors/key managers	47	799	562	5	1	70	**1,485**	85	850	634

Following the sale of pre-merger Guala Closures to Space4 S.p.A. and the simultaneous reorganisation of the Luxembourg companies, which previously controlled pre-merger Guala Closures, the Luxembourg company GCL Holdings S.C.A. is now wholly owned by the managers and their relatives and legally controlled by Marco Giovannini.
The transactions and relationships between this company and the group at March 31, 2019 are summarised below:

- it has four members on the board of directors of Guala Closures S.p.A., as well as two independent members who were appointed jointly with Space Holding S.p.A.;
- it has two standing members and a substitute member of the board of statutory auditors who were appointed on the indication of GCL Holdings S.C.A.;
- GCL Holdings S.C.A. holds 14.24% of the share capital of Guala Closures S.p.A. and it holds 24.28% of the voting rights as a result of the 4,322,438 B shares carrying multiple votes.
- The transactions with GCL Holdings S.C.A. took place on an arm's length basis.

Space Holding S.p.A. can also be considered a related party
The transactions and relationships between this company and the group at March 31, 2019 are summarised below:

- it has had two members (one of which independent) on the board of directors of Guala Closures S.p.A., as well as two independent members who were appointed jointly with GCL Holdings S.C.A.;
- it has one standing member and a substitute member of the board of statutory auditors who were appointed on the indication of Space Holding S.p.A.;
- Space Holding holds 4.70% of the share capital of Guala Closures S.p.A. and it holds 3.14% of the voting rights, partly as a result of the 805,675 C shares with no voting rights.
- Transactions with Space Holding S.p.A. took place on an arm's length basis.

Peninsula Capital II sarl (as general partner of Peninsula Investments II S.C.A., which controls PII G S.à r.l.) can be considered a related party.
The transactions and relationships between this company and the group at March 31, 2019 are summarised below:

- it has one member on the board of directors of Guala Closures S.p.A.;
- Peninsula holds 10.66% of the share capital of Guala Closures S.p.A. and it holds 8.82% of the voting rights.
- Transactions with Peninsula took place on an arm's length basis.

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 17) "Employee benefits" to the consolidated financial statemetns at December 31, 2018 for additional information.

Some Guala Closures S.p.A. managers also hold GCL Holdings S.C.A. shares (see the prospectus).

With respect to the new policy applicable to related party transactions, reference should be made to the Investor Relations section of the parent's website www.gualaclosures.com.

There are no significant transactions with other related parties in addition to those indicated in these notes.

The parent is not managed or coordinated by another party pursuant to article 2497-bis of the Italian Civil Code.

(34) Events after the reporting period

- **Reorganisation of the PET sector**

  On April 16, 2019, the board of directors of Guala Closures Iberica (a Spanish company) resolved to sell its PET division business unit as part of the reorganisation of the PET segment. The plan is to sell part of the business unit to a non-group company active in this sector and another part to the group company United Closures and Plastics (UCP), also active in this sector) Up until the group's acquisition of UCP in December 2018, its activities in the PET segment were only performed by Guala Closures Iberica. After this acquisition and as part of the reorganisation, just UCP will be active in the segment.

- **Approval of the remuneration report**

On April 30, 2019, the shareholders approved the remuneration report in accordance with article 123-ter.6 of Legislative decree no. 58/98.

On behalf of the Board of Directors
Chairman and CEO
Marco Giovannini
(signed on the original)

15 May 2019

Annexes to the condensed interim consolidated financial statements

Annex
Statement of the Manager in charge of financial reporting pursuant to article 154-bis.2 of Legislative Decree no. 58/1998 (the "Consolidated Finance Act")

ANNEX

STATEMENT OF THE MANAGER IN CHARGE OF FINANCIAL REPORTING PURSUANT TO ARTICLE 154-BIS.2 OF LEGISLATIVE DECREE NO. 58/1998 (THE "CONSOLIDATED FINANCE ACT")

Pursuant to article 154-bis.2 of the Consolidated Finance Act, the manager in charge of financial reporting, Anibal Diaz Diaz, states that the financial information in this interim financial report at March 31, 2019 complies with the accounting records, ledgers and entries.

May 15, 2019

Anibal Diaz Diaz

Manager in charge of financial reporting
(signed on the original)