JUNE 30, 2019

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

INTERIM FINANCIAL REPORT
AT JUNE 30, 2019

Guala Closures Group

Registered and administrative office:
Via Rana, 12 - zona industriale D/6 - 15122 Spinetta Marengo - Alessandria

Subscribed and fully paid-in share capital €68,906,646
Tax code and Company registration no. 10038620968

COMPANY OFFICERS

BOARD OF DIRECTORS

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

RISK AND CONTROL COMMITTEE

Chairman	Francesco Caio
Independent director	Lucrezia Reichlin
Director	Nicola Colavito

REMUNERATION COMMITTEE

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

BOARD OF STATUTORY AUDITORS

Chairwoman	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.

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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 whose leadership is based on continuous product and process innovation carried out in its 5 different research and development centers, two of which are dedicated to finding original and revolutionary solutions in products and processes and 3 oriented to the development of products in different macros - geographical areas.

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 2018 corporate reorganisation

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).

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

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 in 2018 and 2019 easier.
Specifically, with respect to the comparative figures for the first half of 2018, until July 31, 2018, the consolidation scope only included Space4 S.p.A. (a non-operating vehicle), while, as of August 1, 2018, following the above-mentioned acquisition, the consolidation scope has included both Space4 S.p.A. and pre-merger Guala Closures Group.
Accordingly and to facilitate a comparison of the performance of operations, the pro forma figures for the first half of 2018, which include pre-merger Guala Closures Group (prior to the business combination) and Space4 in the consolidation scope, have been calculated.
For information about the calculation of the pro forma 2018 figures, reference should be made to annex A) to the Directors' report.

The purchase price allocation (PPA) procedure

Following the above-mentioned reorganisation and in accordance with IFRS 3, the group recognised and measured the identifiable assets acquired and liabilities assumed, the non-controlling interests and the goodwill acquired as part of the business combination in its consolidated financial statements.
These condensed interim consolidated financial statements show the first effects of the PPA procedure, which was completed within a year from the acquisition date as required by IFRS 3.
Consequently, the 2018 comparative figures and those for the first half of 2019 reflect these effects as of the date of the business combination (July 31, 2018).
Following the group's careful allocation procedure, part of the provisionally-recognised goodwill was allocated to the following identified assets:

- the Guala Closures trademark;
- the commercial relationships with customers;
- patents;
- plant and machinery;
- and inventories.

Therefore, these condensed interim consolidated financial statements include significant assets with a finite useful life, instead of the provisionally-recognised assets with an indefinite useful life (goodwill) included in the previous consolidated financial statements and the related deferred tax effects.
Following the recognition of assets with a finite useful life, amortisation and depreciation in the group's statement of profit or loss and other comprehensive income for the six months ended June 30, 2019 increased compared to the pro forma comparative figures for the first half of 2018 and the related deferred tax liabilities were released.
Since the business combination took place on July 31, 2018, the pro forma comparative figures of the group's statement of profit or loss and other comprehensive income for the six months ended June 30, 2018 included in this directors' report are not affected by the PPA procedure. Conversely, those of the group's statement of financial position as at December 31, 2018 reflect the effects of the PPA procedure for the period from July 31 to December 31, 2018.
Finally, these condensed interim consolidated financial statements show the remeasurement of the equity attributable to non-controlling interests to account for the proportional amounts arising from the group's PPA procedure.

Alternative performance indicators

In addition to the financial performance indicators required by IFRS, this directors' report includes some alternative performance indicators (EBITDA, adjusted EBITDA, adjusted EBIT, net financial indebtedness and revenue and adjusted EBITDA for the six months of 2019 at constant exchange rates) which, although not required by IFRS, are based on IFRS values. Indeed, management monitors these performance indicators on a consolidated basis and considers them significant for the purposes of understanding the group's performance of operations (the "Alternative performance indicators" section of this report on page 38 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 Guala Closures S.p.A. 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 June 30, 2019

The group structure at December 31, 2018

The group structure at June 30, 2018

Key figures

€ / million	PROFORMA[2] H1 2018	H1 2019 Constant exchange rates	H1 2019 Spot exchange rates	PROFORMA[2] 2Q 2018	2Q 2019 Constant exchange rates	2Q 2019 Spot exchange rates
Revenue	259	295	291	136	151	149
Growth %		*14.1%*	*12.5%*		*11.1%*	*9.7%*
Adjusted gross operating profit (Adjusted EBITDA)	47	50	50	26	28	28
Growth %		*7.8%*	*7.8%*		*4.4%*	*4.8%*
Adjusted EBITDA margin	*18.1%*	*17.1%*	*17.3%*	*19.4%*	*18.3%*	*18.6%*
Profit (loss)	0	(4)	(3)	2	0	0
Change in net financial indebtedness of the period	(28)	(10)		(6)	(1)	

	December 31, 2018[3]	June 30, 2019
Net financial indebtedness[1]	460	486

Employees	4,727
Plants	29 plants and 3 sales offices in 22 countries on 5 continents
Patents and utility models	more than 140

Notes:

(1) *Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as 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.*

(3) *The comparative figures at December 31, 2018 were restated to reflect the effects of the business combination which took place on July 31, 2018. The changes are shown in the Annex C) of this Directors' report.*

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 period and strategies

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.
The group's management has a clear growth vision which envisages:

- ongoing revenue growth through entry into emerging markets promoting especially safety closures and the value added of safety and luxury closures;
- the optimisation of production processes and the supply chain by sharing best practices within the group in order to improve the profitability of the group's production facilities;
- continued optimisation of production processes and the supply chain by sharing best practices within the group to improve the profitability of its production facilities;
- 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.

In the first half of 2019, sales revenue and adjusted EBITDA rose by +14.1% and +7.8% respectively, at constant exchange rates, confirming the success of management's strategies.
The organic growth of sales revenue and adjusted EBITDA at constant exchange rates and on a like-for-like basis, i.e., excluding Guala Closures UCP, which entered the consolidation scope only at the end of December 2018, reflects an increase in sales and adjusted EBITDA of +5.2% and +4.5%, respectively. Guala Closures UCP recorded encouraging results for the six months confirming management's expectations about its positive contribution to the group.
At June 30, 2019, net financial indebtedness amounted to €486 million, up by €26 million on the balance at December 31, 2018, mainly as a consequence of the lease liabilities recognised in accordance with IFRS 16 (+€14.0 million) and the ordinary seasonal effect of the net operating working capital which increases in the first half of the year in view of the rapid rise in sales at the start of the second half of the year. Net cash flows from operating activities for the first half of 2019 rose significantly on the same period of the previous year thanks to the policies adopted by management to optimise operating working capital which are starting to pay off in terms of improved net financial indebtedness.

Guala Closures East Africa, incorporated on November 8, 2018 to set up a production facility in Kenya, started production in February 2019 and made its first sales in March 2019, pursuing its growth in line with corporate plans.
During the second quarter of 2019, Guala Closures Group launched the reorganisation of the PET division, the activities of which were only performed by Guala Closures Iberica up until the acquisition of the British UCP on December 12, 2018. After acquiring UCP, the group decided to reorganise the division by transferring part of the activities carried out by Guala Closures Iberica to a non-group sector operator and to assign the remaining ones to UCP. The results of operations for the first six months of the year reflect the costs of this reorganisation undertaken to benefit from the sale of a non-strategic business to a third party, generating a gain which will be recognised in profit or loss in the next six months, and to concentrate production in a single group facility, thereby generating economies of scale. The positive contribution to the group's profit margin is expected from 2020.
The amalgamation of Guala Closures UCP into the group continued and several streamlining and optimisation projects of the industrial activities and the supply chain are underway in order to improve the integration between Guala Closures UCP and Guala Closures UK which is already active in the country.
In France, the group's reorganisation continued. The new facility is expected to begin operations already in September with the receipt of machinery for the production of small batches of closures for the wine sector with very short lead times to meet market requirements.

Technological innovation: smart NCF closures

The innovation of its closures and its products in general has been one of the main reasons behind Guala Closures Group's growth, success and leading position since the beginning and remains one of the strategic drivers of its future development.
Thanks to the advances in new technologies by the R&D unit which was set up in Luxembourg in 2017, in 2019, the group developed and launched a range of smart closures for wine and spirits, including e-WAK®, the first aluminium smart closure for wine integrating the NFC technology.
Thanks to this smart technology, each bottle is "connected": compatible smartphones can read the chip located on the top of the cap without downloading any specific app, providing consumers with the certification of authenticity and unlocking all information about the product, involving them in a direct and loyal relationship with the brand. In the future, this technology will be extended also to the oil sector and the pharmaceutical and cosmetic sectors.
Guala Closures Group's range of smart closures with NFC technology has several advantages, including:
- for brand owners, the improved knowledge of its consumers offered by the marketing data shared by them will result in more targeted and efficient communication and promotion strategies and policies. Furthermore, the registration through infinite unique identification codes will facilitate traceability from the bottling to the sales, improving distribution logistics.
- for end consumers, the bottle certification and its relationship with the brand. Indeed, by scanning the NFC through their smartphones, consumers will be able to connect to wineries and obtain information about the wine, the territory, the variety of grape used for its production, the best moment to drink it and tips for food pairing, remaining constantly updated on their product preferences.

In May 2019, Guala Closures' e-WAK® received the Alufoil Trophy for excellence. This is the most important competition for innovation and technological advances in aluminium packaging. The closure impressed the jury in all the relevant categories as it was perceived as a possible breakthrough for wineries and their marketing and consumer-involvement strategies.
From the beginning of the year to date, Guala Closures Group participated as a partner/supplier in the launch of two new connected closures products with NFC technology:
- in June 2019, the Pernod Ricard Group reached an agreement with Guala Closures to promote The Malibu Games 2019. 300 thousand bottles of Malibu with connected closures have been rolled out for the first time in the US. The new Malibu limited-edition connected bottles will be introduced in the states of Ohio and Texas. The connected closures will give consumers access to value-added extras including cocktail recipes and sweepstake competitions by just scanning the bottle's cap with their smartphone
- in August 2019, Californian wine brand Böen, which is part of Copper Cane Wines & Provisions by Joseph Wagner, partnered with Guala Closures to adopt the NFC/e-WAK® technology. Since 1 August, the connected bottles have been released across the United States, offering consumers the chance to be transported to the Böen farmhouse and learn about how their wine was made, discover food pairings, and share their own experiences with Böen using the platform and via social media.

Investments of the period
The group continued its investment policy investing approximately €15 million in the first half of 2019 compared to roughly €17 million in the same period of the previous year.
Capital expenditure mainly involved plant and machinery in all five continents where the group is present to a greater or lesser degree. More than 70% of its investments were made in Europe and specifically Italy, Ukraine, Poland, United Kingdom, Luxembourg and Bulgaria. Most of the remainder was earmarked for Asia and Latin and North America and, in particular, India, Mexico and Chile.
In Africa, in February 2019, Guala Closures East Africa started production in its Kenya-based facility 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, in Australia and New Zealand, only small investments of immaterial amounts were made for maintenance.

Significant events of the period

The main events which affected the 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

In 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.
Following the investment in the Chambray facility, the French company plans to transfer the assets (machinery and some employees) from the Saint Remy Sur Avre production facility to the Chambray facility or other group companies. As a result, the Saint Remy Sur Avre facility will be closed down.
Following the notice of termination of the lease of the Saint Remy Sur Avre facility, originally planned for the end of July, the transfer procedure was modified due to some customers' requests leading to its postponement by one year. In this respect, meetings are being held with the employees to explain the need to transfer the French company's operations, except for a small part of them for approximately one year, in order to meet the requirements of customers and distributors, that are unable to independently support the taxation of closures. Although the French company had cancelled the lease, it asked the lessor if it could continue to lease a smaller space, and pay a smaller amount, so as to be able to continue its operations at the facility for roughly another year. Approximately 11 employees will remain at the facility.
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

The premises' lessor has informed Beijing Guala Closures that it intends to terminate the lease early, on December 31, 2019.
The subsidiary formally challenged the notice since the current lease expires in February 2022 and the lessor had contractually guaranteed that the intended zoning of the area would not have changed throughout the lease term.
Given this situation and the lack of additional formal notices, discussions are currently underway with the owners in order to agree the date on which the company has to leave the leased premises, or, alternatively, the compensation criteria applicable as a result of the early termination of the lease.
These condensed interim consolidated financial statements include an impairment loss on the part of property, plant and equipment that the group does not expect to recover should production cease at the current site, considering its ability to use the production lines if transferred to another production facility and/or other group companies.

Streamlining of the PET division

In order to streamline the PET division, on April 16, 2019, the board of directors of Guala Closures Iberica (a Spanish company) resolved to sell the PET division business unit. The plan is to sell part of the business unit (the related contract has already been formalised) to a non-group company active in this sector and another part to Guala Closures UCP, also active in this sector. Prior to the group's acquisition of UCP (in December 2018), the group operated in the PET sector solely through Guala Closures Iberica. After acquiring UCP, with a view to streamlining the business, only Guala Closures UCP will operate in this sector.
Guala Closures Iberica's operations were transferred to Guala Closures UCP in June. In July, the latter company began installing and integrating the received machinery in its facility. In the same month, the business sold to third parties was transferred and its sale was completed with the group recognising a gain in the second half of 2019 on an accruals basis. Finally, at the end of July, the Guala Closures Iberica's PET facility in Alcalà De Henares (Madrid) was definitively closed.

Payment of the contingent 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 contingent consideration, as originally set out in the 2017 acquisition contract, to its former owners.
In April 2019, Guala Closures India merged into Axiom Propack, which it wholly owned. 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 facility

In relation to the fatal accident that took place on January 30, 2017 at the Magenta facility (Milan), the company operated effectively to ensure that compensation was paid in full to the heirs of the deceased employee. Compensation was fully paid in July 2018; 80% of it 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 S.p.A.'s 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 related possible outcome should not significantly differ from the amount already accrued to the provision for risks in prior years.

Approval of the remuneration report and the long-term incentive plan

In their meeting of April 30, 2019, the shareholders approved the remuneration report pursuant to article 123-ter.6 of Legislative decree no. 58/98 and, on May 15, 2019, the parent's board of directors approved the long-term incentive plan for key managers.

Change of company name

On May 23, 2019, United Closures and Plastics Ltd (UCP) changed its name to Guala Closures UCP Ltd.

Legal action brought by Geo-Tag LLC

Geo-Tag LLC, with registered office in Waynesville, Ohio, summonsed Guala Closures S.p.A. and Guala Closures North America, stating that the e-wak closure allegedly infringes one of its patents and that the defendants allegedly violated the principles of fair competition.
Consequently, the parent analysed the claims both internally and through its German and US patent agents.
Based on the analysis, all experts agreed that Guala Closures' product does not infringe on the Geo-Tag patent. Indeed, the latter consists of a system that tracks the internal temperature of the bottle using a battery-powered integrated device, while Guala Closures' product has none of these features as it is based on the so-called Near-Field Communication (NFC) technology.
The US patent agent hired by Guala Closures contacted the claimant's lawyers in order to illustrate the absence of any infringement. This clarification was also necessary since the legal action brought by the claimant is based on mere assumptions rather than on an analysis of Guala Closures' product.
Based on the above contacts, the lawyers agreed to postpone the date for the defendants to state their intention to defend the case to September 30, 2019. By this date, it is hoped that an agreement will be reached with Geo-Tag whereby it will relinquish its right to pursue futher legal action.

Results of operations

<u>Analysis of the results of operations</u>

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

	H1 2018 Pro forma		H1 2019	
	Thousands of Euros	*% of net revenue*	Thousands of Euros	*% of net revenue*
Net revenue	**258,715**	***100.0%***	**291,056**	***100.0%***
Change in finished goods and semi-finished products	11,909	*4.6%*	12,797	*4.4%*
Other operating income	1,763	*0.7%*	1,844	*0.6%*
Internal work capitalised	2,905	*1.1%*	2,325	*0.8%*
Costs for raw materials	(124,235)	*(48.0%)*	(135,972)	*(46.7%)*
Costs for services	(52,575)	*(20.3%)*	(56,720)	*(19.5%)*
Personnel expense	(50,870)	*(19.7%)*	(62,177)	*(21.4%)*
Other operating expense	(6,239)	*(2.4%)*	(6,177)	*(2.1%)*
Impairment losses	(306)	*(0.1%)*	(1,009)	*(0.3%)*
Gross operating profit (EBITDA)	**41,066**	***15.9%***	**45,968**	***15.8%***
Amortisation and depreciation	(15,941)	*(6.2%)*	(31,405)	*(10.8%)*
Operating profit (EBIT)	**25,126**	***9.7%***	**14,562**	***5.0%***
Financial income	7,531	*2.9%*	5,263	*1.8%*
Financial expense	(25,338)	*(9.8%)*	(18,573)	*(6.4%)*
Net financial expense	**(17,807)**	***(6.9%)***	**(13,309)**	***(4.6%)***
Profit before taxation	**7,319**	***2.8%***	**1,253**	***0.4%***
Income tax expense	(7,086)	*(2.7%)*	(4,415)	*(1.5%)*
Profit (loss) for the period	**233**	***0.1%***	**(3,162)**	***(1.1%)***
Loss for the period attributable to the owners of the parent	(3,355)	*(1.3%)*	(6,083)	*(2.1%)*
Profit for the period attributable to non-controlling interests	3,588	*1.4%*	2,921	*1.0%*
Adjusted EBITDA	**46,728**	***18.1%***	**50,390**	***17.3%***

Notes:

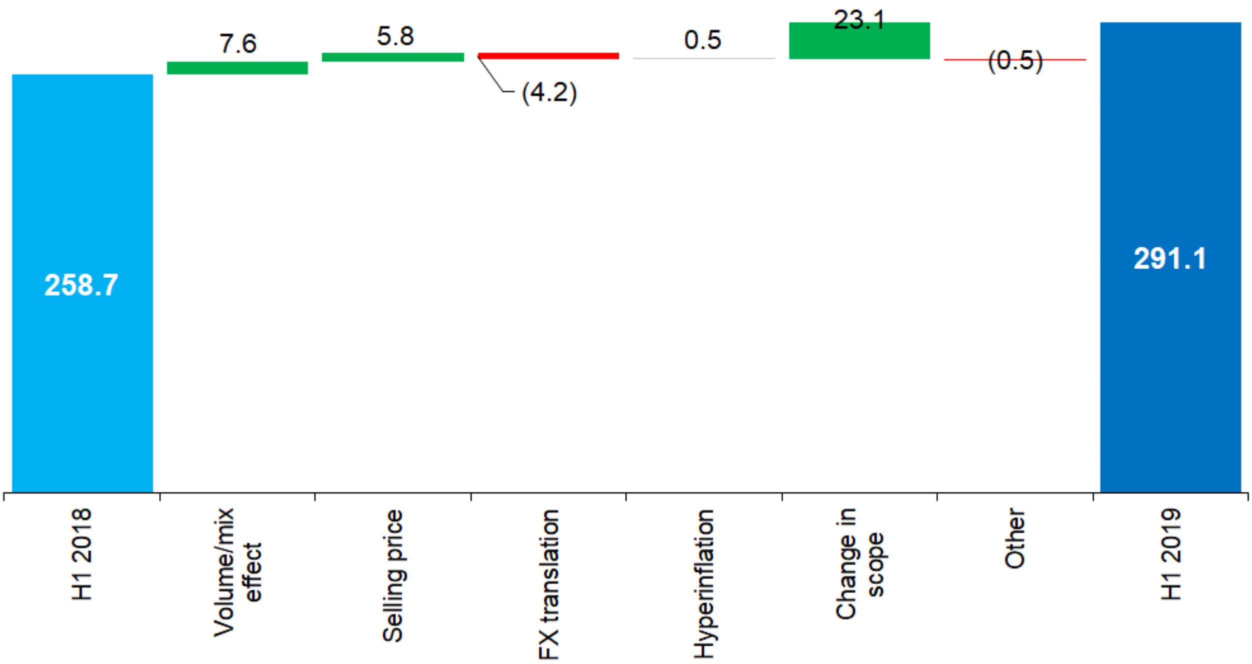
- *Adjusted EBITDA has been calculated based on the definition in the alternative performance indicators section of this report.*
- *The amounts for the first six months of 2019 include the effect of the consolidation of Guala Closures UCP (formerly United Closures and Plastics) which was acquired on December 12, 2018 and the effects of the PPA procedure which led to the recognition of greater amortisation and depreciation of approximately €10 million and the release of the related deferred taxes of roughly €3 million.*

  The comparative analysis between the figures for the first six 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 first six months ended June 30, 2019, consolidated net revenue was €291.1 million, up €32.3 million or +12.5% on the first six months ended June 30, 2018, despite the negative translation impact (€4.2 million, -1.6%) following the Euro's appreciation against the main currencies in which the group operates.
At constant exchange rates, net revenue rose by €36.6 million (+14.1%) on the first six months of 2018. The increase is mainly due to the larger sales volumes/mix in Mexico, the United Kingdom and Poland (€7.6 million or +2.9%), due to the further success of safety closures, the changeover from cork to aluminium closures for wine bottles, the increase in sales prices (€5.8 million or +2.3%) and the consolidation of Guala Closures UCP (formerly United Closures and Plastics) following the acquisition of December 12, 2018 (€23.1 million or +8.9%).

The graph below shows the difference between the net revenue for the first six 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 effect. 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 effect is generated by the sales in the first six months of 2019 invoiced in a currency other than the local reporting currency recalculated based on the exchange rates for the first six 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.

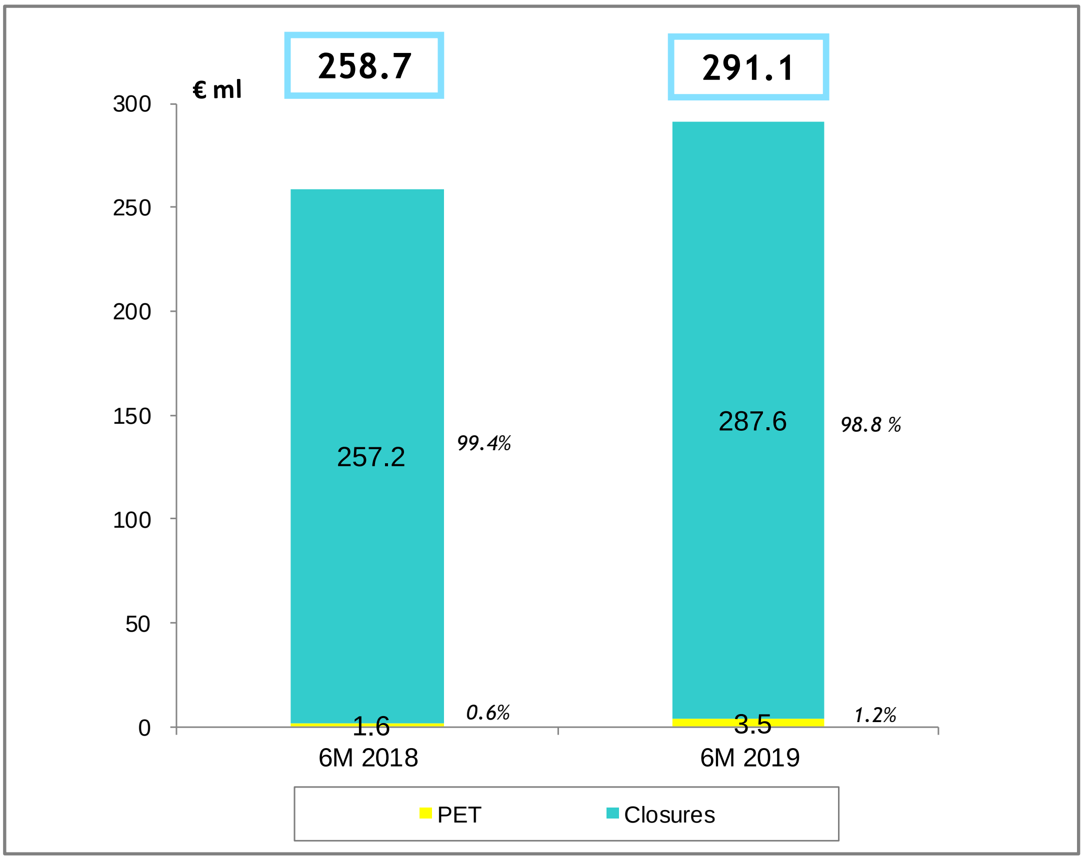
The "Hyperinflation" effect refers to the Argentine peso's revaluation after application of IAS 29.

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.

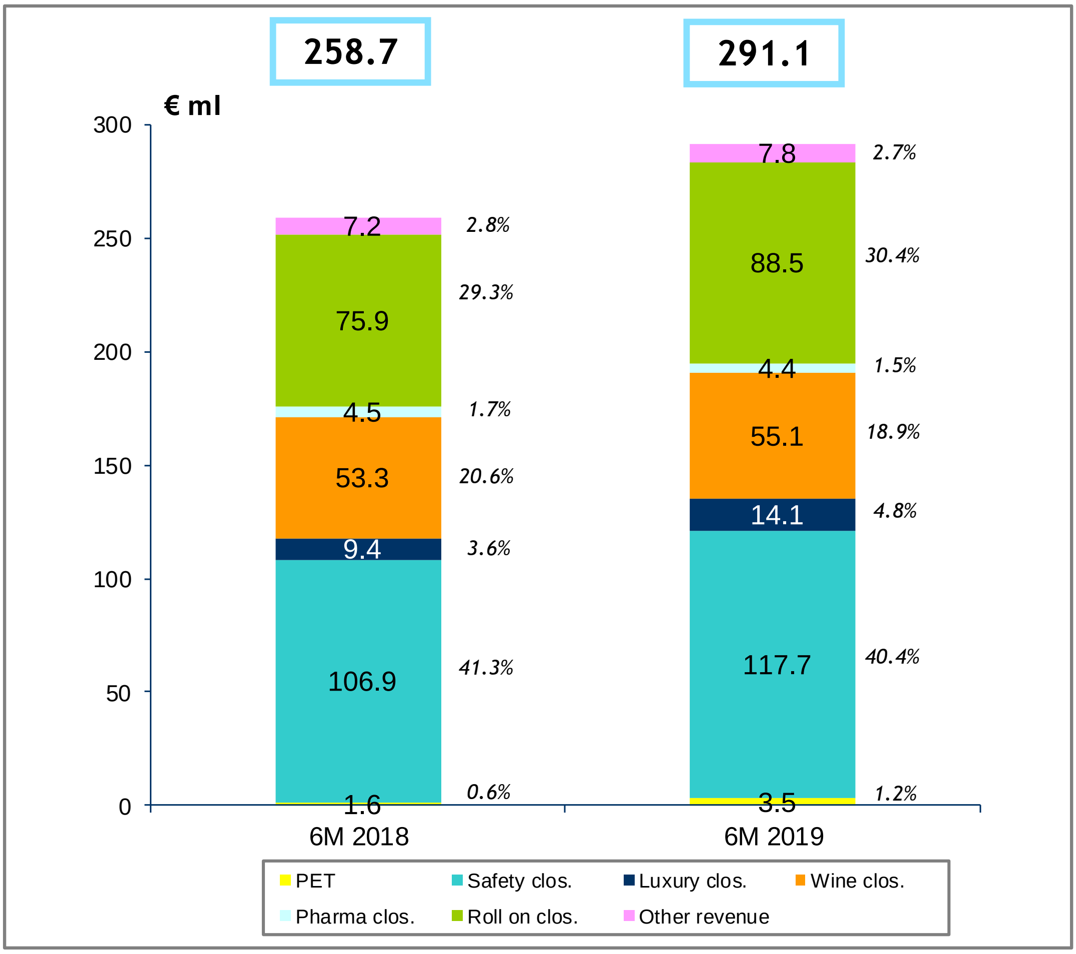
The Closures division's net revenue increased by €30.4 million from €257.2 million in the first six months of 2018 to €287.6 million in the first six months of 2019.

The "PET" division, active in the production of PET bottles and miniatures, is no longer considered a core business for the group.
During the second quarter of 2019, Guala Closures Group launched the reorganisation of the PET division, the activities of which were only performed by Guala Closures Iberica up until the acquisition of the British UCP on December 12, 2018. The increase in the PET division's revenue over 2018 is mainly due to the change in scope. After acquiring UCP, the group decided to reorganise the division by transferring part of the plant and machinery carried out by Guala Closures Iberica to a non-group sector operator and to assign the remaining ones to UCP. The results of operations for the first six months of the year reflect the costs of this reorganisation undertaken to benefit from the sale of a non-strategic business to a third party, generating a gain which will be recognised in profit or loss in the next six months, and to concentrate production in a single group facility, thereby generating economies of scale. The positive contribution to the group's profit margin is expected from 2020.

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 €10.8 million, from €106.9 million in the first six months of 2018, or 41.3% of net revenue, to €117.7 million in the reporting period, or 40.4%, despite the negative translation impact (€1.1 million). At constant exchange rates, net revenue rose by €11.9 million or +11.1% on the corresponding period of 2018 due to the growth recorded by the tequila market in Mexico and the increase in the UK following the contribution of the newly-consolidated Guala Closures UCP.

Luxury closures revenue increased by €4.7 million from €9.4 million in the first six months of 2018, or 3.6% of net revenue, to €14.1 million in the first six months of 2019 (or 4.8%), including the positive translation impact (€0.5 million). At constant exchange rates, net revenue was up €4.2 million or +44.7% on the first six months of 2018, mainly as a result of recent investments made in the UK and Mexico in order to support this segment.

Wine closures revenue increased by €1.9 million from €53.3 million in the first six months of 2018, or 20.6% of net revenue, to €55.1 million in the first six months of 2019, or 18.9%, despite the negative translation impact (€1.9 million). At constant exchange rates, net revenue was up €3.8 million or +7.2% on the first six months of 2018.

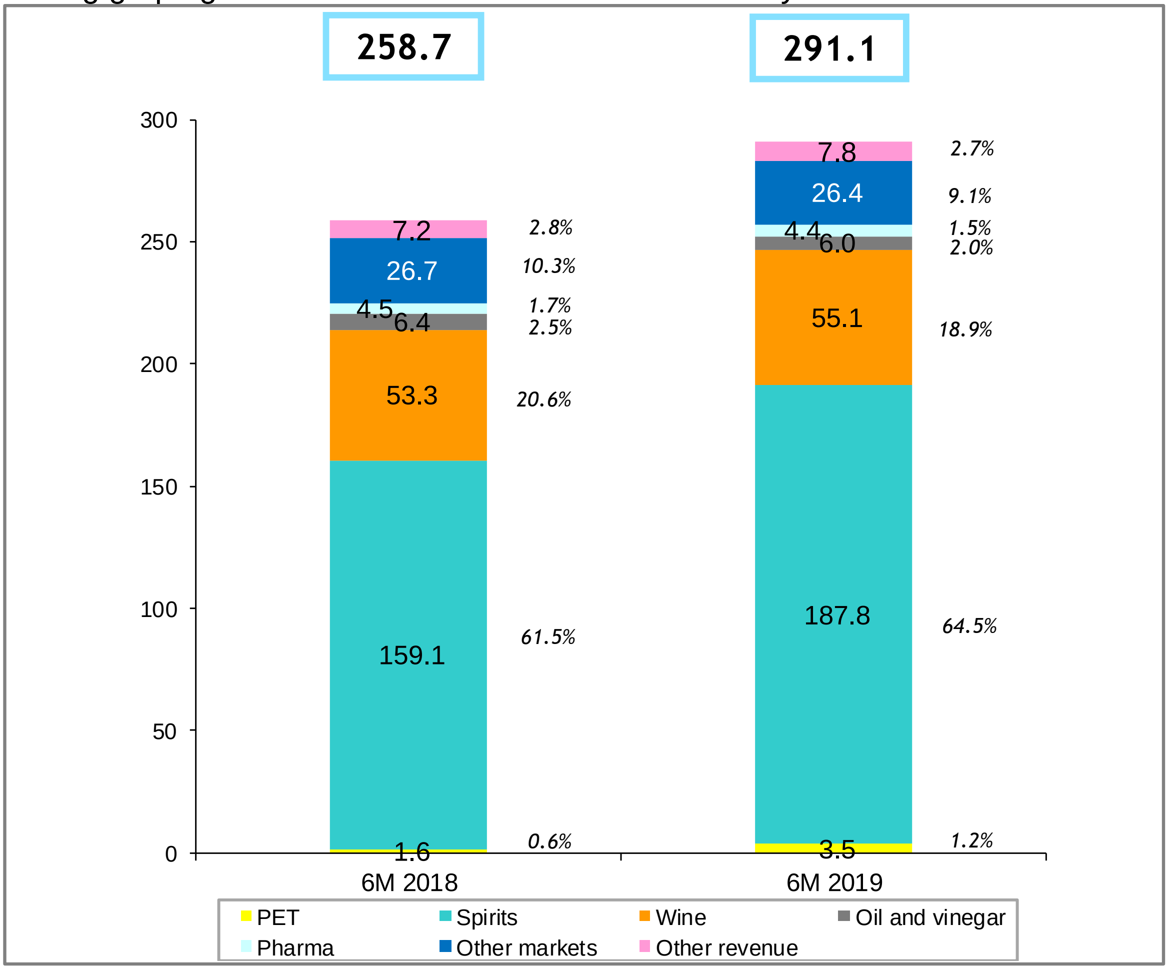
Pharma closures revenue decreased by €0.1 million from €4.5 million in the first six months of 2018, or 1.7% of net revenue, to €4.4 million in the first six months of 2019, or 1.5%.

Roll-on closures revenue increased by €12.6 million from €75.9 million in the first six months of 2018, or 29.3% of net revenue, to €88.5 million in the first six months of 2019 (or 30.4%), despite the negative translation impact (€1.1 million). At constant exchange rates, net revenue was up €13.7 million or +18.1% on the first six months of 2018, mainly due to the consolidation of Guala Closures UCP (€8.6 million) and the increases in the water segment in Italy.

Other revenue increased by €0.6 million from €7.2 million in the first six months of 2018, or 2.8% of net revenue, to €7.8 million in the first sixmonths of 2019 (or 2.7%).

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 64.5% of net revenue in the first six months of 2019.

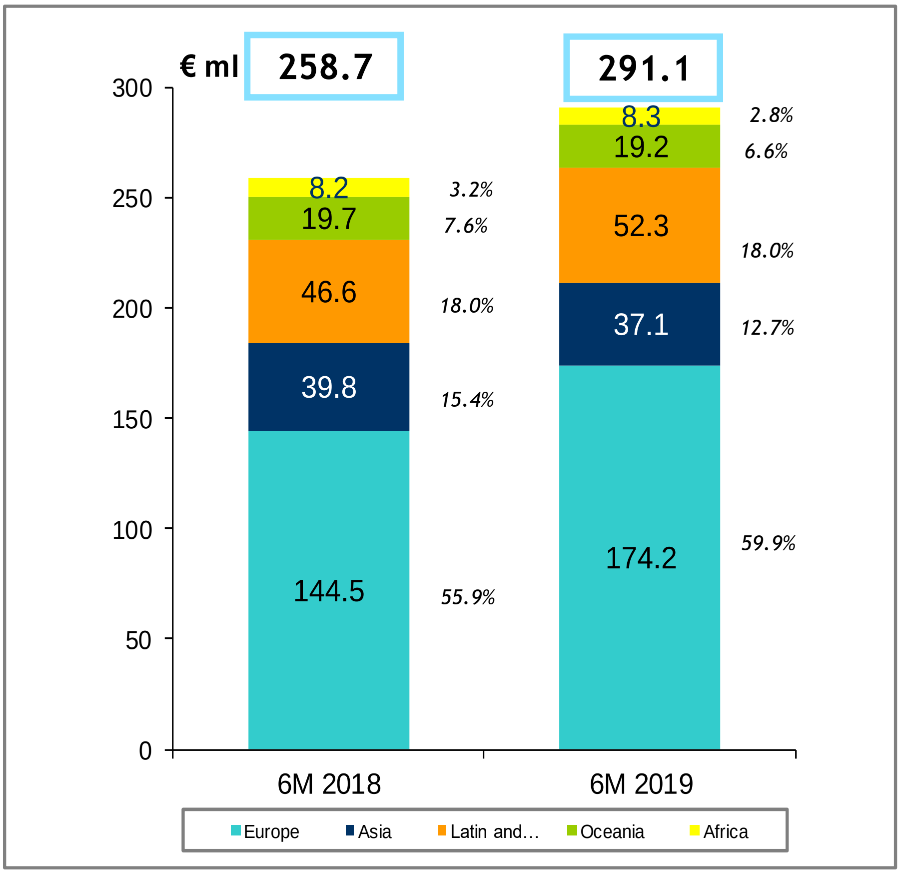
Net revenue related to the spirits market increased from €159.1 million in the first six months of 2018 to €187.8 million in the first six months of 2019, despite the negative translation impact (€1.9 million). At constant exchange rates, the net revenue of this segment increased by €30.6 million (+19.2%) compared to the first six 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 18.9% of net revenue in the first six months of 2019.
Wine closures revenue increased by €1.9 million from €53.3 million in the first six months of 2018, or 20.6% of net revenue, to €55.1 million in the first six months of 2019, despite the negative translation impact (€1.9 million). At constant exchange rates, net revenue was up €3.8 million or +7.2% on the first six 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: Management accounts

<u>Net revenue from operations in Europe</u> increased by €29.7 million from €144.5 million in the first six months of 2018, or 55.9% of net revenue, to €174.2 million in the first six months of 2019, or 59.9%, including the positive translation impact of €0.8 million.

The increase in this area is mainly due to the consolidation of Guala Closures UCP (change in consolidation scope of €23.1 million) and the growth achieved in the United Kingdom and Poland.
In the UK, in addition to the effect of the acquisition, the group's sales increased as a result of the organic growth of the luxury segment thanks to the ground gained by the new closure launched in 2018 which paved the group's entry into the single malt whisky market and benefited from the growth in the wine market.

<u>Net revenue from operations in Asia</u> decreased from €39.8 million in the first six months of 2018, or 15.4% of net revenue, to €37.1 million in the first six months of 2019 or 12.7%. The decrease is due to the poor results recorded in China and by the Indian subsidiary as a consequence of the contraction of the domestic market and the start-up of operations by the Kenyan company to which part of the business was transferred.

Net revenue from operations in Latin and North America increased by €5.7 million from €46.6 million in the first six months of 2018 to €52.3 million in the first six months of 2019 (or 18.0% of net revenue, unchanged from the same period of the previous year), despite the negative translation impact of €4.3 million. At constant exchange rates, the net revenue of this segment increased by €10.1 million or +21.6% on the first six months of 2018, benefiting from the effect of the €0.5 million revaluation due to the hyperinflation in Argentina.
This segment's development is mainly due to the significant increase of the safety closures in the Mexican tequila market.

Net revenue from operations in Oceania decreased by €0.5 million from €19.7 million in the first six months of 2018 or 7.6% of net revenue to €19.2 million in the first six months of 2019 or 6.6%. In this area, after the weakness of the market recorded in the first quarter, in which grape harvests impacted by unfavourable weather conditions enhance the trend of bulk wine sales to Europe, in the second quarter revenues substantially stabilized.

Net revenue from operations in Africa increased by €0.1 million from €8.2 million in the first six months of 2018 or 3.2% of net revenue to €8.3 million in the first six months of 2019 or 2.8% of net revenue, despite the negative translation impact of €0.6 million. The increase is mainly due to the launch of its operations by the Kenyan subsidiary.

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

Other operating income

Other operating income is substantially unchanged at €1.8 million (approximately 0.6% of net revenue).

Internal work capitalised

This caption decreased by €0.6 million from €2.9 million in the first six months of 2018, or 1.1% of net revenue, to €2.3 million in the first six months of 2019 (0.8%).
This income comprises capitalised development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

These costs rose by €11.8 million from €124.2 million in the first six months of 2018 (48.0% of net revenue) to €136.0 million in the first six months of 2019 (46.7%) mainly due to the effect of the change in the consolidation scope, which includes Guala Closures UCP in the reporting period (+€8.7 million).

Costs for services

Costs for services rose by €4.1 million from €52.6 million in the first six months of 2018 (20.3% of net revenue) to €56.7 million in the first six months of 2019 (19.5%) mainly due to the effect of the change in the consolidation scope which includes Guala Closures UCP in the reporting period (+€3.9 million).
As a percentage of net revenue, this caption increased from 18.7% in the first six months of 2018 to 19.3% in the first six months of 2019, excluding the effect of the non-recurring costs.
This caption includes €32 thousand in the first six months of 2019 (€1,017 thousand in the first six months of 2018) related to the consulting services provided by Space Holding S.r.l. from January 1, 2019 to June 30, 2019, as per the contract dated September 27, 2017 as subsequently amended.

Personnel expense

Personnel expense increased by €11.3 million from €50.9 million in the first six months of 2018, or 19.7% of net revenue, to €62.2 million in the first six months of 2019 (21.4%), due mainly to the change in the consolidation scope, which includes Guala Closures UCP in the reporting period (+€6.7 million) thanks to the overall rise in the resources used by the group, specifically in Mexico, where the new facility for the production of wooden closures began operations in 2018 and the effect of the accrual for the long-term incentive plan (€1.2 million).

Other operating expense

Other operating expense is substantially unchanged at €6.2 million (2.4% of net revenue in the first six months of 2018 compared to 2.1% in the first six months of 2019).
Both periods include non-recurring costs. In 2018, they were mostly due to the accrual to Guala Closures UK's restructuring fund (€0.7 million), while in 2019, the accrual was to the restructuring fund of Guala Closures Iberica (€1.5 million), Guala Closures France (€0.8 million) and Guala Closures UCP (€0.1 million) as described in the "Events of the period and strategies".
Conversely, in the first six months of 2019, the lease liabilities (€2.5 million) decreased following the application of IFRS 16.

Impairment losses

Impairment losses increased by €0.7 million, from €0.3 million in the first six months of 2018 (0.1% of net revenue) to €1.0 million in the first six months of 2019 (0.3%), 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) related to the notice of the potential early termination of the lease of the building from where the Chinese subsidiary operates (see the "Events of the period and strategies" section for more information on both ongoing reorganisations).

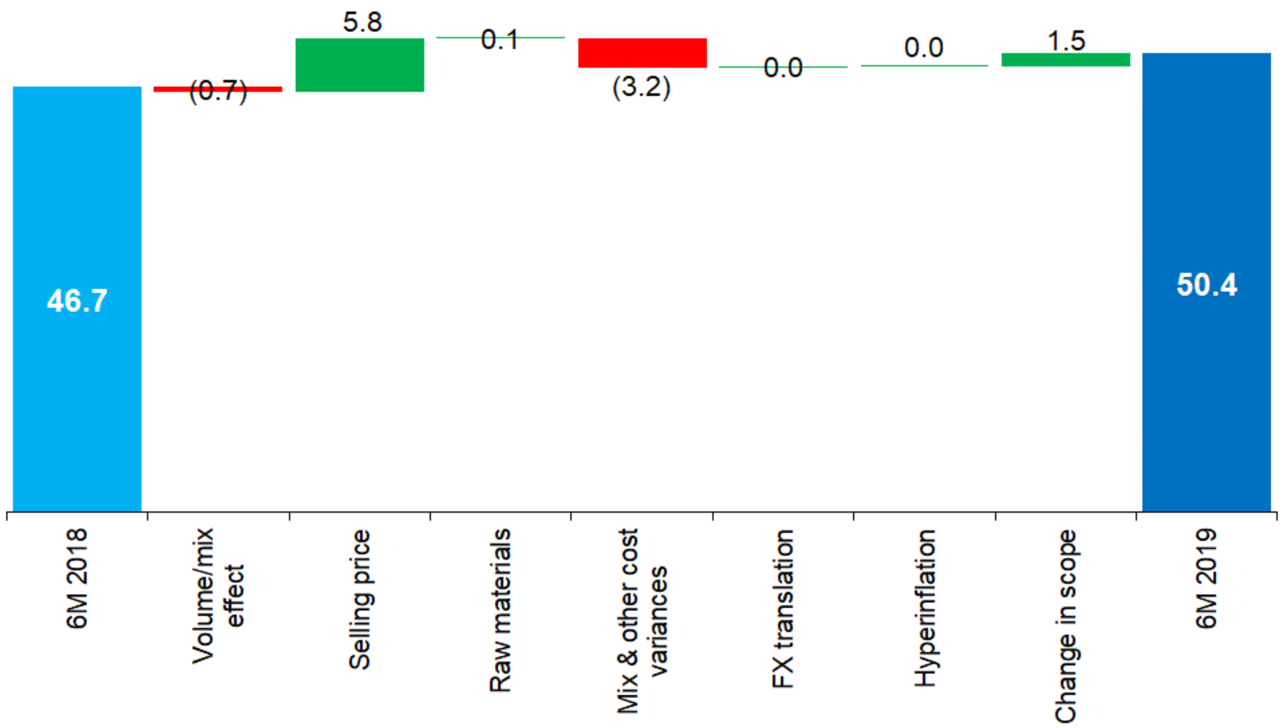
Gross operating profit

The group's gross operating profit (EBITDA) for the first six months of 2019 came to €46.0 million, or 15.8% of net revenue, showing a €4.9 million (+11.9%) increase on the first six months of 2018, including €1.2 million as a result of the smaller non-recurring costs incurred in the first six months of 2019 compared to those of the first six months of 2018.
In the first six months of 2019, the group's EBITDA benefited from €1.5 million generated by the change in the consolidation scope and €2.5 million from the application of IFRS 16, offset in part by the accrual for the long-term incentive plan (€1.2 million).

The adjusted EBITDA for the first six months of 2019 amounts to €50.4 million, with an increase of €3.7 million (+7.8%) on the first six months of 2018.
At constant exchange rates, the adjusted EBITDA increased by €3.6 million (+7.8%) compared to the first six months of 2018.

As far as margin is concerned, the impact of adjusted gross operating profit (Adjusted EBITDA) on net revenue in the first half of 2019 was 17.3% compared to 18.1% in the first half of 2018; the reduction in margin is mainly due to the dilutive effect deriving from the consolidation of UCP acquired in December 2018. On a constant 2018 basis, the margin for the first half of 2019 was 18.2%, in line with the first half of 2018

The graph below shows the difference between adjusted EBITDA in the first nine 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 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 effect: it is generated by the sales and purchases in the first six months of 2019 accounted for in a currency other than the local reporting currency, recalculated based on the exchange rates for the first six 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 variances".

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

The "FX translation effect" is generated at consolidation level following the translation into Euros of the adjusted EBITDA 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" shows the additional EBITDA coming from the acquisition of UCP.

The increase in "Selling price" more than offset the volume effect and "Mix & other cost variances". In "Mix & other cost variances" a positive effect deriving from the application of IFRS 16 of € 2.5 million is included, partially offset by the allocation of € 1.2 million relating to the long-term incentive plan.

The result for the period was also positively impacted by the effect deriving from the consolidation of Guala Closures UCP (€1.5 million).

Amortisation and depreciation

Amortisation and depreciation increased from €15.5 million in the first six months of 2018, or 6.2% of net revenue, to €31.4 million in the first six months of 2019, or 10.8%.
The large increase is mostly due to the effects of the PPA procedure generated by the business combination between pre-merger Guala Closures Group and Space4 S.p.A., as described in the first part of this report. Specifically, following the recognition of assets with a finite useful life instead of assets with an indefinite useful life (goodwill), amortisation/depreciation in the group's statement of profit or loss and other comprehensive income for the six months ended June 30, 2019 increased compared to the pro forma comparative figures for the first half of 2018 by approximately €10.3 million, of which €1.2 million related to the Guala Closures trademark, €2.4 million to patents, €5.1 million to commercial relationships with customers and €1.6 million to plant and machinery. Since the business combination took place on July 31, 2018, the pro forma comparative figures of the group's statement of profit or loss and other comprehensive income for the six months ended June 30, 2018 included in this directors' report are not affected by the PPA procedure.

The change in scope due to the acquisition of UCP (€1.4 million) and the application of IFRS 16 (€2.0 million) contributed to the increase in amortisation and depreciation to a lesser extent.

Financial income and expense

Net financial expense decreased from €17.8 million in the first six months of 2018 to €13.3 million in the first six months of 2019. The €4.5 million reduction is mainly due to the decrease in net interest expense (€4.0 million) as a result of the smaller liability and lower interest rate compared to the six months of 2018 and the decrease in net exchange losses (€6.4 million), partially offset by the change in fair value of market warrants and by the change in fair value of the liability to non-controlling investors related to put options to acquire non-controlling investments.
The following table breaks down financial income and expense by nature for the two periods:

Thousands of Euros €	**H1 2018 Pro forma**	**H1 2019**
Net exchange losses	(6,597)	(147)
Net fair value gains (losses) on market warrants	4,000	(697)
Net fair value gains (losses) on the liability for put options to non-controlling investors	100	(1,288)
Net fair value losses on currency derivatives	-	(170)
Net interest expense	(14,766)	(10,806)
Other net financial expense	(544)	(201)
Net financial expense	**(17,807)**	**(13,309)**

Source: Pro forma data

The net fair value losses on market warrants arose on the difference between the Borsa Italiana S.p.A.'s official price at December 31, 2018 and June 30, 2019.

The net fair value losses on the liability for put option to non-controlling investors relate to the variation of the liability due to non-controlling investors, which increased by €1.3 million in the first six months of 2019 after the periodic update of the estimate of the fair value of the put options on non-controlling investments.

Income tax expense

Income tax expense decreased by €2.7 million from €7.1 million in the first six months of 2018, or 2.7% of net revenue, to €4.4 million in the first six months of 2019 (1.5%), including €2.7 million related to the release of deferred taxes recognised at July 31, 2018 (the date of the business combination between pre-merger Guala Closures Group and Space 4 S.p.A.), following the gains arising from the PPA procedure.
As described earlier, since the business combination took place on July 31, 2018, the pro forma comparative figures of the group's statement of profit or loss and other comprehensive income for the six months ended June 30, 2018 included in this directors' report are not affected by the PPA procedure.

Loss for the period

The profit of €0.2 million recorded in the first six months of 2018 decreased by €3.4 million to a loss of €3.2 million in the first six months of 2019. This is due to the accounting effects of the PPA procedure which resulted in the recognition of costs of €7.5 million related to higher amortisation and depreciation of €10.3 million, partly offset by the related deferred taxation of €2.7 million,in the group's consolidated statement of profit or loss and other comprehensive income.
Net of the accounting effects of the PPA procedure, the group would have recorded a profit for the period of €4.4 million. This is mainly due to the higher EBITDA and lower net financial expense.

Reclassified statement of financial position

Analysis of the group's financial position

The following table shows the reclassified financial position as at June 30,2019 of Guala Closures Group with comparative figures at December 31, 2018:

(Thousands of Euros)	December 31, 2018 (*)	June 30, 2019
Intangible assets	883,533	877,686
Property, plant and equipment	239,851	223,226
Right-of-use assets		26,775
Contract costs	29	17
Non-current assets classified as held for sale	-	520
Net working capital	124,732	140,968
Contract assets (liabilities)	25	(113)
Net derivative assets	88	11
Employee benefits	(6,461)	(6,807)
Other liabilities	(139,328)	(135,984)
Net invested capital	**1,102,468**	**1,126,300**
Financed by:		
Net financial liabilities - third parties	472,224	472,060
Financial liabilities - IAS 17 / IFRS 16 effect	6,095	20,162
Financial liabilities - put option to non-controlling investors	24,647	25,935
Market warrants	4,338	5,036
Cash and cash equivalents	(47,795)	(36,956)
Net financial indebtedness	**459,509**	**486,236**
Equity	**642,959**	**640,064**
Sources of financing	**1,102,468**	**1,126,300**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. The changes are shown in Annex C) to this Directors' report. Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

Intangible assets

Intangible assets decreased on the December 31, 2018 balance due to the amortisation/depreciation of the period of approximately €10.2 million, mainly related to the identifiable assets acquired as part of the business combination between pre-merger Guala Closures Group and Space 4 S.p.A., offset in part by investments (roughly €0.6 million) and the positive translation impact (€3.6 million).
Following the above-mentioned corporate reorganisation in 2018 and in accordance with IFRS 3, the group recognised and measured the identifiable intangible assets and the goodwill acquired as part of the business combination in its consolidated interim financial statements.
These condensed interim consolidated financial statements show the first effects of the PPA procedure, which was completed within a year as required by IFRS 3.
Consequently, the 2018 comparative figures and those for the first half of 2019 reflect these effects as of the date of the business combination (July 31, 2018).

Under this procedure, part of the provisionally-recognised goodwill shown in the previous consolidated financial statements (€785.2 million at December 31, 2018) was allocated to the following identified assets:

- the Guala Closures trademark (€75.3 million);
- the commercial relationships with customers (€252.2 million);
- the patents (€49.5 million).

The residual goodwill after the allocation to the acquired identifiable assets (i.e., intangible assets, plant and machinery and inventories) and measurement of the liabilities assumed amounts to €504.5 million.

Property, plant and equipment

Property, plant and equipment decreased by approximately €18.4 million, including the gains on plant and machinery arising from the identification of the assets acquired as part of the business combination between pre-merger Guala Closures Group and Space 4 S.p.A. (roughly €1.6 million), the reclassification 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 (€12.3 million), the net investments of the period (roughly €12.8 million), the positive translation impact (€2.9 million) and impairment losses related to the group reorganisation in France and China (approximately €1.0 million).

Following the 2018 corporate reorganisation, starting from the date of the business combination (July 31, 2018), the 2018 comparative figures have been restated to reflect the accounting effects emerging from the PPA process and the figures for the first half of 2019 reflect these effects.

The conclusion of the PPA process resulted in the allocation of part of the provisionally-recognised goodwill to plant and machinery (€33.8 million) on the date of the business combination (July 31, 2018).

The investments of the period amount to approximately €12.8 million and were principally made in Italy, Ukraine, India, Poland, the United Kingdom, Mexico, Luxembourg and Bulgaria.

Net working capital

The table below provides a breakdown of net working capital:

(Thousands of Euros)	December 31, 2018	June 30, 2019
Inventories	93,258	111,899
Trade receivables	102,805	113,174
Trade payables	(71,331)	(84,105)
Net working capital (*)	**124,732**	**140,968**

(*) 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	June 30, 2019
Inventories	57	67
Trade receivables	63	68
Trade payables	(44)	(51)
Net working capital days	**77**	**85**

Net working capital increased from €124.7 million at December 31, 2018 to €141.0 million at June 30, 2019, representing an increase, in net working capital days, from 77 days to 85. This increase is mainly due to the seasonality of the business which, during this period, records an increase in inventories in order to optimise and normalise production during the year.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

(Thousands of Euros)	December 31, 2018 (*)	June 30, 2019
Net financial liabilities - third parties	472,224	472,060
Financial liabilities - IAS 17 / IFRS 16 effect	6,095	20,162
Financial liabilities - put option to non-controlling investors	24,647	25,935
Market warrants	4,338	5,036
Cash and cash equivalents	(47,795)	(36,956)
Net financial indebtedness	**459,509**	**486,236**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. The changes are shown in Annex C) to this Directors' report. Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

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 June 30, 2019 amounts to €20.2 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 net cash flows in the first half of 2019 is equal to -€9.8 million, improved by €18.0 million on the net cash flows in first half of 2018, equal to -€27.8 million
The cash outflows of €9.8 million for the period are the sum of the cash flows from operating activities of €24.8 million, offset by cash flows used in investing activities of €16.5 million and the increase in net financial indebtedness due to cash flows used in financing activities of €18.1 million, mostly used to pay net interest expense of €11.0 million and dividends of €4.3 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 (*)	June 30, 2019
Equity attributable to the owners of the parent	603,626	602,496
Equity attributable to non-controlling interests	39,333	37,568
Equity	**642,959**	**640,064**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. The changes are shown in Annex C) to this Directors' report.

Following the above-mentioned corporate reorganisation in 2018 and in accordance with IFRS 3, the group recognised and measured the non-controlling interests acquired as part of the business combination in its consolidated financial statements.
Therefore, equity attributable to non-controlling interests increased by €13.3 million at July 31, 2018 following the proportional allocation of the identifiable assets acquired and identifiable liabilities assumed.

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 six months of 2019 with pro forma comparative figures for the corresponding period of 2018 is provided below.

(Thousands of Euros)	**H1 2018 Guala Closures Group Pro forma**	**H1 2019 Guala Closures Group**	
Opening net financial indebtedness	**(552,513)**	**(459,509)**	(*)
Opening net cash	**145,666**		
Effects of IFRS 16 FTA		**(16,962)**	
A) Opening pro forma net financial indebtedness	**(406,848)**	**(476,471)**	
Gross operating profit (EBITDA)	41,066	45,968	
Change in net working capital	(22,806)	(14,411)	
Other operating items	(5,454)	2,559	
Taxes	(12,249)	(9,313)	
B) Net cash flows from operating activities	**557**	**24,803**	
Net investments	(15,859)	(13,400)	
Change in liabilities for investments	(1,139)	(2,127)	
Increases in rights of use		(430)	
Proceeds from sale of assets held for sale	2,130		
Acquisition of non-controlling interests in Guala Closures Argentina	(57)		
Contingent consideration for the acquisition of Axiom Propack (India)		(554)	
C) Cash flows used in investing activities	**(14,925)**	**(16,511)**	
Net interest expense	(15,311)	(11,007)	
Borrowing costs due to transaction costs on the previous bond issue and revolving facility		(483)	
Fair value gains (losses) on market warrants	4,000	(697)	
Derivatives and other financial items	(139)	(1,482)	
Dividends paid	(3,443)	(4,299)	
Effect of exchange fluctuation	1,463	(89)	
D) Change in net financial indebtedness due to financing activities	**(13,429)**	**(18,057)**	
E) Total change in net financial indebtedness (B+C+D)	**(27,797)**	**(9,765)**	
F) Closing net financial indebtedness (A+E)	**(434,645)**	**(486,236)**	

(*) The net financial indebtedness at the beginning of the period for the 2019 financial year already include the effects deriving from the PPA adjustments / revaluations of the financial liabilities relating to the put option of the minority interests (€6.1 million).

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.
In 2018, 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 from operating activities

Net cash flows from operating activities increased by €24.2 million, from €0.6 million in the first six months of 2018 to €24.8 million in the reporting period.
This increase derives from the improvement in the gross operating profit (EBITDA), from the policies set up by the Group for optimizing the net working capital, from the lower expenses for other operating items and from the reduction in payments for taxes.

Cash flows used in investing activities

Cash flows used in investing activities increased by €1.6 million from €14.9 million in the first six months of 2018 to €16.5 million in the first six months of 2019. This amount includes, in addition to the Net Investments of the period (€15.5 million in the first half of 2019 compared to €17.0 million in the first half of 2018), the following main effects:

- in the first half of 2019, the payment of the contingent consideration of €0.6 million for the acquisition of Indian Axiom Propack occurred in 2017, and the increases for right of use for €0.4 million;
- in the first half of 2018, the proceeds from the sale of the Torre d'Isola facility in 2018 (€2.1 million)

Change in net financial indebtedness due to financing activities

The change in net financial debt following financing activities in the first half of 2019 is negative for € 18.1 million and it is mainly related to net interest expense of €11.0 million, to the payment of dividends to minorities for €4.3 million and to the change in the fair value of financial liabilities for €2.2 million (of which €1.3 million relating to the change in fair value of the financial liability for put options on the purchase of minority interests and €0.7 million for change in value of the Market Warrants).
The difference, amounting to -€4.6 million, between the change in the first six months of 2019 (-€ 18.1 million) and the change in the first six months of 2018 (-€13.4 million) is mainly due to the reduction of net interest expense (+€4.3 million) due to the reduction in the interest rate and the amount of debt following the refinancing that took place in the second half of 2018, offset by -€6.0 million from the effect of negative changes affecting the fair value of Market Warrants and other financial liabilities, by -€0.9 million related to higher dividends paid in the first half of 2019 to minority interests and by -€2.0 million of other financial items.

Alternative performance indicators

In addition to the financial performance indicators required by IFRS, this report includes some alternative performance indicators (EBITDA, adjusted EBITDA, adjusted EBIT, net financial indebtedness and amounts for the six months of 2019 at constant exchange rates (average rates for the first six 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 (in the first half of 2019, they mainly related to the reorganisation of Guala Closures Iberica's PET division (€1.5 million) and of Guala Closures France (€1.2 million)), merger and acquisition ("M&A") expenses and operating expenses related to discontinued plant and impairment losses from the loss 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 loss 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	H1 2018 Pro forma	H1 2019
Profit (loss) for the period	233	(3,162)
Income tax expense	7,086	4,415
Profit before tax	**7,319**	**1,253**
Net financial expense	17,807	13,309
Amortisation and depreciation	15,941	31,405
EBITDA	**41,066**	**45,968**
Adjustments for:		
Costs related to Space4	3,194	
Due diligence and other exit expense	1,058	-
Reorganisation costs	852	2,946
Merger and acquisition ("M&A") expenses	150	467
Operating expenses related to discontinued plant	102	
Impairment losses	306	1,009
Adjusted EBITDA	**46,728**	**50,390**

Adjusted EBIT

Thousands of Euros	H1 2018 Pro forma	H1 2019
Profit (loss) for the period	233	(3,162)
Income tax expense	7,086	4,415
Profit before tax	**7,319**	**1,253**
Net financial expense	17,807	13,309
EBIT	**25,126**	**14,562**
Adjustments for:		
Costs related to Space4	3,194	-
Due diligence and other exit expense	1,058	-
Reorganisation costs	852	2,946
Merger and acquisition ("M&A") expenses	150	467
Operating expenses related to discontinued plant	102	-
Impairment losses	306	1,009
Adjusted EBIT	**30,788**	**18,984**

Constant currency presentation 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 six months of 2019 (income and expense of foreign operations for the first six months of 2019 are translated into Euros at the average exchange rates of the first six months of 2019) by the first six months of 2019 currency amounts calculated at constant average exchange rates for the first six months of 2018 (income and expense of foreign operations for the first six months of 2019 are translated into Euros at the average exchange rates of the first six 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 the tables included in the directors' report with 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 between the tables included in the directors' report with the condensed interim consolidated financial statements

Annex C)
Restatement of the financial position as at December 31, 2018

Annex A)

Calculation of the pro forma results of operations

The table shows how the pro forma results of operations for the first six months of 2018, presented in this 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 six months ended June 30, 2018.

Statement of profit or loss and other comprehensive income **Guala Closures Group - First six months of 2018**	**Reported statement of profit or loss and OCI**	**Guala Closures Group H1**	**LUX BU H1**	**Intragroup write-offs and reclass.**	**Pro forma**
(Thousands of Euros)	**i**	**ii**	**iii**	**iv**	**i+ii+iii+iv**
Net revenue		258,707	8	(0)	258,715
Change in finished goods and semi-finished products		11,909			11,909
Other operating income		1,644	3,112	(2,993)	1,763
Internal work capitalised		2,905	-		2,905
Costs for raw materials		(124,186)	(50)	0	(124,235)
Costs for services	(3,161)	(53,305)	898	2,993	(52,575)
Personnel expense	(33)	(49,018)	(1,819)		(50,870)
Other operating expense		(5,809)	(430)		(6,239)
Impairment losses		(306)			(306)
EBITDA	**(3,194)**	**42,542**	**1,718**	**-**	**41,066**
Amortisation and depreciation		(15,675)	(265)		(15,941)
EBIT	**(3,194)**	**26,867**	**1,453**	**-**	**25,126**
Financial income	4,632	5,239	3,054	(5,394)	7,531
Financial expense		(25,979)	(2,382)	3,023	(25,338)
Net financial expense	**4,632**	**(20,740)**	**671**	**(2,371)**	**(17,807)**
Profit before taxation	**1,438**	**6,127**	**2,124**	**(2,371)**	**7,319**
Income tax expense		(7,060)	(26)		(7,086)
Profit (loss) for the period	**1,438**	**(933)**	**2,098**	**(2,371)**	**233**
Profit (loss) for the period attributable to the owners of the parent	1,438	(6,878)	2,098	(13)	(3,355)
Profit for the period attributable to the holders of participating financial instruments of the parent		2,358		(2,358)	-
Profit for the period attributable to non-controlling interests		3,588			3,588
Adjusted EBITDA	**-**	**46,562**	**166**	**-**	**46,728**

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 June 30, 2018.
The "Guala Closures Group H1" column shows pre-merger Guala Closures Group's results from January 1 to June 30, 2018 taken from the condensed interim consolidated financial statements at June 30, 2018.
The "LUX BU H1" column shows the results of operations of the Lux business unit from January 1 to June 30, 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 PFI between January 1 and June 30, 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 first six months of 2018 including those of Space4 S.p.A. and the Lux BU in order to compare them with the corresponding six 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 six months of 2018, 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 six months ended June 30, 2018.

	Reported statement of cash flows	Guala Closures Group H1	LUX BU H1	Intragroup write-offs	H1 2018 Pro forma Guala Closures Group	Acquisition	H1 2018 Guala Closures Group Pro forma
(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	(3,194)	42,542	1,718		44,260		41,066
Change in net working capital	(1,521)	(22,178)	894		(21,284)		(22,806)
Other operating items	(737)	(1,358)	(3,084)	(276)	(4,717)		(5,454)
Taxes		(11,899)	(628)	278	(12,249)		(12,249)
B) Net cash flows from (used in) operating activities	**(5,453)**	**7,107**	**(1,099)**	**2**	**6,010**	**-**	**557**
Net investments		(15,493)	(366)		(15,859)		(15,859)
Change in liabilities for investments		(1,195)	56		(1,139)		(1,139)
Proceeds from sale of assets held for sale		2,130			2,130		2,130
Acquisition of non-controlling interests in Guala Closures Argentina		(57)			(57)		(57)
C) Cash flows used in investing activities	**-**	**(14,615)**	**(310)**	**-**	**(14,925)**	**-**	**(14,925)**
Net interest expense	632	(14,241)	671	(2,373)	(15,943)		(15,311)
Fair value gains on market warrants	4,000				-		4,000
Derivatives and other financial items		(141)	2		(139)		(139)
Dividends		(3,443)			(3,443)		(3,443)
Effect of exchange rate fluctuations		1,463			1,463		1,463
D) Change in net financial indebtedness due to financing activities	**4,632**	**(16,362)**	**673**	**(2,373)**	**(18,061)**	**-**	**(13,429)**
E) Total change in net financial indebtedness (B+C+D)	**(821)**	**(23,870)**	**(736)**	**(2,371)**	**(26,977)**	**-**	**(27,797)**
F) Closing net financial indebtedness (A+E)	**498,885**	**(512,155)**	**209**	**(67,544)**	**(579,490)**	**(354,040)**	**(434,645)**

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 six months of 2018.
The "Guala Closures Group H1" column shows the balances of the statement of cash flows of pre-merger Guala Closures Group's from January 1 to June 30, 2018.
The "LUX BU H1" column shows the balances of the statement of cash flows of the Lux BU from January 1 to June 30, 2018.

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

Finally, the "H1 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 six 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 six months of 2019.

ANNEX B)

Reconciliation between the tables included in the directors' report with the condensed interim consolidated financial statements

Thousands of Euros

Classification in the reclassified financial income and expense	H1 2018	H1 2019	Classification in the notes to the condensed interim consolidated financial statements (notes 14-15)
Net exchange gains	-	3,939	Exchange gains
Net exchange losses	-	(4,085)	Exchange losses
Fair value gains (losses) on market warrants	4,000	(697)	Fair value of market warrants
Fair value losses on derivatives	-	(170)	Fair value losses on derivatives
Fair value losses on the liability for put option to non-controlling investors	-	(1,288)	Financial expense on the liability for put option to non-controlling investors
Net interest expense	632	228	Interest income
Net other financial expense	-	1,040	Other financial income
Net interest expense	-	(11,034)	Interest expense
Net other financial expense	-	(1,241)	Other financial expense
Total net financial expense	**4,632**	**(13,309)**	

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

ANNEX B)

Reconciliation between the tables included in the directors' report with the condensed interim consolidated financial statements

Thousands of Euros

Classification in the reclassified statement of financial position	December 31, 2018 (*)	June 30, 2019	Classification in the statement of financial position
Net working capital	102,805	113,174	Trade receivables
Net working capital	93,258	111,899	Inventories
Net working capital	(71,331)	(84,105)	Trade payables
Total net working capital	**124,732**	**140,968**	
Derivative assets	146	43	Derivative assets
Derivative assets	(58)	(32)	Derivative liabilities
Net derivative assets	**88**	**11**	
Net other liabilities	4,044	3,657	Current direct tax assets
Net other liabilities	8,100	9,527	Current indirect tax assets
Net other liabilities	6,670	6,066	Other current assets
Net other liabilities	6,393	8,717	Deferred tax assets
Net other liabilities	486	387	Other non-current assets
Net other liabilities	(3,364)	(3,026)	Current direct tax liabilities
Net other liabilities	(7,035)	(7,254)	Current indirect tax liabilities
Net other liabilities	(1,521)	(3,512)	Current provisions
Net other liabilities	(34,779)	(32,748)	Other current liabilities
Net other liabilities	(117,501)	(116,364)	Deferred tax liabilities
Net other liabilities	(252)	(255)	Non-current provisions
Net other liabilities	(570)	(1,179)	Other non-current liabilities
Total other net liabilities	**(139,328)**	**(135,984)**	

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. The changes are shown in Annex C) to this Directors' report.

ANNEX B)

Reconciliation between the tables included in the directors' report with the condensed interim consolidated financial statements

Thousands of Euro

Classification in the reclassified statement of financial position	December 31, 2018 (*)	June 30, 2019	Financial statements classification
Net financial liabilities - third parties	(653)	(818)	Current financial assets
Net financial liabilities - third parties	(273)	(482)	Non-current financial assets
Net financial liabilities - third parties	18,261	15,423	Current financial liabilities
Market warrants	4,338	5,036	Current financial liabilities
Financial liabilities - IAS 17 / IFRS 16 effect	2,685	8,318	Current financial liabilities
Net financial liabilities - third parties	454,889	457,936	Non-current financial liabilities
Financial liabilities - put option to non-controlling investors	24,647	25,935	Non-current financial liabilities
Financial liabilities - IAS 17 / IFRS 16 effect	3,410	11,843	Non-current financial liabilities
Cash and cash equivalents	(47,795)	(36,956)	Cash and cash equivalents
Total net financial indebtedness	**459,509**	**486,236**	

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. The changes are shown in Annex C) to this Directors' report. Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

ANNEX B)

Reconciliation between the tables included in the directors' report with the condensed interim consolidated financial statements

(Thousands of Euros)	June 30, 2019
Total change in net financial indebtedness	**(9,765)**
Proceeds from new borrowings and bonds	2,508
Repayment of borrowings and bonds	(3,214)
Repayment of finance leases	(2,901)
FX translation effect on foreign currency assets and liabilities	170
Fair value gains on liabilities for put option to non-controlling interests	1,288
Change in liabilities for financial expense	1,932
Transaction costs paid for bonds issued in 2018	(483)
Change in financial assets	(373)
Total change in financial assets / liabilities	**(1,074)**
Total change in cash and cash equivalents	**(10,839)**

Annex C)

Restament of the financial position as at December 31, 2018

The table below reconciles the statement of financial position balances as at December 31, 2018 shown in the consolidated financial statements at the same date with the balances restated following the Purchase Price Allocation (PPA) procedure:

(Thousands of Euros)	**December 31, 2018**	**Restatement effect**	**December 31, 2018 (*)**
Intangible assets	806,104	77,429	883,533
Property, plant and equipment	205,984	33,867	239,851
Contract costs	29	-	29
Net working capital	124,732	-	124,732
Net contract assets	25	-	25
Net derivative assets	88	0	88
Employee benefits	(6,461)	-	(6,461)
Other liabilities	(34,131)	(105,197)	(139,328)
Net invested capital	**1,096,370**	**6,098**	**1,102,468**
Net financial liabilities - third parties	472,224	-	472,224
Financial liabilities - IAS 17	6,095	-	6,095
Financial liabilities - put option to non-controlling investors	18,500	6,147	24,647
Market warrants	4,338	-	4,338
Cash and cash equivalents	(47,795)	-	(47,795)
Net financial indebtedness	**453,362**	**6,147**	**459,509**
Equity	**643,008**	**(49)**	**642,959**
Sources of financing	**1,096,370**	**6,098**	**1,102,468**

GUALA CLOSURES GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS at JUNE 30, 2019

Statement of profit or loss and other comprehensive income for the six months ended June 30

	H1 2018	*of which:* Related parties	*of which:* Non-recurring expense	H1 2019	*of which:* Related parties	*of which:* Non-recurring expense	Notes
Net revenue	**-**			**291,056**		**-**	7
Change in finished goods and semi-finished products	-			12,797		(159)	
Other operating income	-			1,844		-	8
Internal work capitalised	-			2,325		-	9
Costs for raw materials	-			(135,972)		(220)	10
Costs for services	(3,161)	(1,017)	(3,161)	(56,720)	(32)	(511)	11
Personnel expense	(33)		(33)	(62,177)		(111)	12
Other operating expense	-		-	(6,026)		(2,412)	13
Impairment losses on trade receivables and contract assets				(151)		-	
Impairment losses				(1,009)		(1,009)	21
Amortisation and depreciation	-			(31,405)		-	21-22-23
Operating profit (loss)	**(3,194)**	**(1,017)**	**(3,194)**	**14,562**	**(32)**	**(4,422)**	
Financial income	4,632			5,263		-	14
Financial expense				(18,573)		-	15
Net financial income (expense)	**4,632**	**-**	**-**	**(13,309)**	**-**	**-**	
Profit before taxation	**1,438**	**(1,017)**	**(3,194)**	**1,253**	**(32)**	**(4,422)**	
Income tax expense	-			(4,415)			16
Profit (loss) for the period	**1,438**	**(1,017)**	**(3,194)**	**(3,162)**	**(32)**	**(4,422)**	
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Actuarial gains on defined benefit plans				(235)			
	-			***(235)***			
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations				6,274			
Hedging reserve				3			
Hedging reserve for cash flow hedges reclassified to profit or loss				49			
Tax on items that are or may be reclassified subsequently to profit or loss				(12)			
	-			**6,313**			
Other comprehensive income for the period, net of tax	**-**			**6,078**			
Comprehensive income for the period	**1,438**			**2,917**			
Profit (loss) for the period attributable to:							
owners of the parent	1,438			(6,083)			
non-controlling interests				2,921			
Profit (loss) for the period	**1,438**			**(3,162)**			
Comprehensive income (expense) attributable to:							
owners of the parent	1,438			(1,130)			
non-controlling interests				4,047			
Comprehensive income for the period	**1,438**			**2,917**			
Basic earnings (loss) per share (Euro)	**0.03**			**(0.09)**			
Diluted earnings (loss) per share (Euro)	**0.03**			**(0.08)**			

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 retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

Statement of profit or loss and other comprehensive income for the second quarter of 2019

(Thousands of Euros)	**2Q 2018**	*of which:* Related parties	*of which:* Non-recurring expense	**2Q 2019**	*of which:* Related parties	*of which:* Non-recurring expense	**Notes**
Net revenue	**-**	**-**	**-**	**149,239**	**-**	**-**	7
Change in finished goods and semi-finished products	-	-	-	5,665	-	29	
Other operating income	-	-	-	491	-	-	8
Internal work capitalised	-	-	-	1,331	-	-	9
Costs for raw materials	-	-	-	(66,935)	-	-	10
Costs for services	(914)	(511)	(914)	(29,063)	(19)	(471)	11
Personnel expense	(17)	-	(17)	(31,517)	-	(91)	12
Other operating expense	-	-	-	(3,492)	-	(1,627)	13
Impairment losses on trade receivables and contract assets	-	-	-	(141)	-	-	
Impairment losses	-	-	-	10	-	10	21
Amortisation and depreciation	-	-	-	(16,290)	-	-	21-22-23
Operating profit (loss)	**(931)**	**(511)**	**(931)**	**9,297**	**(19)**	**(2,150)**	
Financial income	3,438	-	-	1,214	-	-	14
Financial expense	-	-	-	(8,673)	-	-	15
Net financial income (expense)	**3,438**	**-**	**-**	**(7,459)**	**-**	**-**	
Profit before taxation	**2,507**	**(511)**	**(931)**	**1,838**	**(19)**	**(2,150)**	
Income tax expense	-	-	-	(1,728)	-	-	16
Profit for the period	**2,507**	**(511)**	**(931)**	**110**	**(19)**	**(2,150)**	
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Actuarial gains on defined benefit plans	-			(235)			
	-			***(235)***			
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations	-			(2,313)			
Hedging reserve	-			3			
Hedging reserve for cash flow hedges reclassified to profit or loss	-			22			
Tax on items that are or may be reclassified subsequently to profit or loss	-			(6)			
	-			**(2,294)**			
Other comprehensive expense for the period, net of tax	**-**			**(2,529)**			
Comprehensive expense for the period	**2,507**			**(2,419)**			
Profit (loss) for the period attributable to:							
owners of the parent	2,507			(1,668)			
non-controlling interests	-			1,778			
Profit for the period	**2,507**			**110**			
Comprehensive income (expense) attributable to:							
owners of the parent	2,507			(4,659)			
non-controlling interests	-			2,241			
Comprehensive (income) expense for the period	**2,507**			**(2,419)**			
Basic earnings (loss) per share (Euro)	**0.05**			**(0.03)**			
Diluted earnings (loss) per share (Euro)	**0.05**			**(0.02)**			

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

Statement of financial position
ASSETS

(Thousands of Euros)	December 31, 2018 (*)	*of which:* Related parties	June 30, 2019	*of which:* Related parties	Notes
ASSETS					
Current assets					
Cash and cash equivalents	47,795		36,956		18
Current financial assets	653		818		
Trade receivables	102,805		113,174		19
Contract assets	25		25		
Inventories	93,258		111,899		20
Current direct tax assets	4,044		3,657		
Current indirect tax assets	8,100		9,527		
Derivative assets	146		43		
Other current assets	6,670		6,066		
Assets classified as held for sale	-		520		
Total current assets	**263,495**	-	**282,685**	-	
Non-current assets					
Non-current financial assets	273		482		
Property, plant and equipment	239,851		223,226		21
Right-of-use assets	-		26,775		22
Intangible assets	883,533		877,686		23
Contract costs	29		17		
Deferred tax assets	6,393		8,717		
Other non-current assets	486		387		
Total non-current assets	**1,130,565**	-	**1,137,291**	-	
TOTAL ASSETS	**1,394,060**	-	**1,419,976**	-	

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

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. With reference to the application of IFRS 16, Guala Closures Group has adopted it starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

Statement of financial position
LIABILITIES

(Thousands of Euros)	**December 31, 2018 (*)**	of which: Related parties	**June 30, 2019**	of which: Related parties	**Notes**
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	25,284		28,777		24
Trade payables	71,331	-	84,105	23	25
Contract liabilities	-		138		
Current direct tax liabilities	3,364		3,026		
Current indirect tax liabilities	7,035		7,254		
Current provisions	1,521		3,512		26
Financial derivative liabilities	58		32		
Other current liabilities	34,779		32,748		
Total current liabilities	**143,372**	-	**159,592**	**23**	
Non-current liabilities					
Non-current financial liabilities	482,946		495,715		24
Employee benefits	6,461		6,807		
Deferred tax liabilities	117,501		116,364		
Non-current provisions	252		255		26
Other non-current liabilities	570		1,179		
Total non-current liabilities	**607,729**	-	**620,320**	-	
Total liabilities	**751,101**	-	**779,912**	**23**	
Share capital and reserves attributable to non-controlling interests	36,620		34,646		
Profit for the year/period attributable to non-controlling interests	2,713		2,921		
Non-controlling interests	**39,333**	-	**37,568**	**-**	**29**
Equity attributable to the owners of the parent					
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Legal reserve	-		643		
Translation reserve	(4,139)		1,010		
Hedging reserve	43		83		
Losses carried forward and other reserves	116,928		114,101		
Loss for the year/period	(1,950)		(6,083)		
Equity attributable to the owners of the parent	**603,626**	-	**602,496**	-	27-28
Total equity	**642,959**		**640,064**		
TOTAL LIABILITIES AND EQUITY	**1,394,060**	-	**1,419,976**	**23**	

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

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. With reference to the application of IFRS 16, Guala Closures Group has adopted it starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

Statement of cash flows

(Thousands of Euros)	Six months ended June 30, 2018 (*)	2019	Notes
Opening cash and cash equivalents	**512,206**	**47,795**	**18**
A) Cash flows from operating activities			
Profit before taxation	1,438	1,253	
Adjustments:			
Amortisation and depreciation	-	31,405	21-22-23
Net financial expense (income)	(4,632)	13,309	
Changes in:			
Receivables, payables and inventories	(1,521)	(14,411)	19-20-25
Other operating items	(737)	2,559	
VAT and indirect tax assets/liabilities	-	(1,225)	
Income taxes paid	-	(8,088)	
Net cash flows from (used in) operating activities	**(5,453)**	**24,803**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment, right-of-use assets and intangible assets	-	(16,029)	21-22-23
Proceeds from sale of property, plant and equipment and intangible assets	-	72	21-22-23
Contingent consideration for the acquisition of Axiom Propack (India)		(554)	
Net cash flows used in investing activities	**-**	**(16,511)**	
C) Cash flows from financing activities			
Interest received	632	1,268	
Interest paid	-	(11,496)	
Transaction costs paid for bonds issued in 2018	-	(483)	
Other financial items	-	(221)	
Dividends paid	-	(4,299)	
Proceeds from new borrowings and bonds	-	2,508	24
Repayment of borrowings and bonds	-	(3,214)	24
Repayment of finance leases	-	(2,901)	
Change in financial assets	-	(373)	
Net cash flows from (used in) financing activities	**632**	**(19,211)**	
Net cash flows of the period	**(4,821)**	**(10,919)**	
Effect of exchange fluctuations on cash held	-	80	
Closing cash and cash equivalents	**507,385**	**36,956**	

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 retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

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Statement of changes in equity - Guala Closures Group

	Attributable to the owners of the parent								*Non-controlling interests*			
(Thousands of Euros)	*Share capital*	*Share premium reserve*	*Legal reserve*	*Translation reserve*	*Hedging reserve*	*Losses carried forward and other reserves*	*Profit (loss) for the period*	*Equity*	*Share capital and reserves*	*Profit 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 profit						(6,577)	6,577	-	-	-	-	-
Profit for the period							1,438	1,438			-	1,438
Other comprehensive income (expense)								-			-	-
Comprehensive expense for the period	**-**	**-**	**-**	**-**	**-**	***(6,577)***	***8,015***	***1,438***	**-**	**-**	**-**	***1,438***
Carrying amount at June 30, 2018	**51,340**	**455,160**	**-**	**-**	**-**	**(11,254)**	**1,438**	**496,684**	**-**	**-**	**-**	**496,684**
Balance at January 1, 2019 (*)	**68,907**	**423,837**	**-**	**(4,139)**	**43**	**116,928**	**(1,950)**	**603,626**	**36,620**	**2,713**	**39,333**	**642,959**
Allocation of 2018 profit			643			(2,592)	1,950	-	2,713	(2,713)	-	-
Loss for the period							(6,083)	(6,083)		2,921	2,921	(3,162)
Other comprehensive income				5,148	40	(235)		4,953	1,125		1,125	6,078
Comprehensive income for the period	**-**	**-**	***643***	***5,148***	***40***	***(2,827)***	***(4,133)***	***(1,130)***	***3,838***	***208***	***4,047***	***2,917***
Dividends to non-controlling interests								-	(5,812)		(5,812)	(5,812)
Total contributions and distributions from/to shareholders and other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***(5,812)***	**-**	***(5,812)***	***(5,812)***
Carrying amount at June 30, 2019	**68,907**	**423,837**	**643**	**1,010**	**83**	**114,101**	**(6,083)**	**602,496**	**34,646**	**2,921**	**37,568**	**640,064**

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

(*) The comparative figures at December 31, 2018 were restated to reflect the effects deriving from the conclusion of the Purchase Price Allocation process with the consequent impact on the accounting of the business combination which took place on July 31, 2018. With reference to the application of IFRS 16, Guala Closures Group has adopted it starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.

Notes to the condensed interim consolidated financial statements at June 30, 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 included in these condensed interim consolidated financial statements comprise those of just Space4 S.p.A. for the period from January 1, 2018 to June 30, 2018. The directors’ report provides full disclosures on the pro forma figures which comprise the scope of pre-merger Guala Closures Group and Space 4.

These condensed interim consolidated financial statements fully reflect the completion of the procedure to allocate the purchase prices to the identifiable assets acquired, the identifiable liabilities assumed and the non-controlling interests acquired by Guala Closures Group as part of the acquisition of pre-merger Guala Closures Group, described in detail in the financial statements at December 31, 2018 to which reference should be made. Consequently, the December 31, 2018 comparative figures have been restated following the completion of the PPA procedure in order to recognise the effects of the business combination that took place on July 31, 2018 as of such date.

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 on the domestic and international markets.

The group is also active in the production of PET plastic preforms and bottles.

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, 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 aluminum 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 in the tables of these notes are due exclusively to the rounding and do not alter their reliability or substance.
Figures are shown in thousands of Euros, unless otherwise stated.

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.

Use of judgements and estimates

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 particular, the PPA process following the corporate reorganization which took place on July 31, 2018 has had its accounting effects for the first time on these condensed interim consolidated financial statements as of June 30, 2019, and the 2018 comparatives data and the interim 2019 figures incorporate these effects as of the date of the business combination which took place on July 31, 2018. The valuation process put in place by the Group led to allocate part of the Goodwill provisionally recognized by the Group to the following assets acquired:
- the Guala Closures brand;
- the commercial relationship with customers;
- patents;
- plant and machinery;
- and inventories.

Please refer to paragraph “6.1.4 Identifiable assets acquired and liabilities assumed” for the criteria and methodologies used for the valuation of the assets and liabilities acquired. These criteria and methodologies used in the PPA process reflect the knowledge of the Group at the date of the business combination regarding the developments of the business in which it operates and take into account methodologies, criteria and information deemed reasonable in the practice of the reference sector, the Guala Closures Group, the expectations on future developments in the markets and in the reference sector, which remain subject to a physiological degree of uncertainty, also in consideration of the evolution of the international macroeconomic situation.

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 June 30, 2019.

List of investments in subsidiaries at June 30, 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
Guala Closures UCP 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
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	256,225,460	100%	Indirect (*)	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,290	100%	Indirect (*)	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	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	NZ$	5,700,000	100%	Indirect (*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AU$	34,450,501	100%	Indirect (*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AU$	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 financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

1 Euro = x foreign currency	December 31, 2018	June 30, 2019
Pound sterling	0.8945	0.8966
US dollar	1.1450	1.1380
Indian rupee	79.7298	78.5240
Mexican peso	22.4921	21.8201
Columbian peso	3,721.8100	3,638.9900
Brazilian real	4.4440	4.3511
Chinese renmimbi	7.8751	7.8185
Argentinian peso	43.1593	48.5678
Polish zloty	4.3014	4.2496
New Zealand dollar	1.7056	1.6960
Australian dollar	1.6220	1.6244
Ukrainian hryvnia	31.7362	29.7654
Bulgarian lev	1.9558	1.9558
South African rand	16.4594	16.1218
Japanese yen	125.8500	122.6000
Chilean peso	794.3700	773.8500
Kenyan shilling	116.6284	116.4115

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	First half of 2018	First half of 2019
Pound sterling	0.87973	0.87359
US dollar	1.21083	1.12975
Indian rupee	79.51232	79.11820
Mexican peso	23.08025	21.65390
Columbian peso	3,449.14667	3,601.60167
Brazilian real	4.14135	4.34067
Chinese renmimbi	7.70997	7.66698
Argentinian peso	26.02512	48.56780
Polish zloty	4.22003	4.29195
New Zealand dollar	1.69088	1.68152
Australian dollar	1.56932	1.60018
Ukrainian hryvnia	32.37402	30.41478
Bulgarian lev	1.95580	1.95580
South African rand	14.8895	16.0439
Japanese yen	131.6107	124.2933
Chilean peso	740.1717	763.1283
Kenyan shilling	n.a.	114.1291

(3) Changes to 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 also in the consolidated financial statements at December 31, 2019.

New applicable standards

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 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 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 retrospective approach whereby the comparative figures were not restated and no FTA effects are recognised in the reserves at January 1, 2019.

Therefore, the comparative figures for 2018 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 retrospective approach whereby the comparative figures were not restated and no FTA effects are recognised in the 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.

C. 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	13,448
Right-of-use assets - plant and machinery	825
Right-of-use assets - equipment	1,662
Right-of-use assets - other assets	1,027
Finance lease liabilities	(16,962)
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.

A reconciliation of the lease liabilities recognised at the date of initial application at January 1, 2019 with the minimum lease payments for non-cancellable leases shown in the notes to the consolidated financial statements at December 31, 2018 is provided below.

(Thousands of Euros)	**Total**
Minimum future payments for non-cancellable leases shown in the notes to the consolidated financial statements at December 31, 2018	12,713
Discounted minimum future payments for non-cancellable leases shown in the notes to the consolidated financial statements at December 31, 2018	11,335
Finance lease liabilities recognised in the consolidated financial statements at December 31, 2018	6,095
Leases where the underlying asset is of a low value and short-term leases excluded from the scope of IFRS 16	(857)
Lease extension options that the group is reasonably certain to exercise	6,485
Lease liabilities at January 1, 2019	**23,057**

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 the United Kingdom leaves EU in the times set for today and whether there will be a hard or soft Brexit.
The new British government has repeatedly confirmed its intention to continue the Brexit process and to leave the EU by October 31, 2019, the last available date to reach an agreement, unless the EU grants further extensions, with or without an agreement. The political situation remains uncertain, with part of the opposition parties that are putting in place all possible actions to avert an hard Brexit. Consequently, to date, there are still 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 Guala Closures UCP) and exports to EU member states.
The group and especially Guala Closures UK and Guala Closures 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 which did not meet any of the quantitative thresholds for determining reportable segments under IFRS 8 in June 2019.

During the second quarter of 2019, Guala Closures Group launched the reorganisation of the PET division, the activities of which were only performed by Guala Closures Iberica, up until the acquisition of the British Guala Closures UCP on December 12, 2018. After acquiring Guala Closures UCP, the group decided to reorganise the division by transferring part of the activities carried out by Guala Closures Iberica to a non-group sector operator and to assign the remaining ones to Guala Closures UCP. The reorganisation was undertaken to benefit from the sale of a non-strategic business to a third party and to concentrate production in a single group facility, thereby generating economies of scale.

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 as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.
All other asset and liability figures cannot be reported by segment as management believes that the availability of such information by segment is not relevant.

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 June 30, 2018.

Statement of profit or loss and other comprehensive income

Thousands of Euros	Closures		Other operations		Total		Closures		Other operations		Total	
	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019
Net revenue	-	147,560	-	1,678		149,239	-	287,601	-	3,455	-	291,056
Operating profit (loss)	-	10,190	(931)	(893)	(931)	9,297	-	15,480	(3,194)	(917)	(3,194)	14,562
Amortisation and depreciation	-	(16,230)	-	(60)	-	(16,290)	-	(31,290)	-	(115)	-	(31,405)

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.
Amortisation and depreciation recognised in the first six 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	**June 30, 2019 ***	**December 31, 2018**	**June 30, 2019 ***	**December 31, 2018**	**June 30, 2019 ***
Trade receivables	102,198	112,146	606	1,029	102,805	113,174
Inventories	92,232	110,998	1,026	901	93,258	111,899
Trade payables	(70,383)	(83,388)	(948)	(716)	(71,331)	(84,105)
Property, plant and equipment and right-of-use assets	238,641	248,414	1,210	1,587	239,851	250,001

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no 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	
	H1 2018	**H1 2019 ***	**H1 2018**	**H1 2019 ***	**H1 2018**	**H1 2019 ***
Capital expenditure (net of disposal)	-	15,957	-	-	-	15,957

(*) Guala Closures Group has applied IFRS 16 starting from January 1, 2019 and elected to adopt the modified retrospective approach under which the comparative figures are not restated and no FTA effects are recognised in the reserves at January 1, 2019.
Cash flows for capital expenditure in the first six months of 2019 include the additions for the right-of-use assets.

Information by geographical segment

The Closures segment operates from a network of production facilities in all five continents and specifically in the United Kingdom, India, Italy, Poland, Spain, Mexico, Ukraine, Australia, South Africa, France 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**		**Net revenue**	
	Q2 2018	**Q2 2019**	**H1 2018**	**H1 2019**
United Kingdom		24,861		51,774
India		18,050		33,649
Italy		18,815		33,585
Poland		17,082		31,882
Spain		12,635		23,769
Mexico		12,053		23,689
Ukraine		7,873		18,534
Australia		6,443		13,680
South Africa		3,772		7,564
France		3,664		7,528
North America		3,905		7,478
Other countries		20,086		37,924
Net revenue	**-**	**149,239**	**-**	**291,056**

Thousands of Euros	**Non-current assets other than financial instruments and deferred tax assets: property, plant and equipment, right-of-use assets and intangible assets**	
	December 31, 2018 (*)	**June 30, 2019**
Italy	597,609	595,955
Australia	83,525	84,105
India	73,780	73,106
Poland	52,333	51,972
Spain	41,197	42,989
Mexico	36,112	37,179
Ukraine	34,415	36,182
Brazil	14,714	15,009
South Africa	18,860	17,106
Other countries	98,635	105,012
Consolidation adjustments	72,204	69,072
Property, plant and equipment, right-of-use assets and intangible assets	**1,123,384**	**1,127,687**

Thousands of Euros	**Deferred tax assets**	
	December 31, 2018 (*)	**June 30, 2019**
Australia	1,233	1,738
Argentina	1,121	1,305
India	479	1,275
Italy	885	947
Chile	652	824
Poland	586	593
Spain	326	390
New Zealand	208	186
China	100	167
South Africa	143	119
Mexico	41	43
Other countries	2	108
Consolidation adjustments	617	1,023
Deferred tax assets	**6,393**	**8,717**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the business combination which took place on July 31, 2018.

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

Information about major customers

In the Closures segment, at June 30, 2019, there are two customers that generate over 10% of revenue: the turnover of the first customer amounts to around €40 million for the first six months of 2019 (roughly 14% of net revenue), while that of the second customer is approximately €32.6 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.

These condensed interim consolidated financial statements fully reflect the completion of the procedure to allocate the purchase prices to the identifiable assets acquired, the identifiable liabilities assumed and the non-controlling interests acquired by Guala Closures Group as part of the acquisition of pre-merger Guala Closures Group, described in detail in the 2018 Annual Report to which reference should be made.

With respect to the acquisition of United Closures and Plastics (described in detail in the 2018 Annual Report, to which reference should be made) and the related allocation of the purchase prices to the identifiable assets acquired, the identifiable liabilities assumed and the identifiable contingent liabilities, this procedure is still ongoing. Therefore, the allocation to 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.

(6.1) Acquisition of pre-merger Guala Closures Group

(6.1.1) Introduction

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

As a result of the above transactions, the share capital of pre-merger Guala Closures was comprised as follows:

— approximately 67% was held by Space4;

— approximately 19% was held by GCL;

— approximately 9% was held by PII G S.à r.l;

— approximately 1% was held by Quaestio Capital SGR unipersonale S.p.A., on behalf of Quaestio Italian Growth Fund;

— approximately 3% was held by LP;

— approximately 1% was held by PEOF.

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

Price per pre-merger Guala Closures share (€6.75381)/Price per Space4 share (€10.00).

The transaction, which is in line with Space 4 S.p.A.'s business object, generated a positive difference between the consideration transferred (equal to the consideration paid by Space4 S.p.A. increased by the fair value of the shares issued to serve the merger in favour of GCL Holdings SCA, PII G S.a.r.l., Quaestio Capital SGR, GCL Holdings LP S.a.r.l. and PEOF) and the fair value of the management warrants and the carrying amount of the non-controlling interests proportionally to the percentage of investment in Guala Closures' assets and liabilities and the net assets acquired. Under IFRS 3, if the sum of the transferred consideration exceeds the fair value of the net assets acquired and liabilities assumed on the acquisition date, the excess amount shall be allocated to goodwill (for additional information, reference should be made to the section on "Goodwill").
The effects of the transaction have been recognised as of July 31, 2018, the date on which the former shareholders transferred control over the group.

(6.1.2) Consideration transferred

Space4's net cash flows used by the acquisition are composed as follows:

Thousands of Euros	
Consideration paid at the acquisition by Space 4 S.p.A.	354,040
Cash and cash equivalents acquired	(47,666)
Net cash flow used at the date of acquisition	**306,374**

The consideration transferred to acquire 100% of pre-merger Guala Closures shares may be analysed as follows:

Thousands of Euros		
Consideration paid at the acquisition date by Space 4 S.p.A.	**(A)**	**354,040**
Space 4's equity instruments in exchange		
Capital increase to server the merger pertaining to GCL Holdings SCA		95,666
Capital increase to serve the merger pertaining to PII G S.à.r.l.		50,000
Capital increase to serve the merger pertaining to Quaestio Capital SGR		10,000
Capital increase to server the merger pertaining to GCL Holdings LP S.a.r.l.		16,921
Capital increase to server the merger pertaining to PEOF		2,372
Total Space 4 equity instruments in exchange	**(B)**	**174,960**
Fair value of the management warrants of pre-merger Guala Closures	**(C)**	**1,334**
Total consideration transferred to acquire 100% of pre-merger Guala Closures	**(A+B+C)**	**530,334**

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

On July 30, 2018, pre-merger Guala Closures made a capital increase against consideration which was fully subscribed and paid-in by GCL for approximately €25 million. These shares carried 1,480,646 CG management warrants which were exchanged as part of the merger and, on the date the merger became effective, 1,000,000 management warrants were issued at the same exchange ratio as the merger. Therefore, the fair value of the management warrants amounted to €1,334 thousand and was included in the consideration transferred of the business combination.

(6.1.3) Transaction costs

The group incurred acquisition-related costs of approximately €11 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been mainly included in legal/consultancy expenses of the group's statement of profit or loss and other comprehensive income.

(6.1.4) Identifiable assets acquired and liabilities assumed

Recognised assets acquired and liabilities assumed are summarised below:

Thousands of Euros	Carrying amounts before acquisition	Adjustment to trademarks, patents and other intangible assets	Adjustments for fair value measurement	Goodwill adjustments	Provisional amounts recognised at acquisition
Property, plant and equipment	193,440		34,385		227,825
Goodwill	361,007			143,462	504,469
Other intangible assets	14,707	(9,639)	376,991		382,059
Inventories	98,637		7,424		106,061
Trade receivables	113,107				113,107
Trade payables	(70,960)				(70,960)
Net tax assets	1,505				1,505
Other current/non-current assets/liabilities	(28,766)				(28,766)
Cash and cash equivalents	47,666				47,666
Current financial assets	169				169
Non-current financial assets	1,019				1,019
Net deferred tax liabilities	(5,992)		(110,090)		(116,082)
Current financial liabilities	(25,420)				(25,420)
Non-current financial liabilities	(582,631)				(582,631)
Employee benefits	(6,574)				(6,574)
Current/non-current provisions	(2,665)				(2,665)
Net assets acquired	**108,250**	**(9,639)**	**308,710**	**143,462**	**550,783**
Reclassification of financial liabilities - non-controlling investors	17,700				17,700
Adjustment of tax assets	(1,916)				(1,916)
Adjusted net assets acquired	**124,034**	**(9,639)**	**308,710**	**143,462**	**566,567**
Adjustment of goodwill recognised under intangible assets	(361,007)			(143,462)	(504,469)
Net identifiable assets and liabilities	**(236,973)**	**(9,639)**	**308,710**	**-**	**62,098**

Measurement of fair values

Below is a summary of the valuation techniques used in measuring the fair values of the main assets acquired:

Assets acquired	Valuation technique
Inventories	*Market comparison technique:* the fair value of inventories is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.
Plant and machinery	The fair value of plant and machinery is estimated using the “replacement cost” method, whereby: - the cost to repurchase the asset is recalculated at current market costs; - the residual useful life of each asset is calculated based on an internal technical analysis carried out by the group’s specialists; - a depreciation factor is determined in accordance with the IOWA curve; - fair value is taken to be the replacement cost. For some recently-acquired companies, the carrying amount at the measurement date was considered in line with the fair value.

Trademark

The fair value of Guala Closures' trademark was estimated using the relief from royalties method, whereby the intangible asset is measured at the present value of the consideration (royalty flows) to which the owner of the asset would be entitled as a right to use the asset over a period equal to the estimated residual useful life of the asset, assuming that it did not own the asset.
The main assumptions applied to the trademark are as follows:

- Useful life: 20 years
- Royalty rate: 2% as per the group's policy and current market practices, net of the estimated maintenance costs
- Italy's tax rate

Trade relationships with customers

The fair value of trade relationships with customers was calculated using the multi-period excess earnings method (MEEM) whereby the income pertaining to the asset is the difference between total income and the remuneration of other assets (property, plant and equipment, intangible assets and working capital).
The main assumptions applied to the trade relationships with customers are as follows:

- Useful life: 25 years
- Churn rate: 4% calculated as the average between the company's churn rate and the churn rate embedded in the average useful life of the trade relationships with customers shown in the purchase price allocation (PPA) procedures of comparable companies
- Tax rate weighted by EBIT generated by the group's divisions

Patents

The fair value of patents was estimated using the relief from royalties method, whereby the intangible asset is measured at the present value of the consideration (royalty flows) to which the owner of the asset would be entitled as a right to use the asset over a period equal to the estimated residual useful life of the asset, assuming that it did not own the asset.
The main assumptions applied to the patents are as follows:

- Specific useful life as per each patent registration document
- Royalty rate: 4% as per the group's policy and current market practices, net of the estimated maintenance costs
- Specific tax rate of the country of registration

(6.1.5) Goodwill

Goodwill arising from the acquisition was recognised as follows:

Thousands of Euros		
Calculation of the total consideration		
Consideration		529,000
Fair value of management warrants		1,334
Consideration transferred to acquire 100% of shares	**(A)**	**530,334**
Equity attributable to non-controlling interests at the acquisition date		22,898
Adjustments for fair value measurement of equity attributable to non-controlling interests		13,335
Non-controlling interests proportionally to the percentage of investment in Guala Closures' assets and liabilities	**(B)**	**36,233**
Total consideration	**(C=A+B)**	**566,567**
Calculation of net identifiable assets and liabilities		
Net assets acquired and liabilities assumed		108,250
Reclassification of financial liabilities - non-controlling investors		17,700
Adjustment of tax assets		(1,916)
Adjusted net assets acquired	**(D)**	**124,034**
Adjustment of goodwill already recognised under intangible assets	(E)	(361,007)
Net identifiable liabilities	**(G=D+E)**	**(236,973)**
Calculation of the initial difference to be allocated		
Adjustment to trademarks, patents and other intangible assets recognised under intangible assets	(F)	(9,639)
Initial difference to be allocated	**(H=C-G+F)**	**813,179**
Adjustments for fair value measurement of net identifiable assets and liabilities		
Plant and machinery		34,385
Inventories		7,424
Guala Closures trademark		75,327
Trade relationships with customers		252,205
Patents		49,459
Deferred tax liabilities		(110,090)
Total adjustments for fair value measurement of net identifiable assets and liabilities	**(I)**	**308,710**
Goodwill arising from the acquisition		
Total goodwill arising from the acquisition	**(L=H-I)**	**504,469**

"Non-current financial liabilities" includes the liability to non-controlling investors related to the right to exercise the put option if certain conditions are met. This amount was not included in the calculation of the net assets acquired and net liabilities assumed as it related to the existing liability for the acquisition of non-controlling interests under the "present access method". It was recognised under non-current financial liabilities with a balancing entry in equity when calculating the goodwill arising from the acquisition.

The latter goodwill mainly related to the technical skills and knowledge of Guala Closures' personnel.
The recognised goodwill will not be 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:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Europe	-	89,014	-	174,214
Asia	-	18,610	-	37,105
Latin and North America	-	28,134	-	52,278
Oceania	-	9,081	-	19,202
Africa	-	4,399	-	8,257
Total	**-**	**149,239**	**-**	**291,056**

The table below illustrates net revenue by product type:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Safety closures	-	61,210	-	117,663
Luxury closures (customised)	-	7,943	-	14,091
Wine closures	-	27,086	-	55,127
Pharma closures	-	2,243	-	4,412
Roll-on closures (standard)	-	45,358	-	88,468
PET	-	1,683	-	3,460
Other revenue	-	3,715	-	7,834
Total	**-**	**149,239**	**-**	**291,056**

The table below illustrates net revenue by destination market:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Spirits closures	-	96,501	-	187,827
Wine closures	-	27,086	-	55,127
Oil and vinegar closures	-	3,243	-	5,962
Pharma closures	-	2,243	-	4,412
Closures for other markets	-	14,768	-	26,433
PET	-	1,683	-	3,460
Other revenue	-	3,715	-	7,834
Total	**-**	**149,239**	**-**	**291,056**

(8) Other operating income

This caption includes:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Sundry recoveries/repayments	-	254	-	1,465
Gains on sale of non-current assets	-	9	-	11
Other	-	228	-	367
Total	**-**	**491**	**-**	**1,844**

(9) Internal work capitalised

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Internal work capitalised	-	1,331	-	2,325
Total	**-**	**1,331**	**-**	**2,325**

(10) Costs for raw materials

This caption includes:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Raw materials and supplies	-	65,174		129,875
Packaging	-	3,011		5,942
Consumables and maintenance	-	1,701		3,560
Fuels	-	120		252
Other purchases	-	759		1,486
Change in inventories	-	(3,830)		(5,143)
Total	**-**	**66,935**	**-**	**135,972**

(11) Costs for services

This caption includes:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Electricity / heating	-	7,256		14,448
Transport	-	6,631		12,806
External processing	-	2,799		5,313
External labour / porterage	-	1,547		2,999
Sundry industrial services	-	1,628		3,186
Maintenance	-	2,036		3,896
Travel	-	1,359		2,608
Insurance	4	639	8	1,801
Legal and consulting fees	847	1,673	3,070	2,785
Directors' fees	-	359		663
Administrative services	58	845	78	1,679
Cleaning service	-	324		646
Technical assistance	-	443		839
Commissions	-	358		612
Entertainment expenses	-	213		380
Telephone costs	-	172		354
Security	-	111		231
Advertising services	-	37		146
Commercial services	-	37		127
Expos and trade fairs	-	104		146
Other	5	494	5	1,056
Total	**914**	**29,063**	**3,161**	**56,720**

In the first half of 2019, "Legal and consulting fees" included €32 thousand related to the consultancy services provided by Space Holding S.r.l. covered by the agreement dated September 27, 2017 as subsequently amended and integrated (first half of 2018: €1,017 thousand).

(12) Personnel expense

This caption includes:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Wages and salaries	15	25,144	30	49,937
Social security contributions	2	3,821	3	7,343
Expense from defined benefit plans	-	450		673
Other costs	-	2,102		4,224
Total	**17**	**31,517**	**33**	**62,177**

At December 31, 2018 and June 30, 2019, the group had the following number of employees:

Number	December 31, 2018	June 30, 2019
Blue collars	3,485	3,452
White collars	1,023	1,021
Managers	239	254
Total	**4,747**	**4,727**

(13) Other operating expense

This caption includes:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Rent and leases	-	731		1,484
Taxes and duties	-	652		1,162
Other costs for the use of third party assets	-	173		370
Provisions	-	1,476		2,346
Other charges	-	461		664
Total	**-**	**3,492**	**-**	**6,026**

(14) Financial income

This caption includes:

	Q2		H1	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Exchange gains	-	529	-	3,939
Fair value gains on derivatives	-	57		57
Interest income	438	117	632	228
Fair value of the market warrants	3,000	(77)	4,000	-
Other financial income	-	589	-	1,040
Total	**3,438**	**1,214**	**4,632**	**5,263**

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 (as in 2018) since it results in the reduction of the underlying financial liability. Conversely, an upturn in the official price generates financial expense (as in 2019), since it results in the increase of the underlying financial liability.

(15) Financial expense

This caption includes:

Thousands of Euros	Q2 2018	Q2 2019	H1 2018	H1 2019
Interest expense	-	5,464		11,034
Exchange losses	-	1,215		4,085
Net fair value losses on the liability for put option to non-controlling investors	-	927		1,288
Fair value of the market warrants	-	697		697
Fair value losses on derivatives	-	(261)		227
Other financial expense	-	631		1,241
Total	**-**	**8,673**	**-**	**18,573**

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

(16) Income taxes

This caption includes:

Thousands of Euros	Q2 2018	Q2 2019	H1 2018	H1 2019
Current taxes	-	(4,442)		(8,919)
Deferred taxes	-	2,714		4,504
Total	**-**	**(1,728)**	**-**	**(4,415)**

(17) Earnings (loss) per share – basic and diluted

Thousands of Euros	Q2 2018	Q2 2019	H1 2018	H1 2019
Profit (loss) for the period attributable to the owners of the parent	2,507	(1,668)	1,438	(6,083)
Weighted average number of shares	50,000,000	66,372,404	50,000,000	66,372,404
Earnings (loss) per share (in Euro)	**0.05**	**(0.03)**	**0.03**	**(0.09)**

Thousands of Euros	Q2 2018	Q2 2019	H1 2018	H1 2019
Profit (loss) for the period attributable to the owners of the parent	2,507	(1,668)	1,438	(6,083)
Weighted average number of shares (including warrants)	52,325,582	78,032,699	52,325,582	78,032,699
Diluted earnings (loss) per share (in Euro)	**0.05**	**(0.02)**	**0.03**	**(0.08)**

The basic loss per share is €0,09 for the first six months of 2019 compared to basic earnings of €0.03 for the corresponding period of 2018.

The diluted loss per share for the six months of 2019 is €0.08 (diluted earnings of €0.03 for the first six 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 €36,956 thousand at June 30, 2019 (€47,795 thousand at December 31, 2018), mainly due to the change in net working capital, which was negative in the first six 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	June 30, 2019
Trade receivables	104,898	115,225
Loss allowance	(2,093)	(2,050)
Total	**102,805**	**113,174**

The loss allowance changed as follows:

(Thousands of Euros)	June 30, 2019
Opening balance	2,093
Exchange losses	(34)
Accruals	147
Utilisations/releases of the period	(155)
Closing balance	**2,050**

The allowance at June 30, 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	June 30, 2019
Raw materials, consumables and supplies	43,415	49,155
(Allowance for inventory write-down)	(1,068)	(1,273)
Work in progress and semi-finished products	23,623	26,406
(Allowance for inventory write-down)	(468)	(473)
Finished products and goods	28,020	38,505
(Allowance for inventory write-down)	(534)	(709)
Payments on account	270	286
Total	**93,258**	**111,899**

Changes in the first six months of 2019 are as follows:

(Thousands of Euros)	
January 1, 2019	93,258
Exchange gains	685
Change in raw materials, consumables and supplies	5,143
Change in finished goods and semi-finished products	12,797
Change in payments on account	17
Balance at June 30, 2019	**111,899**

The allowance for inventory write-down varied as follows:

(Thousands of Euros)	**June 30, 2019**
Opening balance	2,070
Exchange gains	24
Accruals	360
Closing balance	**2,454**

(21) Property, plant and equipment

The following table shows the changes in this caption in the first six months of 2019:

(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 (*)	53,927	175,888	13,074	1,854	8,977	**253,721**
Accumulated depreciation and impairment losses at December 31, 2018 (*)	(771)	(11,829)	(1,008)	(263)	-	**(13,870)**
Carrying amount at December 31, 2018 (*)	**53,156**	**164,060**	**12,066**	**1,591**	**8,977**	**239,851**
Effects of IFRS 16 FTA	(10,657)	(1,590)	-	-	-	**(12,248)**
Carrying amount at January 1, 2019	**42,499**	**162,469**	**12,066**	**1,591**	**8,977**	**227,603**
Exchange gains	734	1,870	143	35	116	**2,899**
Additions	305	3,359	199	210	8,770	**12,844**
Disposals	(15)	(40)	(10)	(6)	-	**(72)**
Impairment losses	(108)	(878)	(2)	(21)	-	**(1,009)**
Reclassifications	412	7,299	1,774	64	(9,620)	**(70)**
Reclassification to assets classified as held for sale	-	(520)	-	-	-	**(520)**
Depreciation	(820)	(15,968)	(1,314)	(348)	-	**(18,449)**
Historical cost at June 30, 2019	44,706	186,267	15,180	2,157	8,244	**256,554**
Accumulated amortisation and impairment losses at June 30, 2019	(1,699)	(28,674)	(2,323)	(631)	-	**(33,328)**
Carrying amount at June 30, 2019	**43,007**	**157,593**	**12,857**	**1,525**	**8,244**	**223,226**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the business combination which took place on July 31, 2018.

Capital expenditure mainly involved plant and machinery in all five continents where the group is present to a greater or lesser degree. The investments were made in Europe and specifically Italy, Ukraine, Poland, United Kingdom, Luxembourg and Bulgaria. Most of the remainder was earmarked for Asia and Latin and North America and, in particular, India, Mexico and Chile.
In Africa, in February 2019, Guala Closures East Africa started production in its Kenya-based facility 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, in Australia and New Zealand, only small 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 €813 thousand on plant, machinery and other assets while the Chinese group company recognised impairment losses of €195 thousand on third party buildings, plant, machinery and equipment.

The historical cost of property, plant and equipment was restated following the above-mentioned PPA procedure. Plant and machinery reflect the fair value calculated at cost, as described in note 6.1.4.

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 €520 thousand reclassification of plant and machinery to assets classified as held for sale relates to the assets of the PET division owned by Guala Closures Iberica (Spain) which were sold to third parties in July.

The effect of hyperinflation included in exchange gains is €0.8 million.

At the reporting date, collateral on property, plant and equipment is unchanged from 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 the first six months of 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)	(199)	(28)	(31)	113	**(145)**
Additions	39	42	189	161	**430**
Depreciation of right-of-use assets	(1,531)	(505)	(397)	(336)	**(2,769)**
Historical cost at June 30, 2019	23,987	2,437	1,820	1,300	**29,545**
Accumulated amortisation and impairment losses at June 30, 2019	(1,531)	(505)	(397)	(336)	**(2,769)**
Carrying amount at June 30, 2019	**22,456**	**1,933**	**1,422**	**964**	**26,775**

There were no significant changes in the right-of-use assets in the reporting period.

Following the application of IFRS 16, €29.3 million was recognised at January 1, 2019. Of this amount, €12.3 million related to the reclassification of the finance leases recognised in the 2018 consolidated financial statements from Property, plant and equipment in accordance with IAS 17 and €17.0 million related to the leases previously classified as operating leases.

(23) Intangible assets

The following table shows the changes in this caption in the first six months of 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 (*)	2,083	131,978	504,469	251,843	1,566	**891,937**
Accumulated amortisation and impairment losses at December 31, 2018 (*)	(382)	(3,431)	-	(4,558)	(33)	**(8,404)**
Carrying amount at December 31, 2018 (*)	**1,700**	**128,547**	**504,469**	**247,285**	**1,533**	**883,533**
Carrying amount at January 1, 2019	**1,700**	**128,547**	**504,469**	**247,285**	**1,533**	**883,533**
Exchange gains	1	241	-	3,389	1	**3,631**
Additions	102	33	-	-	493	**629**
Reclassifications	219	131	-	-	(280)	**70**
Amortisation	(296)	(4,618)	-	(5,262)	-	**(10,177)**
Historical cost at June 30, 2019	2,405	132,382	504,469	255,231	1,780	**896,267**
Accumulated amortisation and impairment losses at June 30, 2019	(679)	(8,049)	-	(9,820)	(33)	**(18,581)**
Carrying amount at June 30, 2019	**1,727**	**124,333**	**504,469**	**245,411**	**1,747**	**877,686**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the business combination which took place on July 31, 2018.

The historical cost of intangible assets was restated following the above-mentioned PPA procedure. As described in note 6.1.4, “Licences and patents” reflect the fair value of the Guala Closures trademark and patents, calculated using the relief from royalty method, “Other” mainly reflects the fair value of the trade relationships with customers, calculated using the “multi-period excess earnings method, while the fair value of the other items comprising this caption was deemed equal to the carrying amount at the date of the business combination.

Goodwill recognised at the end of the PPA procedure was measured as the excess between the sum of the consideration transferred and the non-controlling interests and the carrying amount, at the acquisition date, of the identifiable assets acquired and the identifiable liabilities assumed. For additional information, reference should be made to note 6.1.5.

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 six 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.

Furthermore, on July 20, 2018, the parent entered into a revolving credit facility 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 floating rate bonds 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, 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 parent, the risk that the covenant is exceeded on the date of the first check at September 30, 2019, is remote.

Financial liabilities at June 30, 2019 and December 31, 2018 are shown below:

(Thousands of Euros)	**December 31, 2018**	**June 30, 2019**
Current financial liabilities		
Bonds	3,937	3,362
Bank loans and borrowings	14,324	11,830
Other financial liabilities	7,023	13,586
	25,284	28,777
Non-current financial liabilities		
Bond	441,383	442,664
Bank loans and borrowings	13,506	15,273
Other financial liabilities	28,057	37,778
	482,946	495,715
Total	**508,230**	**524,492**

The terms and expiry dates of the financial liabilities at December 31, 2018 and June 30, 2019 are shown below:

	Nominal amount					
(Thousands of Euros)	**Total 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 (IAS 17)	6,095	2,685	3,410	-	2,685	3,410
Financial liabilities – put option to non-controlling investors	24,647	-	-	24,647	-	24,647
TOTAL other financial liabilities	**35,080**	**7,023**	**3,410**	**24,647**	**7,023**	**28,057**
TOTAL	**508,230**	**25,284**	**6,477**	**476,469**	**25,284**	**482,946**

	Nominal amount					
(Thousands of Euros)	**Total at June 30, 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	3,362	3,362	-	-	3,362	-
Transaction costs	(12,336)	-	(12,336)	-	-	(12,336)
TOTAL Bonds FRSN 2024 - Guala Closures S.p.A.	**446,025**	**3,362**	**442,664**	**-**	**3,362**	**442,664**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	13,385	-	13,385	-	-	13,385
Transaction costs	(669)	-	(669)	-	-	(669)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**12,715**	**-**	**12,715**	**-**	**-**	**12,715**
Other accrued expenses - Guala Closures S.p.A.	97	97	-	-	97	-
Yes Bank loan and bank overdraft Axiom Propack (India)	2,720	2,720	-	-	2,720	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,742	3,742	-	-	3,742	-
Banco de la Nacion Argentina loan (Chile)	274	183	91	-	183	91
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	96	47	49	-	47	49
Advances on loans and receivables (Argentina)	540	540	1	-	540	1
Banamex / Bancomer loan (Mexico)	6,918	4,501	2,417	-	4,501	2,417
TOTAL bank loans and borrowings	**27,103**	**11,830**	**15,273**	**-**	**11,830**	**15,273**
Other financial liabilities:						
Market warrants	5,036	5,036	-	-	5,036	-
Leases (IFRS 16)	20,162	8,318	11,843	-	8,318	11,843
Financial liabilities – put option to non-controlling investors	25,935	-	-	25,935	-	25,935
Other liabilities	232	232	-	-	232	-
TOTAL other financial liabilities	**51,364**	**13,586**	**11,843**	**25,935**	**13,586**	**37,778**
TOTAL	**524,492**	**28,777**	**469,780**	**25,935**	**28,777**	**495,715**

“Other financial liabilities” include the fair value of the market warrants at June 30, 2019 and December 31, 2018 (€5,036 thousand and €4,338 thousand, respectively). The difference between the fair value at June 30, 2019 and that at December 31, 2018 was recognised in the statement of profit or loss and comprehensive income for the period, under financial expense (€697 thousand). The impact on the statement of profit or loss and comprehensive income for the period is attributable to the increase in the market price of the market warrants, which went from €0.224 at December 31, 2018 to €0.260 at June 30, 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 for put option 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. Following the PPA procedure, the financial liability was adjusted to reflect the allocation of the resulting gains attributable to non-controlling investors.
Reference should be made to note 31) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further details.

The interest rates and expiry dates of the financial liabilities at December 31, 2018 and June 30, 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.	€	Euribor 3M + 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	Euribor/Libor GBP 3M + 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	Wibor 1M (*)	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 (IAS 17)	€	n.a.	n.a.	6,095
Financial liabilities – put option to non-controlling investors	€	n.a.	n.a.	24,647
TOTAL other financial liabilities				**35,080**
TOTAL				**508,230**

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total June 30, 2019
Bonds				
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	€	Euribor 3M + 3.50%	2024	455,000
Interest on bonds	€	n.a.	2019	3,362
Transaction costs	€	n.a.	2024	(12,336)
TOTAL Bonds FRSN 2024 - Guala Closures S.p.A.				**446,025**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	Euribor/Libor GBP 3M + 2.50%	2024	13,385
Transaction costs	€	n.a.	2024	(669)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**12,715**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2019	97
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	2019	2,720
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	3,742
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	274
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	96
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	540
Banamex / Bancomer loan (Mexico)	USD	n.a.	2023	6,918
TOTAL bank loans and borrowings				**27,103**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	5,036
Leases (IFRS 16)	€	n.a.	n.a.	20,162
Financial liabilities – put option to non-controlling investors	€	n.a.	n.a.	25,935
Other liabilities	€	n.a.	n.a.	232
TOTAL other financial liabilities				**51,364**
TOTAL				**524,492**

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

The Senior Revolving Facility's availability at June 30, 2019 is shown in the table below:

	Available amount (thousands of Euros)	Amount used at June 30, 2019	Residual available amount at June 30, 2019
Revolving Credit Facility due 2024	80,000	13,385	66,615

(25) Trade payables

These may be analysed as follows:

(Thousands of Euros)	December 31, 2018	June 30, 2019
Suppliers	70,895	83,921
Payments on account	436	184
Total	**71,331**	**84,105**

(26) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2018	June 30, 2019
Provision for restructuring	402	2,413
Provision for contingencies	710	710
Provision for returns	409	390
Total current provisions	**1,521**	**3,512**

The provision for restructuring includes:

— €1,436 thousand for the reorganisation of the PET division which, the activities of which were only performed by Guala Closures Iberica, up until the acquisition of the British Guala Closures UCP on December 12, 2018. After acquiring Guala Closures UCP, the group decided to reorganise the division by transferring part of the activities carried out by Guala Closures Iberica to a non-group sector operator and to assign the remaining ones to Guala Closures UCP. Following the reorganisation, at the end of July, the Guala Closures Iberica's PET facility in Alcalà De Henares (Madrid) was definitively closed, terminating the contracts with the employees working at the facility;

— €379 thousand for the downsizing of Guala Closures UK Ltd's production activities in Glasgow, commenced in the first quarter of 2018. Plant and machinery are being 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;

— €597 thousand 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 production facility will be transferred to the Chambray facility and other group companies. The Saint Remy Sur Avre facility will be closed. 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.

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 €.07 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.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

Thousands of Euros	**2019**
Opening balance	1,521
Exchange losses	(0)
Accruals	2,261
Utilisations	(269)
Closing balance	**3,512**

The accrual mainly relates to the reorganisation of the PET division launched by Guala Closures Iberica and to Guala Closures France's reorganisation project as described earlier.

NON-CURRENT PROVISIONS:

Thousands of Euros	**December 31, 2018**	**June 30, 2019**
Provision for legal disputes	112	111
Provision for agents' termination indemnity	140	144
Total non-current provisions	**252**	**255**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

Thousands of Euros	**H1 2019**
Opening balance	252
Exchange losses	(1)
Accruals	85
Utilisations	(81)
Closing balance	**255**

(27) Equity attributable to the owners of the parent

At June 30, 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-in 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 June 30, 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 to 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 by 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 June 30, 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 chairperson 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 June 30, 2019	Balance at December 31, 2018 (*)	Balance at June 30, 2019
Guala Closures Ukraine LLC	30.0%	30.0%	14,449	14,855
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,460	3,551
Guala Closures de Colombia LTDA	6.8%	6.8%	753	694
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,595	2,778
Guala Closures DGS Poland S.A.	30.0%	30.0%	16,726	14,923
Guala Closures France SAS	30.0%	30.0%	1,349	766
Total			**39,333**	**37,568**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the business combination which took place on July 31, 2018.

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 June 30, 2019, is analysed below and calculated in accordance with ESMA/2013/319 recommendations:

	(thousands of Euros)	**December 31, 2018**	**June 30, 2019**
A	Cash	-	-
B	Cash equivalents	47,795	36,956
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**47,795**	**36,956**
E	**Current loan assets**	**653**	**818**
F	Current bank loans and borrowings	12,695	10,442
G	Current portion of non-current indebtedness	5,566	4,750
H	Other current loans and borrowings	2,685	8,550
I	**Current financial indebtedness (F+G+H)**	**20,946**	**23,742**
J	**Net current financial indebtedness (I-E-D)**	**(27,502)**	**(14,032)**
K	Non-current bank loans and borrowings	13,506	15,273
L	Bonds issued	441,383	442,664
M	Other non-current liabilities	28,057	37,778
N	**Non-current financial indebtedness (K+L+M)**	**482,946**	**495,715**
O	**Net financial indebtedness as per ESMA's recommendation (J+N)**	**455,444**	**481,683**

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

In the annex to the directors' report, the group gives a breakdown of net financial indebtedness, including non-current financial assets and the 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:

	(thousands of Euros)	**December 31, 2018**	**June 30, 2019**
O	Net financial indebtedness as per ESMA's recommendation	455,444	481,683
P	Non-current financial assets	(273)	(482)
Q	Market warrants	4,338	5,036
R	**Total net financial indebtedness (O-P+Q)**	**459,509**	**486,237**

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 December 31, 2018 and June 30, 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**				**-**
Cash and cash equivalents	18			47,795		**47,795**				**-**
		-	**-**	**151,526**	**-**	**151,526**	**-**	**-**	**-**	**-**
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)**
Financial liabilities – put option to non-controlling investors (**)	24	(24,647)				**(24,647)**			(24,647)	**(24,647)**
		(24,647)	**(58)**	**-**	**(4,338)**	**(29,044)**	**(4,338)**	**(58)**	**(24,647)**	**(29,044)**
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 (IAS 17)	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.
(**) Figures restated following the PPA process

June 30, 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										
Currency derivatives held for trading		43				**43**		43		**43**
		43	**-**	**-**	**-**	**43**	**-**	**43**	**-**	**43**
Financial assets not measured at fair value (*)										
Trade receivables	19			113,174		**113,174**				**-**
Financial assets				1,300		**1,300**				**-**
Cash and cash equivalents	18			36,956		**36,956**				**-**
		-	**-**	**151,430**	**-**	**151,430**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Interest rate swaps used for hedging			(6)			**(6)**		(6)		**(6)**
Market warrants					(5,036)	**(5,036)**	(5,036)			**(5,036)**
Aluminium derivatives used for trading		(26)				**(26)**		(26)		**(26)**
Financial liabilities – put option to non-controlling investors	24	(25,935)				**(25,935)**			(25,935)	**(25,935)**
		(25,961)	**(6)**	**-**	**(5,036)**	**(31,002)**	**(5,036)**	**(32)**	**(25,935)**	**(31,002)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	24				(6,463)	**(6,463)**		(6,463)		**(6,463)**
Secured bank loans	24				(20,270)	**(20,270)**		(20,465)		**(20,465)**
Unsecured bank loans	24				(370)	**(370)**		(370)		**(370)**
Secured bond issues	24				(446,025)	**(446,025)**		(462,979)		**(462,979)**
Lease liabilities (IFRS 16)	24				(20,162)	**(20,162)**				**-**
Trade payables	25				(84,105)	**(84,105)**				**-**
Other financial liabilities	24				(232)	**(232)**				**-**
		-	**-**	**-**	**(577,626)**	**(577,626)**	**-**	**(490,278)**	**-**	**(490,278)**

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

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Therefore, the following changes in fair value could significantly affect the 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 expense are accounting changes that do not lead to cash inflows or outflows.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put option on non-controlling interests	Discounted cash flows: The fair value is determined considering the expected payment, 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 decreased • 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 period 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 (**)	24,647
Loss included in “(financial income) / financial expense”- Net change in fair value (unrealised)	1,288
Carrying amount at June 30, 2019	**25,935**

(**) Figures restated following the PPA process

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 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 loss for the period**
Risk-adjusted discount rate	1%	1,814
	(1%)	(2,075)
Growth rate	1%	(1,423)
	(1%)	1,255
Expected date of put option exercise	+ 1 year	1,524
	- 1 year	(1,635)

(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 financial transactions carried out with third parties in the first six months of 2019:

- Space Holding S.r.l.: €12 thousand related to consultancy services provided in the first six months of the year as per the contract of September 27, 2017, as subsequently amended and integrated.

Transactions with the key management personnel are set out below:

Thousands of Euros	Costs recognised in the period							Accrual for post-employment benefits at June 30, 2019	Other liabilities at June 30, 2019	Cash flows for 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			
Total directors/key managers	266	1,584	1,130	11	5	145	**3,140**	1	1,700	1,414

GCL Holdings S.C.A. is a related party of Guala Closures S.p.A..
The transactions and relationships between this company and the group at June 30, 2019 are summarised below:

- it has four members on the board of directors of Guala Closures S.p.A. since August, 2018, 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 since September 10, 2018, who were appointed on the indication of GCL Holdings S.C.A.;
- GCL Holdings S.C.A. has held 14.24% of the share capital of Guala Closures S.p.A. since July 31, 2018 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 June 30, 2019 are summarised below:

- it has two members (one of whom is independent) on the board of directors of Guala Closures S.p.A. since August 6, 2018, 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 since September 10, 2018, who were appointed on the indication of Space Holding S.p.A.;
- Space Holding has held 4.70% of the share capital of Guala Closures S.p.A. since July 31, 2018 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 June 30, 2019 are summarised below:

- it has one member on the board of directors of Guala Closures S.p.A. since August 6, 2018 (the date the merger became effective);
- Peninsula has held 9.84% of the share capital of Guala Closures S.p.A. and 8.92% of the voting rights since July 31, 2018.
- 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 statements 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) Atypical and/or unusual transactions

Pursuant to Consob communication dated July 28, 2006, it is noted that, during the period, Guala Closures Group did not carry out any atypical and/or unusual transactions, as described in the relevant communication, whereby atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near period end) can give rise to doubts on: correctness/completeness of information posted, conflicts of interest and the safeguarding of company assets, and of non-controlling interests.

(35) Events after the reporting period

- **Progress of Beijing Guala Closures' reorganisation**

In early July 2019, the Chinese subsidiary Beijing Guala Closures engaged a local firm to commence legal action against the lessor of the building, following the early termination of the lease. However, meanwhile, the lessor, together with the local authorities, proposed an alternative site where the business may be relocated, with all relocation and set-up costs to be borne by the lessor. Negotiations are currently underway to assess the feasibility of the proposal.

- **Accident at the Magenta facility**

On July 16, 2019, the parent's lawyers filed a settlement request concerning the liability under Legislative decree no. 231/2001, paying €80,000. The Judge set a hearing for December 18, 2019, to take a decision regarding the petitions presented.

Liquidity provider agreement

On July 29, 2019, the parent signed a liquidity provider agreement with Mediobanca, whereby the latter, acting as the intermediary, undertakes to maintain the liquidity of the parent's shares by trading on its own behalf, in accordance with Consob resolution no. 16839 of March 19, 2009.

Newco in Belarus

On July 30, 2019, the Dutch subsidiary Guala Closures International B.V. approved the incorporation of a newco in Belarus. The newco's shareholders will be Guala Closures International BV (70%), a local partner (15%) and the Ukrainian non-controlling investor (15%) who already holds 30% of Guala Closures Ukraine LLC.
The incorporation actually took place on September 5, 2019.

Share capital reduction Guala Closures Bulgaria A.D.

During the month of August the reduction of the share capital of the Bulgarian subsidiary was completed, with subsequent repayment of capital to the shareholders.
The company's shares decrease from a unit value of 10 Bulgarian Levs to 6, while the number of shares remained unchanged at 1,042,020.

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

September 13, 2019

Annexes to the condensed interim consolidated financial statements

Annex
Statement of the CEO and manager in charge of financial reporting pursuant to article 154-bis.3 and 4 of Legislative decree no. 58/1998 (“Consolidated finance act”)

ANNEX

Statement of the CEO and manager in charge of financial reporting

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

1. The undersigned Marco Giovannini and Anibal Diaz Diaz, CEO and manager in charge of financial reporting of Guala Closures S.p.A. (the "**parent**"), respectively, state that pursuant to article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998:
   - the administrative and accounting procedures are adequate given the group's characteristics; and
   - they were actually applied during the period to prepare the condensed interim consolidated financial statements as at and for the six months ended June 30, 2019.
2. No significant issues arose.
3. Moreover, they state that:

   3.1 The condensed interim consolidated financial statements:

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

   b) are consistent with the accounting records and entries;

   c) are suitable to give a true and fair view of the financial position as at June 30, 2019 and the results of operations and cash flows for the six months then ended of the issuer and the consolidated companies.

   3.2 The directors' report includes a reliable analysis of the significant events that took place during the period and their impact on the condensed interim consolidated financial statements, together with information about the main risks and uncertainties to which the group is exposed for the last six months of the year. The condensed interim consolidated financial statements also set out a reliable analysis of relevant related party transactions.

September 13, 2019

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

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

Report on review of condensed interim consolidated financial statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Guala Closures Group, comprising the statement of financial position as at 30 June 2019, the statements of profit or loss and other comprehensive income for the six and the three months then ended, the statements of cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Guala Closures Group as at and for the six months ended 30 June 2019 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Turin, 13 September 2019

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit