SEPTEMBER 30, 2019

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

INTERIM FINANCIAL REPORT
AT SEPTEMBER 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
Deputy Director	Edoardo Carlo Maria Subert
Director	Anibal 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. Its leadership is based on continuous product and process innovation developed at the group's five different research and development centres, two of which are focused on finding unique, ground-breaking solutions for products and processes and three of which work on product development for the different macro regions.

Since **August 6, 2018**, Guala Closures Group, through its parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange. On **September 23, 2019**, it was admitted to Borsa Italiana's **FTSE Italy Mid Cap** index for the 60 more liquid and highly capitalised shares listed on the MTA and MIV markets not included in the FTSE MIB index.
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 the group's performance in 2018 and 2019 comparable.
Specifically, with respect to the comparative figures for the first nine months of 2018, until July 31, 2018, the consolidation scope only included Space4 S.p.A. (formerly 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 nine months 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.
The condensed interim consolidated financial statements as at and for the six months ended June 30, 2019 were the first to show the effects of the PPA procedure, which was completed within one year of 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;
- trade 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 assets with an indefinite useful life (goodwill) recognised provisionally in the previous financial statements at June 30, 2019, as well as 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 nine months ended September 30, 2019 increased compared to the pro forma comparative figures for the first nine months of 2018 (as these effects only impacted two months of that period) 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 first nine months of 2018 included in this directors' report are only partially affected by the PPA procedure, i.e., they refer to August-September 2018 only. However, the group's statement of financial position as at December 31, 2018, presented for comparative purposes, reflects the effects of the PPA procedure for the period from July 31, 2018 to December 31, 2018.
Finally, the PPA procedure entailed 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 nine 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 48 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.

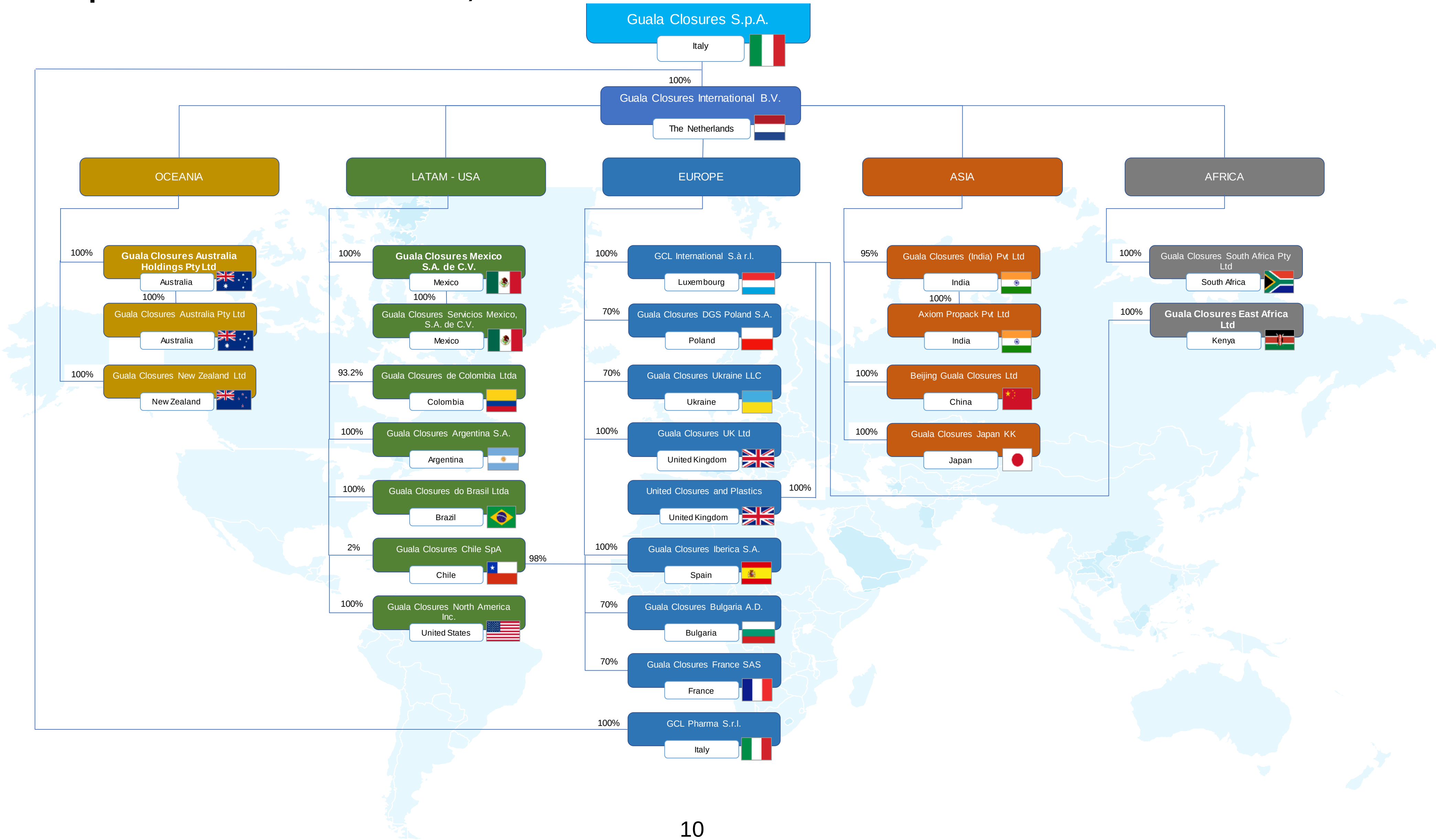
- Pre-merger Guala Closures Group: Guala Closures Group before its merger into Space4 S.p.A. on August 6, 2018.

- 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.

Group structure at September 30, 2019

Group structure at December 31, 2018



Group structure at September 30, 2018

Key figures

€ / million	PRO FORMA[2] 9 months 2018	9 months 2019 Constant exchange rates	9 months 2019 Spot exchange rates	PRO FORMA[2] Q3 2018	Q3 2019 Constant exchange rates	Q3 2019 Spot exchange rates
Revenue	397.0	447.3	448.1	138.3	152.0	157.0
Growth %		*12.7%*	*12.9%*		*9.9%*	*13.5%*
Adjusted EBITDA	73.5	78.4	79.3	26.7	28.0	28.9
Growth %		*6.7%*	*7.9%*		*4.7%*	*8.0%*
Adjusted EBITDA margin	*18.5%*	*17.5%*	*17.7%*	*19.3%*	*18.4%*	*18.4%*
Profit (loss) for the period	(11.5)	0.3	1.5	(11.8)	4.0	4.7

	9 months 2018	9 months 2019	Q3 2018	Q3 2019
Change in net financial indebtedness of the period	(60.3)	(9.4)	(32.5)	0.4

	December 31, 2018[3]	September 30, 2019
Net financial indebtedness[1]	459.5	485.9

Employees	4,724
Facilities	29 plants and 3 sales offices in 23 countries on 5 continents
Patents and utility models	over 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 illustrated in Annex C) to 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.

Development strategies and events in the period

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 markets in emerging countries with specific focus on 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 the new product range by driving innovative, high-tech products and focusing increasingly on aesthetics to promote the brand with customers;
- careful assessment of potential related to acquisitions to expand the group's presence in new geographical segments and/or markets that it does not yet have an adequate share of.

Performance of operations

In the first nine months of 2019, sales revenue and adjusted EBITDA rose by 12.7% and 6.7% 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 3.5% and 3.3%, respectively. Guala Closures UCP recorded encouraging results for the nine months confirming management's expectations about its positive contribution to the group.

At September 30, 2019, net financial indebtedness amounted to approximately €486 million, up by around €26 million on the balance at December 31, 2018, mainly as a consequence of the lease liabilities recognised in accordance with IFRS 16, the change in the fair value of the financial liability for the call option for non-controlling interests (€3.2 million) and lower cash and cash equivalents (€8.5 million) due to normal seasonal trends in net working capital, which increases before the spike in sales at the end of the year. Financial liabilities to third parties are steady at roughly €472 million, and the group's ability to generate cash flows from operating activities have improved considerably on the same period of the previous year. In point of fact, net cash flows from operating activities in the first nine months of 2019 are up significantly on the same period of 2018 thanks to group management's roll-out of policies to optimise operating working capital, which include factoring trade receivables. The effects of these policies are beginning to be seen in terms of an improvement in consolidated net financial indebtedness.

The group continues to grow in Eastern Europe, and more specifically in Belarus, where Guala Closures BY LLC was established in September. Guala Closures Group is the controlling investor of this Belarus company, set up as part of a development project to better serve the greater Russian market.

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 (Spain) up until the acquisition of the Scottish 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 (Spain) up until then to a non-group operator in this sector and to concentrate the remaining ones with the newly acquired UCP. The results of operations for the first nine 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 quarter, and to concentrate production in a single group facility.

The combination of Guala Closures UCP within 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.

The group's reorganisation continues in France, where production is expected to begin in the fourth quarter at the Chambray facility using the new machinery for the production of small batches of closures for the wine sector with very short lead times to meet market requirements. The initial plan to sell the Saint Remy Sur Avre facility, originally planned for the end of July, was revised and postponed by about one year as the group intends to provide commercial support to the customers that have requested it.

Finally, it should be noted that on November 4, 2019 the new plant in Kenya of Guala Closures East Africa was officially inaugurated, a company established on November 8, 2018 with the aim of assisting spirit producers in Kenya and in the wider East African market with anti-counterfeiting closures equipped with the latest technologies.
The new plant located in Nairobi started production in early February and from March it began to penetrate the market making the first sales to an important local customer and continues its growth path supported by the Group.


Guala Closures East Africa
NAIROBI FACTORY
INAUGURATED BY
MR. MARCO GIOVANNINI
IN THE PRESENCE OF
H.E. ALBERTO PIERI
AMBASSADOR OF ITALY
NOVEMBER 4, 2019

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 may also be extended 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 winemaker Böen, which is part of Copper Cane Wines & Provisions by Joseph Wagner, partnered with Guala Closures to adopt the NFC/e-WAK® technology.

The connected bottles were released on the US market on August 1, offering consumers the chance to be taken to the Böen estate and learn how their wine was made, discover food pairings, and share their own experiences with other wine lovers using the platform and via social media.
- at the end of September at the Luxe Pack Monaco exhibition the Group has presented the innovative range of NĕSTGATE™ communicating closures. The NĕSTGATE™ range already includes seven caps for wine, spirits and olive oil, featuring an elegant design with a wide choice of options: wood and cork stopper, anti-filling closure, with aluminium or resin coating for the luxury sector. By tapping the cap, NFC technology will take consumers to the brand world and the brand will have the opportunity to collect valuable data for customer relations and product traceability.

In addition to these first operational contracts, Guala Closures will soon deploy several international projects. Meanwhile, the group R&D department dedicated to technological innovation, is working to expand its NĕSTGATE™ range around other technologies: QR codes, voice connection and augmented reality.

Capital expenditure in the first nine months of 2019

In accordance with its investment policy, the group invested roughly €25 million in the first nine months of 2019 (in line with capital expenditure for the first nine months of 2018).

Capital expenditure mainly related to plant and machinery and covered, although to differing extents, all five continents where the group operates.

In particular, capital expenditure was concentrated in Europe and covered all group facilities, with a focus on those in Italy and Ukraine. The facilities in the UK and, especially Guala Closures UCP's facility, in addition to those in Poland, the French plant, as production in France is reorganised, and the research centre in Luxembourg all saw substantial capital expenditure.

In Asia, significant capital expenditure went to the Indian facilities, while in Latam and the US, the most capital expenditure was for the Mexican and Chilean facilities.

In Africa, most capital expenditure was directed at Guala Closures East Africa's Kenyan facility.

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

Significant events in the period

The main events which affected the Guala Closures Group in the first nine months of 2019 are summarised below:

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.

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.

Application submitted by Guala Closures S.p.A.

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.

Reorganisation of Guala Closures France SAS

Guala Closures France carries out production and the taxation of closures.
Following a change in local legislation applicable to the taxation of closures, in March 2019, this company began a reorganisation, which will entail investments in the Chambray plant, which produces 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 part of the assets (machinery and some employees) from the Saint Remy Sur Avre production facility to the Chambray facility and the remaining assets to other group companies. As a result, the Saint Remy Sur Avre facility will be closed.
The Saint Remy Sur Avre facility was originally scheduled to close at the end of July, but this was postponed by about one year to meet the requirements of customers and distributors that are unable to independently support the taxation of closures. Therefore, limited operations continue at the facility with approximately 11 employees.

The condensed interim consolidated financial statements include the effects of the reorganisation and a specific provision to cover its costs.

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.

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.
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. In the meantime, the lessor has granted a three-month extension to the lease, i.e., to March 31, 2020.
The 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 to sell 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.
In June 2019, Guala Closures Iberica's assets were transferred to Guala Closures UCP, which began installing and integrating the machinery at its facility in July. In the third quarter of the year, the assets sold to third parties began to be transferred and are currently being installed at the buyer's facility. When installation is complete, the sale of these assets will be finalised, with the realisation of a gain for the group that will be recognised on an accruals basis in the fourth quarter.
To complete the process, at the end of July, Guala Closures Iberica's PET facility in Alcalà De Henares (Madrid) was definitively closed.

Update on the proceedings in connection with the 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.
On July 16, 2019, the company's lawyers put forth a plea bargain for liability pursuant to Legislative decree no. 231/2001, in which they offered to pay €80 thousand. The judge scheduled a hearing for December 18, 2019 to decide on the case.

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 first to September 30, then to October 31, 2019 and finally to November 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 further legal action.

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.

Establishment of a company in Belarus

On July 30, 2019, the Dutch subsidiary Guala Closures International B.V. approved the establishment of a new company in Belarus.
This company, named Guala Closures BY LLC, was set up on September 5, 2019 and it is 70% owned by Guala Closures International B.V., 15% by the same non-controlling investor that also owns 30% of Guala Closures Ukraine LLC, and 15% by a local partner.
Production will begin at the new Minsk facility by the end of the year and will enable the group to better cover the Russian market as well.

Share capital decrease of Guala Closures Bulgaria AD

The Bulgarian subsidiary's share capital was decreased in August, with the consequent repayment of shares.
The unit value of the company's shares went from 10 to 6 Bulgarian lev, while the number of outstanding shares remained the same at 1,042,020.

Admission to Borsa Italiana's FTSE Italy Mid Cap index

On September 23, 2019, Guala Closures S.p.A. was admitted to Borsa Italiana's **FTSE Italy Mid Cap** index for the 60 most liquid and highly capitalised listed shares on the MTA and MIV markets not included in the FTSE MIB index.

Accident at Guala Closures Ukraine LLC

On September 28, 2019, at building 8 of the subsidiary Guala Closures Ukraine LLC's site, an unfortunate accident occurred on the metallisation line located there.
The accident occurred while plant emissions were being measured by the external company, LLC Ecosystem, appointed for this purpose, which appears to be responsible for the incident.
Eight people were involved in the explosion; three were in critical condition.
The direct physical damage has not yet been quantified in detail but, based on a preliminary analysis, it should not have a material impact on the group's consolidated financial statements and will be covered by an insurance policy agreed locally.
To date, no official orders have been notified and, based on the appointed lawyers' assessments, the company does not expect to be disciplined.

Results of operations

Analysis of the results of operations

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

Consolidated income statement Guala Closures Group	**9 months 2018 Pro forma**		**9 months 2019**	
	€'000	***% of net revenue***	**€'000**	***% of net revenue***
Net revenue	**397,008**	***100.0%***	**448,064**	***100.0%***
Change in finished goods and semi-finished products	2,201	*0.6%*	7,950	*1.8%*
Other operating income	2,714	*0.7%*	2,867	*0.6%*
Internal work capitalised	4,014	*1.0%*	3,268	*0.7%*
Costs for raw materials	(185,661)	*(46.8%)*	(200,672)	*(44.8%)*
Costs for services	(85,124)	*(21.4%)*	(86,393)	*(19.3%)*
Personnel expense	(74,883)	*(18.9%)*	(91,306)	*(20.4%)*
Other operating expense	(9,035)	*(2.3%)*	(8,288)	*(1.8%)*
Impairment losses	(308)	*(0.1%)*	(596)	*(0.1%)*
EBITDA	**50,925**	***12.8%***	**74,895**	***16.7%***
Amortisation and depreciation	(27,332)	*(6.9%)*	(47,377)	*(10.6%)*
Operating profit (EBIT)	**23,593**	***5.9%***	**27,518**	***6.1%***
Financial income	17,045	*4.3%*	6,554	*1.5%*
Financial expense	(44,117)	*(11.1%)*	(30,272)	*(6.8%)*
Net financial expense	**(27,072)**	***(6.8%)***	**(23,717)**	***(5.3%)***
Profit (loss) before taxation	**(3,479)**	***(0.9%)***	**3,800**	***0.8%***
Income tax expense	(8,045)	*(2.0%)*	(2,262)	*(0.5%)*
Profit (loss) for the period	**(11,524)**	***(2.9%)***	**1,538**	***0.3%***
Profit (loss) for the period attributable to the owners of the parent	(16,380)	*(4.1%)*	(3,218)	*(0.7%)*
Profit for the period attributable to non-controlling interests	4,856	*1.2%*	4,755	*1.1%*
Adjusted EBITDA	**73,472**	***18.5%***	**79,264**	***17.7%***

Notes:

- *Adjusted EBITDA has been calculated based on the definition in the alternative performance indicators section of this report.*
- *The amounts for the first nine months of 2018 include the effects of the PPA procedure, which entailed the recognition of greater amortisation and depreciation of approximately €2.9 million and the release of the related deferred taxes of roughly €0.8 million, in addition to the negative impact of the revaluation of finished products following the PPA procedure, with a negative impact of €7.4 million on EBITDA and the release of the related deferred taxes of approximately €1.9 million.*
- *The amounts for the first nine 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 €15.4 million and the release of the related deferred taxes of roughly €8.1 million.*

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

Net revenue

The trend in revenue for the first nine months of 2019 compared to the first nine months of 2018 is illustrated below. The figures adjusted for a constant consolidation scope exclude the effect of consolidating UCP, which was acquired in December 2018.

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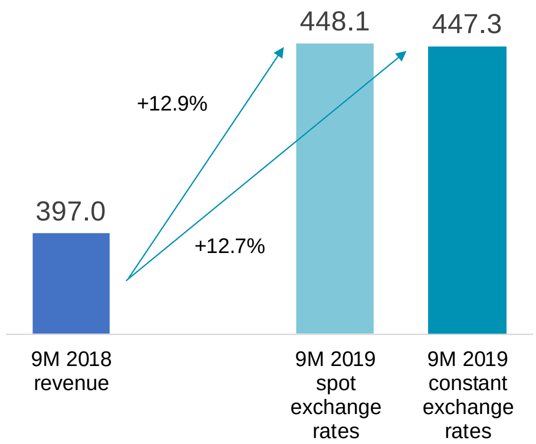
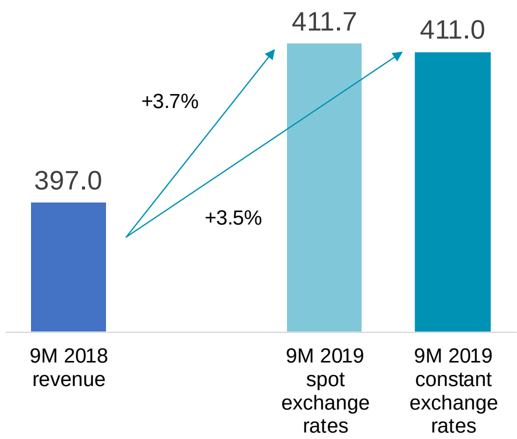
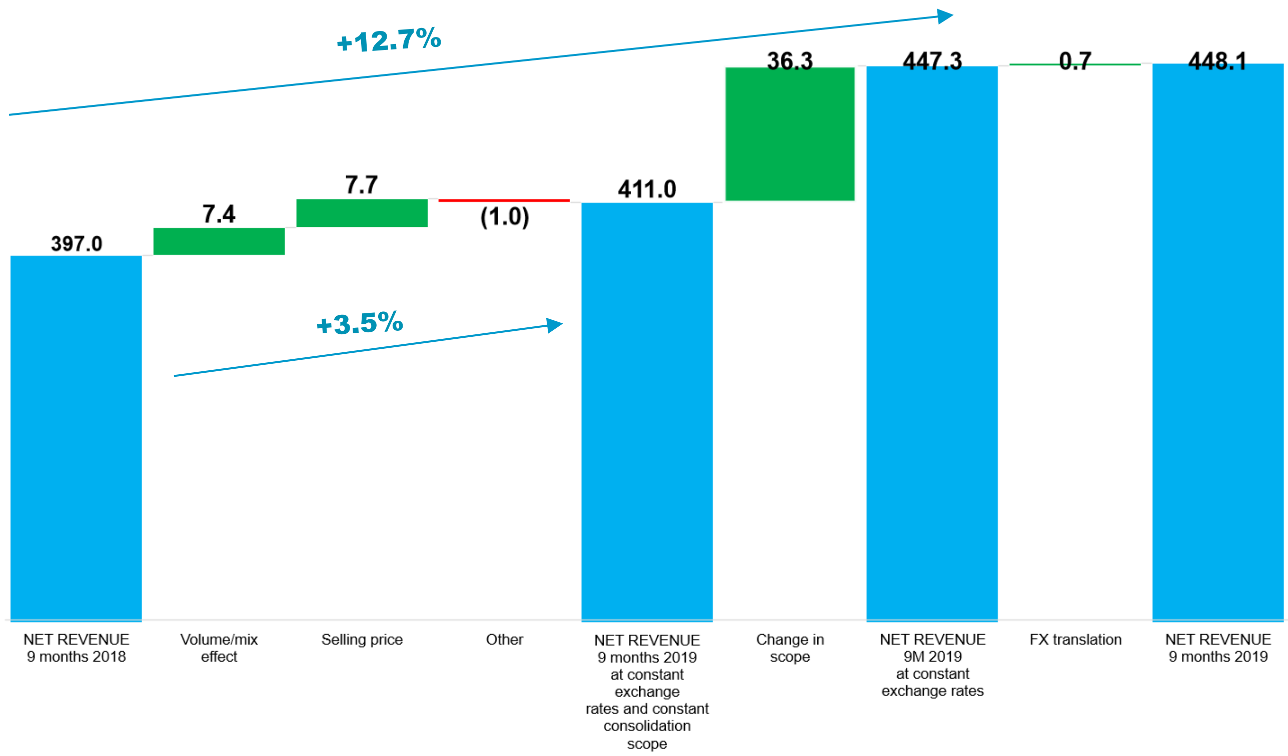


CONSTANT SCOPE



In the first nine months of 2019, consolidated net revenue totalled €448.1 million, up €51.1 million (+12.9%) on the first nine months of 2018, of which +€0.7 million (+0.2%) is due to the positive translation impact.
At constant exchange rates, net revenue rose by €50.3 million (+12.7%) on the first nine months of 2018. The increase was mainly due to the larger sales volumes/better mix effect in the United Kingdom, Mexico, Spain, Chile and North America (+€7.4 million or +1.9%), due to the deeper penetration of safety closures, the shift in the mix of products sold, with "luxury" closures accounting for a larger share, and the changeover from cork to aluminium closures for wine bottles, the increase in sales prices (+€7.7 million or +1.9%) and the consolidation of Guala Closures UCP (formerly United Closures and Plastics) following the acquisition of December 12, 2018 (+€36.3 million or +9.1%).

The graph below shows the difference between the net revenue for the first nine 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 due to the currency transaction impact. It is calculated according to the following definitions:

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

- The currency effect is generated by the sales in the first nine months of 2019 invoiced in a currency other than the local reporting currency and recalculated based on the exchange rates for the first nine 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 "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.

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

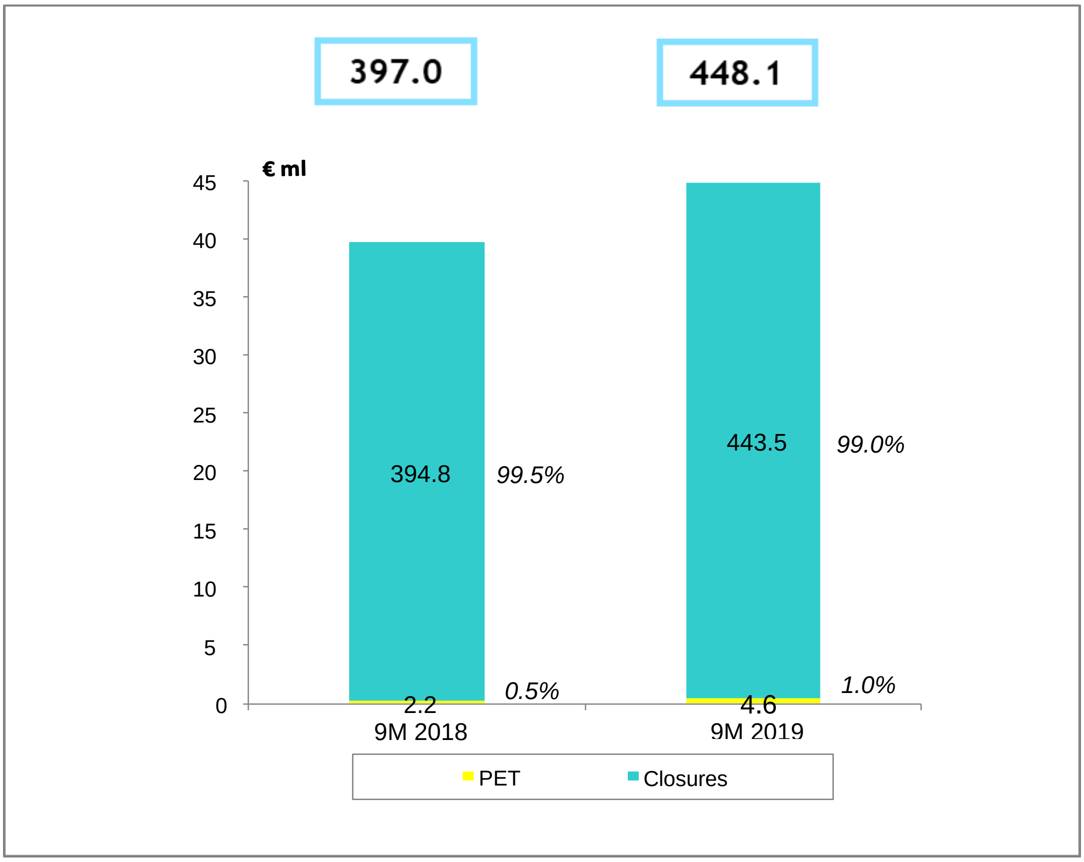
"Other" includes:

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

- the effect of "hyperinflation" due to the revaluation of the Argentinian peso following the application of IAS 29 (€1.1 million).

Net revenue by division

The following graph gives a breakdown of revenue by division:



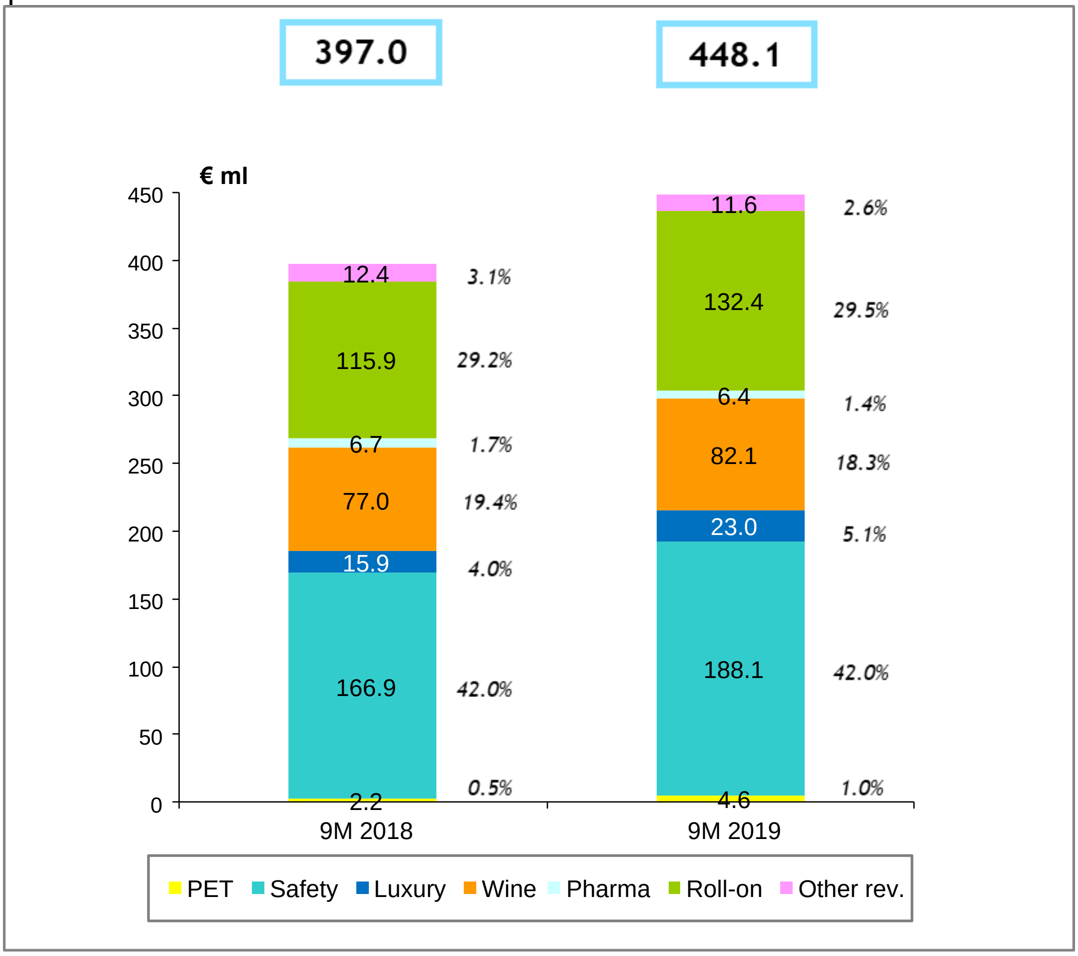
Source: Management accounts

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.
Net revenue of the Closures division increased €48.7 million from €394.8 million in the first nine months of 2018 to €443.5 million in the first nine 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, in which only Guala Closures Iberica was active 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 to a non-group operator in this sector and to concentrate the remaining assets with the newly acquired UCP. This 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.
As the PET division is not significant in size, it is not analysed in this directors' report.

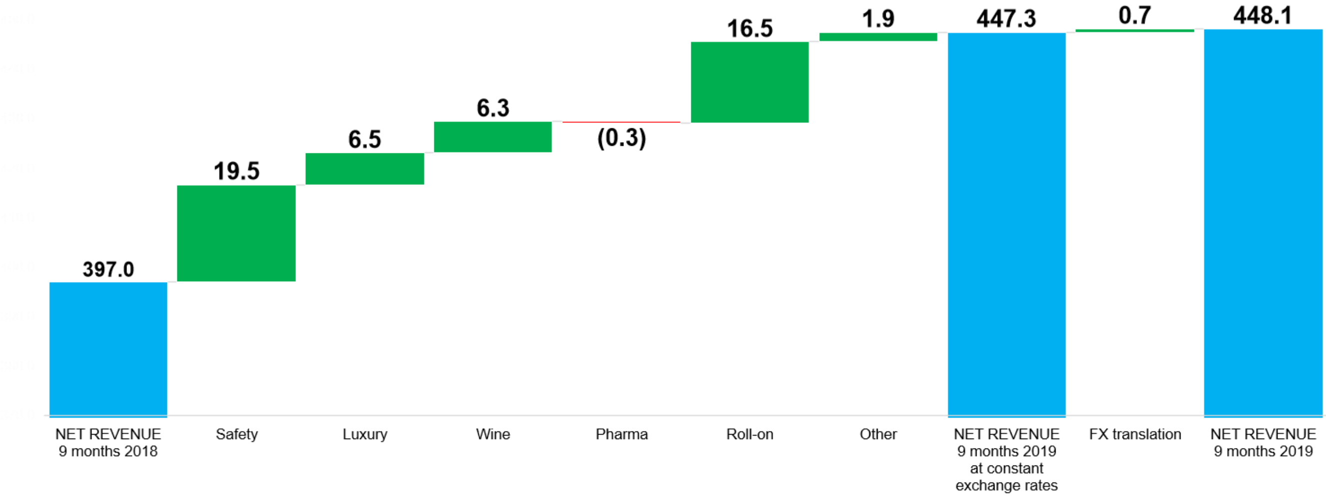
Net revenue by product

The following graphs and the table give a breakdown of revenue from the sale of closures by product type:



Source: Management accounts

	(€ / million)	**9M 2018**	**9M 2019**	**diff**	**% variation**	
					Spot exchange rates	Constant exchange rates
Specialty Closures	Safety	166.9	188.1	21.2	12.7%	11.7%
	Luxury	15.9	23.0	7.1	44.6%	40.9%
	Roll on	115.9	132.4	16.5	14.2%	14.2%
	Wine	77.0	82.1	5.1	6.6%	8.2%
	Pharma	6.7	6.4	(0.4)	(5.3%)	(5.0%)
	PET	2.2	4.6	2.4	112.3%	112.3%
	Other revenue	12.4	11.6	(0.8)	(6.5%)	(4.2%)
	Total consolidated net revenue	**397.0**	**448.1**	**51.1**	**12.9%**	**12.7%**



Safety closures revenue increased by €21.2 million from €166.9 million in the first nine months of 2018 (42.0% of net revenue) to €188.1 million in the reporting period (42.0%), with a positive translation impact of €1.7 million. At constant exchange rates, net revenue rose by €19.5 million or 11.7% 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 €7.1 million from €15.9 million in the first nine months of 2018 (4.0% of net revenue) to €23.0 million in the first nine months of 2019 (5.1%) including the positive translation impact of €0.6 million. At constant exchange rates, net revenue was up €6.5 million or 40.9% on the first nine 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 €5.1 million from €77.0 million in the first nine months of 2018 (19.4% of net revenue) to €82.1 million in the first nine months of 2019 (18.3%) despite the negative translation impact of €1.2 million. At constant exchange rates, net revenue was up €6.3 million or 8.2% on the first nine months of 2018.

Pharma closures revenue decreased by €0.4 million from €6.7 million in the first nine months of 2018 (1.7% of net revenue) to €6.4 million in the first nine months of 2019 (1.4%).

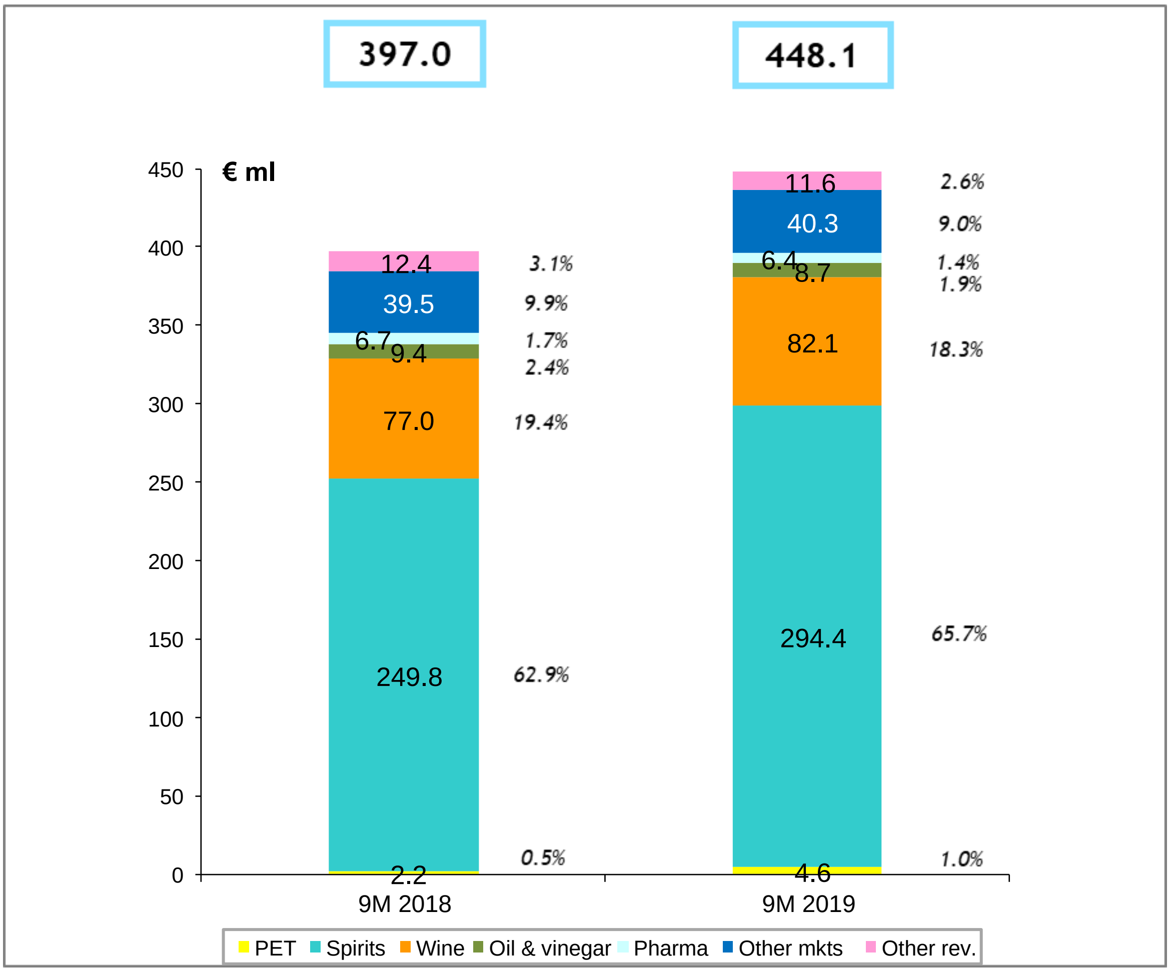
Roll-on closures revenue increased by €16.5 million from €115.9 million in the first nine months of 2018 (29.2% of net revenue) to €132.4 million in the first nine months of 2019 (29.5%) with a negligible translation impact. This increase was mainly due to the consolidation of Guala Closures UCP (€13.0 million) and the growth in the Italian water segment.

PET revenue grew by €2.4 million from €2.2 million in the first nine months of 2018 (0.5% of net revenue) to €4.6 million in the first nine months of 2019 (1.0%). This growth was mainly due to the consolidation of Guala Closures UCP.

Other revenue decreased by €0.8 million from €12.4 million in the first nine months of 2018 (3.1% of net revenue) to €11.6 million in the first nine months of 2019 (2.6%).

Net revenue by destination market

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



Source: Management accounts

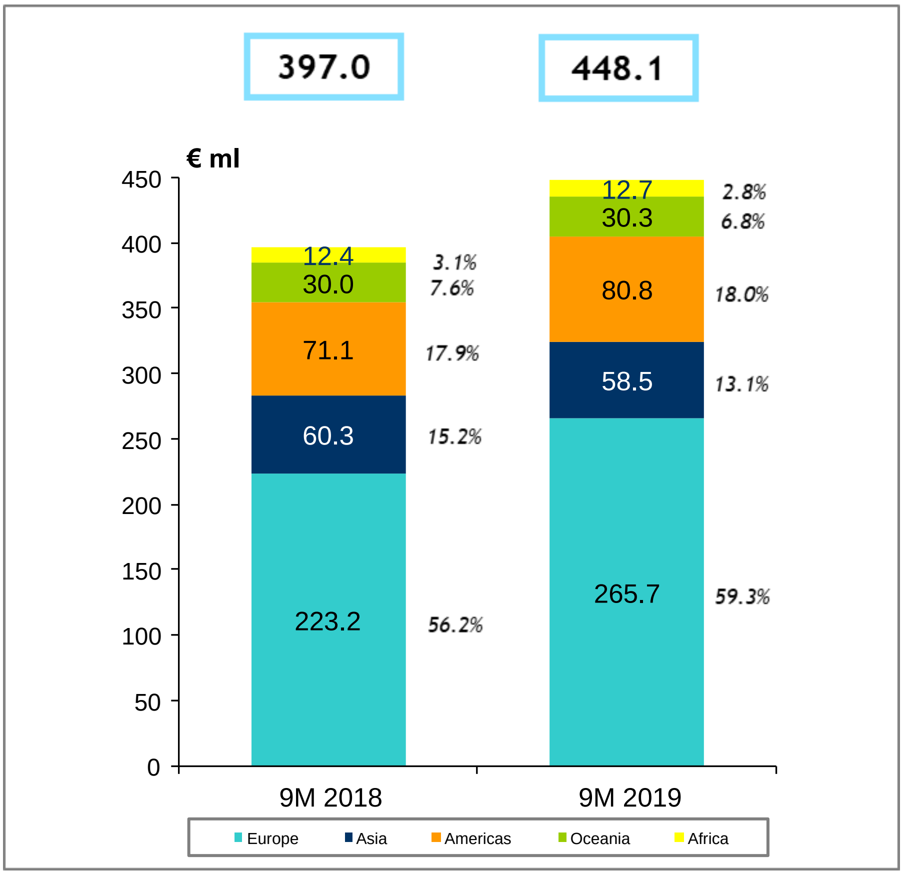
The most important destination market for the group sales continues to be the spirits market, which represents 65.7% of net revenue in the first nine months of 2019.

Net revenue from sales on the spirits market increased from €249.8 million in the first nine months of 2018 to €294.4 million in the first nine months of 2019, with a positive translation impact of €2.1 million. At constant exchange rates, the net revenue of this segment increased by €42.5 million (+17.0%) compared to the first nine 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 18.3% of net revenue in the first nine months of 2019.
Wine closures revenue increased by €5.1 million from €77.0 million in the first nine months of 2018 (19.4% of net revenue) to €82.1 million in the first nine months of 2019 (18.3%) despite the negative translation impact of €1.2 million. At constant exchange rates, net revenue was up €6.3 million or 8.2% on the first nine months of 2018.

Net revenue by geographical segment

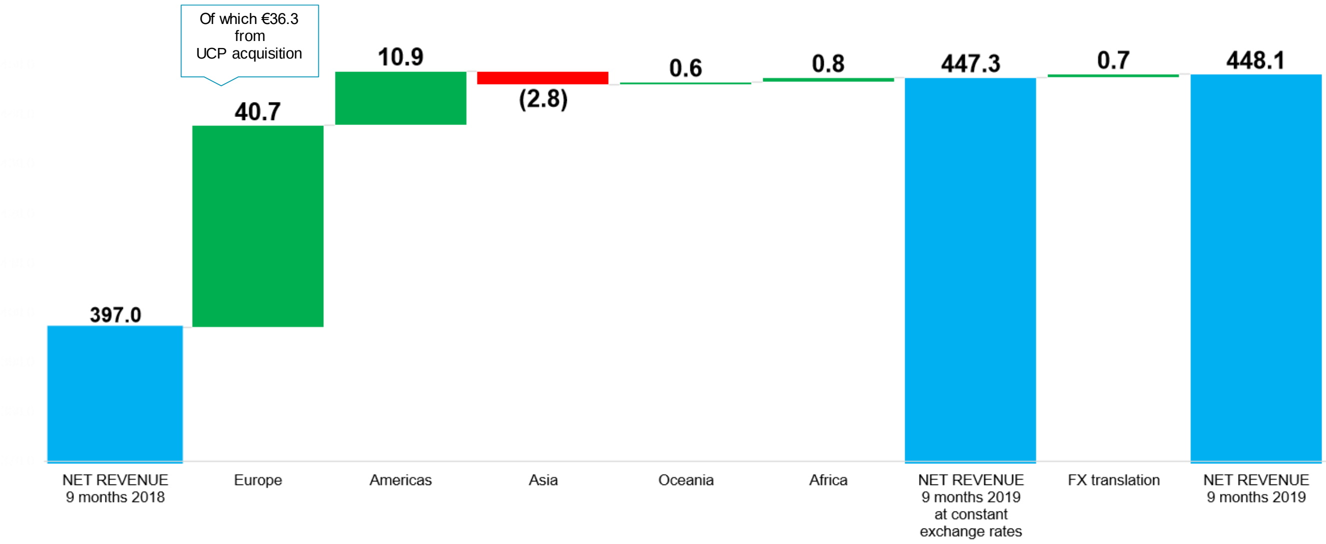
The graph below illustrates the geographical distribution of net revenue based on the geographical location from which the product is sold by the group companies:



Source: Management accounts

The following table and graph analyse the trend in revenue by geographical segment:

(€ / million)	9M 2018	9M 2019	diff	% variation	
				Spot exchange rates	Constant exchange rates
Europe	223.2	265.7	42.5	19.0%	18.2%
Americas	71.1	80.8	9.8	13.7%	15.4%
Asia	60.3	58.5	(1.8)	(3.0%)	(4.6%)
Oceania	30.0	30.3	0.3	0.9%	2.1%
Africa	12.4	12.7	0.3	2.5%	6.8%
Total consolidated net revenue	**397.0**	**448.1**	**51.1**	**12.9%**	**12.7%**



<u>Net revenue from operations in Europe</u> grew by €42.5 million from €223.2 million in the first nine months of 2018 (56.2% of net revenue) to €265.7 million in the first nine months of 2019 (59.3%), with a positive translation impact of €1.8 million.

The growth in Europe was mainly due to the consolidation of Guala Closures UCP (the change in consolidation scope had an impact of €36.3 million) and the increases in the United Kingdom, mostly in the luxury sector, and in Spain, in aluminium closures for water.

<u>Net revenue from operations in Latin and North America</u> increased by €9.8 million from €71.1 million in the first nine months of 2018 to €80.8 million in the first nine months of 2019 (with respective impacts of 17.9% and 18.0% of net revenue) despite the negative translation impact of €1.2 million. At constant exchange rates, the net revenue of this segment increased by €10.9 million or 15.4% on the first nine months of 2018, benefiting from the effect of the €1.1 million revaluation due to the hyperinflation in Argentina.

This segment's development is mainly due to the significant increase of the safety and luxury closures in the Mexican tequila market.

<u>Net revenue from operations in Asia</u> went from €60.3 million in the first nine months of 2018 (15.2% of net revenue) to €58.5 million in the first nine months of 2019 (13.1%), despite the positive translation impact (+€1.0 million). At constant exchange rates, net revenue of this segment decreased by €2.8 million. The negative trend is due to the weak results of Chinese operations and the Indian subsidiary caused by the domestic market downturn and the start-up of the Kenyan company, which took over some of the volumes previously realised by the Indian subsidiary.

<u>Net revenue from operations in Oceania</u> increased by €0.3 million from €30.0 million in the first nine months of 2018 (7.6% of net revenue) to €30.3 million in the first nine months of 2019 (6.8%), despite the negative translation impact of €0.3 million. At constant exchange rates, the net revenue of this segment increased by €0.6 million or 2.1% on the first nine months of 2018. Sales in this region are mainly tied to the wine segment and, in recent years, they have felt the impact of exports of unbottled wine that is then bottled in the destination country. In any case, the group's revenue in this segment is growing thanks to higher selling prices, which have offset the drop in volumes.

<u>Net revenue from operations in Africa</u> increased by €0.3 million from €12.4 million in the first nine months of 2018 (3.1% of net revenue) to €12.7 million in the first nine months of 2019 (2.8%), despite the negative translation impact of €0.5 million. At constant exchange rates, the net

revenue of this segment increased by €0.8 million or 6.8% on the first nine months of 2018. The rise is mainly due to the Kenyan subsidiary's start-up.
The group is not exposed to significant geographical risks other than normal business risks.

Other operating income

Other operating income increased by €0.2 million from €2.7 million in the first nine months of 2018 (0.7% of net revenue) to €2.9 million (0.6%).

Internal work capitalised

This item decreased by €0.7 million from €4.0 million in the first nine months of 2018 (1.0% of net revenue) to €3.3 million in the first nine months of 2019 (0.7%).
This income comprises capitalised development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

Costs for raw materials increased by €15.0 million from €185.7 million in the first nine months of 2018 (46.8% of net revenue) to €200.7 million in the first nine months of 2019 (44.8%) mainly as a result of the change in the consolidation scope, which in the first nine months of 2019 also includes Guala Closures UCP (+€11.0 million).
As a percentage of turnover, these costs decreased compared to the first nine months of 2018 (from 46.8% to 44.8%) mainly in connection to the decrease of plastic cost.

Costs for services

Costs for services rose by €1.3 million from €85.1 million in the first nine months of 2018 (21.4% of net revenue) to €86.4 million in the first nine months of 2019 (19.3%).
This change is due to the combined effect of higher costs driven by the change in the consolidation scope, which in the first nine months of 2019 also includes Guala Closures UCP (+€5.7 million), and the start of operations in Kenya through Guala Closures East Africa, as well as by higher costs for energy and third-party processing, particularly those incurred in Mexico following the 2018 start of production of wooden closures, the increase in recurring costs for services in connection with the group's status as a listed company, and the decrease in non-recurring costs (-€12.8 million), which were incurred in 2018 mainly for the listing.
In the first nine months of 2019, costs for services include €52 thousand (first nine months of 2018: €1,219 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.

Personnel expense

Personnel expense increased by €16.4 million from €74.9 million in the first nine months of 2018 (18.9% of net revenue) to €91.3 million in the first nine months of 2019 (20.4%), mainly due to the change in the consolidation scope, which also includes Guala Closures UCP in the first nine months of 2019 (+€10.0 million), but also due to the overall rise in the resources used by the group, and particularly in Mexico, where the new facility for the production of wooden closures began operations in 2018, the inflation increase of salaries and wages and the effect of the accrual for the long-term incentive plan for key managers (€1.7 million).

Other operating expense

Other operating expense decreased by roughly €0.7 million from €9.0 million in the first nine months of 2018 to €8.3 million in the first nine months of 2019 (2.3% of net revenue in the first nine months of 2018, compared to 1.8% in the first nine months of 2019).
Both periods include non-recurring costs (€1.1 million in the first nine months of 2018, compared to €2.5 million in the first nine months of 2019). The non-recurring costs in the 2018 period mainly consisted of the accrual to Guala Closures UK's restructuring provision (€0.8 million), while in the 2019 period, they included the accrual to the restructuring provisions of Guala Closures Iberica (€1.6 million), Guala Closures France (€0.8 million) and Guala Closures UCP (€0.1 million) as described in the "Significant events in the period" section.
Conversely, the first nine months of 2019 benefited from the reduction in lease liabilities due to the application of IFRS 16 (€3.8 million) considering a constant consolidation scope, i.e., excluding the lease liabilities of Guala Closures UCP and Guala Closures East Africa.

Impairment losses

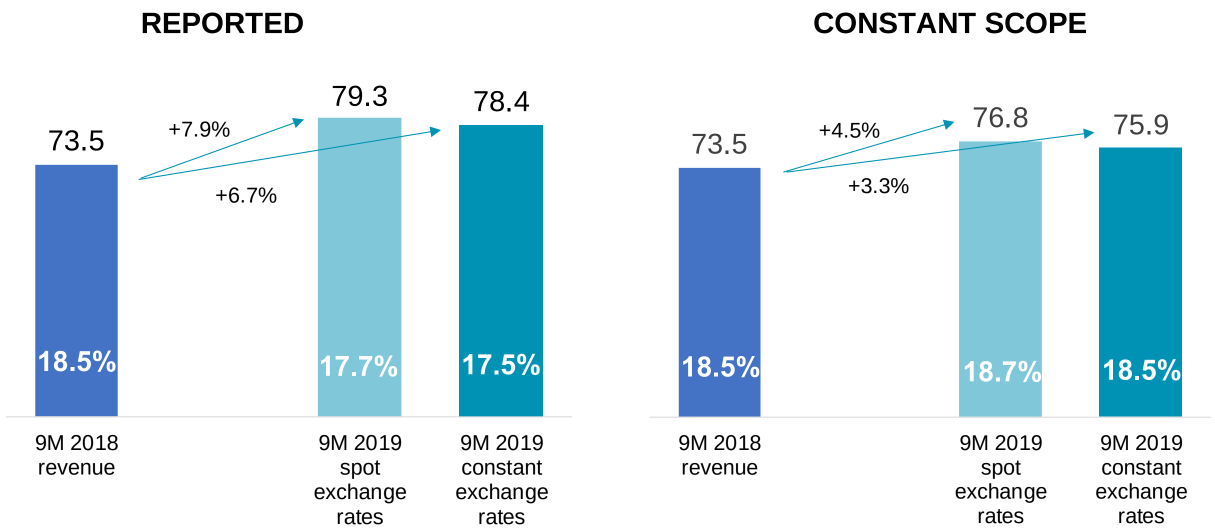
Impairment losses increased by €0.3 million from €0.3 million in the first nine months of 2018 (0.1% of net revenue) to €0.6 million in the first nine months of 2019 (0.1%), mainly as a result of recognising the impairment loss on the plant and machinery of Guala Closures France's Saint Rémy facility (€0.4 million) as part of its reorganisation, which includes the facility's closure, and the impairment loss on the leasehold improvements and plant of Beijing Guala Closures (€0.2 million) in connection with the reorganisation in progress described in the "Significant events in the period" section which provides further details on both ongoing reorganisations.
The amount of the impairment loss on the plant and machinery of the Saint Rémy facility in France was reviewed and updated in light of the reorganisation and consequent one-year delay in the facility closure. The impairment loss was consequently adjusted from €0.8 million to €0.4 million.

EBITDA

The group's EBITDA reached €74.9 million in the first nine months of 2019 (16.7% of net revenue), up €24.0 million (+47.1%) on the first nine months of 2018. EBITDA for the first nine months of 2018 includes non-recurring costs of €15.1 million, mainly due to costs for services in connection with the group's listing, while EBITDA for the first nine months of 2019 includes non-recurring costs of €4.4 million, mainly in connection with the reorganisations in France, Spain/UK (PET) and China (see the "Alternative performance indicators" section for more specific details on non-recurring costs).
In the first nine months of 2019, the group's EBITDA benefited from €2.5 million generated by the change in the consolidation scope and €3.9 million from the application of IFRS 16, offset in part by the accrual for the long-term incentive plan for key managers (€1.7 million).

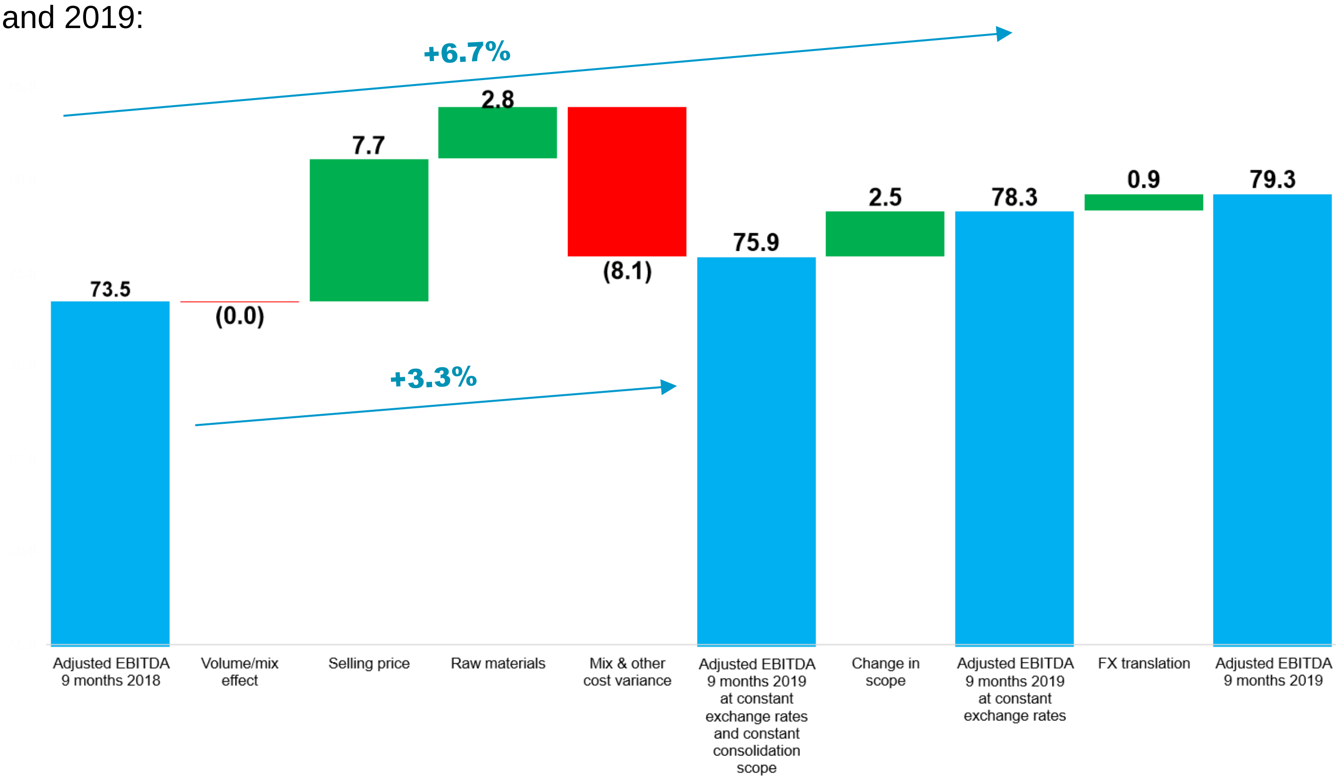
To analyse the trend in the group's results, adjusted EBITDA should be considered in order to exclude the impact of non-recurring costs and revenue.

The following graph shows the development in adjusted EBITDA for the first nine months of 2019 compared to the first nine months of 2018. The constant scope figures exclude the effect of consolidating Guala Closures UCP.



The adjusted EBITDA for the first nine months of 2019 amounts to €79.3 million, an increase of €5.8 million (€7.9%) on the first nine months of 2018.
At constant exchange rates, the adjusted EBITDA increased by €4.9 million (6.7%) compared to the first nine months of 2018.
As a percentage of net revenue, adjusted EBITDA in the first nine months of 2019 was 17.7%, compared to 18.5% in the first nine months of 2018. The reduction in profit margins was mainly due to the dilution effect caused by the consolidation of UCP following its acquisition in December 2018. Considering the comparative figures for 2018 with a constant consolidation scope, the adjusted EBITDA margin for the first nine months of 2019 is 18.7%, up 18.5% on the first nine months 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 the change in inventories of finished goods and semi-finished products;
- Currency effect: it is generated by the sales and purchases in the first nine months of 2019 accounted for in a currency other than the local reporting currency, recalculated based on the exchange rates for the first nine months of 2018.

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

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

"Mix & other cost variance" reflects the efficiency/inefficiency effect and the impact of the change in the purchase price of raw materials not considered as materials for the core business and the hyperinflation on the revaluation of the Argentinian peso following the application of IAS 29 (€0.1 million).

The "Change in scope" shows the additional EBITDA from the consolidation of Guala Closures UCP.

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 increase in product selling prices and the reduction in the cost of raw materials, mainly for the cost of plastic, has more than offset the mix and other cost variance effect.
The "Mix & other cost variance" effect includes the positive impact of €3.9 million due to the application of IFRS 16, more than offset by the overall rise in the group's human resources, particularly in Mexico, where the new facility for the production of wooden closures is fully operational after beginning operations in 2018, the inflation increase of salaries and wages, higher costs for energy and third-party processing, the increase in recurring costs for services due to the parent's status as a listed company and the €1.7 million accrual for the long-term incentive plan for key managers.

In summary, it should be noted that the profit for the period was positively influenced by the consolidation of Guala Closures UCP (€2.5 million) and by the translation effect (€0.9 million).

Amortisation and depreciation

Amortisation and depreciation increased by €20.0 million from €27.3 million in the first nine months of 2018 (6.9% of net revenue) to €47.4 million in the first nine months of 2019 (10.6%).
This considerable increase is mainly due to the effects of the PPA procedure relating to the business combination of pre-merger Guala Closures Group and Space4 S.p.A., as described in the introduction to this report. In particular, as an effect of recognising assets with a finite useful life in place of assets with an indefinite useful life (goodwill), amortisation and depreciation of €15.4 million was recognised in the group's statement of profit or loss and other comprehensive income for the nine months ended September 30, 2019 as a result of the PPA procedure. The pro forma comparative figures for the first nine months of 2019 include amortisation and depreciation relating to the PPA procedure of €2.9 million, as they only reflect two months of amortisation and depreciation, i.e., the period between the acquisition date considered for the PPA procedure (July 31, 2018) and September 30, 2018.
In addition, the change in the consolidation scope following the acquisition of UCP (€2.0 million), the application of IFRS 16 (€4.1 million) and capital expenditure in the period also contributed to the increase in amortisation and depreciation.

Financial income and expense

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

Thousands of Euros	9 months 2018 Pro forma	9 months 2019	diff
Financial expense on the refinancing	(7,995)	-	7,995
Net interest expense	(20,366)	(16,090)	4,277
Net exchange losses	(8,577)	(3,529)	5,048
Net fair value gains (losses) on market warrants	11,794	(312)	(12,106)
Net fair value losses on financial liabilities to non-controlling investors	(1,866)	(3,218)	(1,352)
Net fair value losses on currency derivatives	-	(203)	(203)
Other net financial expense	(62)	(366)	(304)
Net financial expense	**(27,072)**	**(23,717)**	**3,354**

Source: Pro forma data

Net financial expense decreased from €27.1 million in the first nine months of 2018 to €23.7 million in the first nine months of 2019.
The €3.4 million decrease is mainly due to the following factors:
a) lack in 2019 of €8.0 million recognized in the nine months 2018 related to the transaction costs on the previous indebtedness;
b) positive impact of the reduction in net interest expense (€4.3 million) as a result of smaller debt and the lower interest rate compared to the first nine months of 2018;
c) decrease in exchange losses (€5.0 million), partly offset by lower financial income recognised in relation to fair value gains on market warrants (€12.1 million) and the fair value losses on the financial liabilities to non-controlling investors for the put option on non-controlling interests (€1.4 million).

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

The net fair value losses on financial liabilities to non-controlling investors increased by €3.2 million in the first nine months of 2019 following the periodic update of the estimated fair value of the put option on non-controlling interests.

Income tax expense

Income tax expense decreased by €5.8 million from €8.0 million in the first nine months of 2018 (2.0% of net revenue) to €2.3 million in the first nine months of 2019 (0.5%), mainly because of the release by competence of deferred taxes of €4.1 million in the first nine months of 2019 related to the assets revaluation recognized in the context of PPA process and the release of deferred taxes of €4.0 million allocated to Guala Closures India related to the assets revaluation recognized in the context of PPA process following the new tax rates approved by the Indian Government in September and applicable retroactively as from April 1, 2019, reducing the tax rate from 35% to 25%.
The pro forma comparative figures of the group's statement of profit or loss and other comprehensive income for the first nine months of 2018 included in this directors' report include the effect of releasing deferred taxes arising from the PPA procedure (€2.7 million).

Profit for the period

The profit for the period improved by €13.1 million from a loss of €11.5 million in the first nine months of 2018 to a profit of €1.5 million in the first nine months of 2019.
This €13.1 million improvement was mainly due to the increase in EBITDA (€24 million of which €7.4 million related to PPA process which led to recognize the inventories at their fair value at July 31, 2018, the date of the business combination, resulting in a negative impact on EBITDA for the nine months 2018 due to the sale of inventories revaluated) and the reduction in net financial expense (€3.4 million), partly offset by greater amortisation and depreciation (€20 million, of which €12.5 million is due to the PPA procedure). Furthermore, the improvement was also influenced by lower income tax expense (€5.8 million, of which €3.3 million due to the deferred tax effects of the PPA procedure and €4.0 million to the release of deferred taxes following the change in Indian tax rates).
Overall, the effects on the result for the period deriving from the PPA process in the nine months of 2018 amounted to -€7.6 million (due to the negative impact deriving from the revaluation of finished product inventories in connection to PPA process which negatively affect the EBITDA of €7.4 million, partially offset by the release of the related deferred taxes of approximately €1.9 million, in addition to recognition of greater depreciation of €2.9 million, partially offset by the release of the related deferred taxes for €0.8 million), while in the nine months 2019 amounted to -€7.3 million (due to the recognition of greater depreciation for €15.4 million, partially offset by the release of the related deferred taxes for €4.1 million and the release of deferred taxes resulting from the change in Indian tax rate for €4.0 million).
Excluding these effects in both reference periods, the result for the nine months of 2019 would be a profit of €8.9 million, an improvement of €12.8 million compared to the result of the nine months 2018 (loss of €3.9 million).

Reclassified statement of financial position

Analysis of the group's financial position

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

(Thousands of Euros)	December 31, 2018 (*)	September 30, 2019
Intangible assets	883,533	875,446
Property, plant and equipment	239,851	223,541
Right-of-use assets		26,799
Contract costs	29	154
Non-current assets held for sale	-	520
Net working capital	124,732	144,085
Contract assets (liabilities)	25	(196)
Derivative assets (liabilities)	88	(8)
Employee benefits	(6,461)	(6,617)
Other liabilities	(139,328)	(128,054)
Net invested capital	**1,102,468**	**1,135,671**
Financed by:		
Net financial liabilities - third parties	472,224	472,763
Financial liabilities - IAS 17 / IFRS 16 effects	6,095	19,890
Financial liabilities - non-controlling investors	24,647	27,865
Market warrants	4,338	4,650
Cash and cash equivalents	(47,795)	(39,288)
Net financial indebtedness	**459,509**	**485,880**
Equity	**642,959**	**649,791**
Sources of financing	**1,102,468**	**1,135,671**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The changes are illustrated in Annex C). 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 there were no FTA effects on the reserves at January 1, 2019.

Intangible assets

Intangible assets decreased on the December 31, 2018 balance, mainly due to the amortisation of the period of approximately €15.4 million, including €13.1 million related to the identifiable assets acquired as part of the business combination between pre-merger Guala Closures Group and Space4 S.p.A., investments of €1.2 million and the positive translation impact of €6.1 million.
Following the corporate reorganisation in 2018 described in the introduction to these condensed interim consolidated financial statements 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 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 nine months of 2019 reflect these effects as of the date of the business combination (July 31, 2018).

As a result of this procedure, part of the goodwill recognised provisionally in the previous financial statements at June 30, 2019 (€785.2 million at December 31, 2018) was allocated to the following identifiable assets:

- the Guala Closures trademark (€75.3 million);
- trade relationships with customers (€252.2 million);
- and 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 compared to December 31, 2018 due to depreciation (€27.8 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 Space4 S.p.A. (roughly €2.3 million), the reclassification of the 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 (€12.2 million), the net investments of the period (roughly €21.5 million), net capital expenditure of the period (approximately €21.5 million) the positive translation impact (€3.4 million) and the impairment losses related to the group reorganisation in France and China (approximately €0.6 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 of the PPA procedure, and the interim 2019 figures reflect these effects.
Following the completion of the PPA procedure, as a result of the business combination on July 31, 2018, part of the goodwill that had been provisionally recognised in the previous financial statements at June 30, 2019 was allocated to plant and machinery (€33.8 million).
Capital expenditure of the period, amounting to €21.5 million, mainly related to plant and machinery and covered, although to differing extents, all five continents where the group operates.
In particular, capital expenditure was concentrated in Europe and covered all group facilities, with a focus on those in Italy and Ukraine. The facilities in the UK and, especially Guala Closures UCP's facility, in addition to those in Poland, the French plant, as production in France is reorganised, and the research centre in Luxembourg all saw substantial capital expenditure.
In Asia, significant capital expenditure went to the Indian facilities, while in Latam and the US, the most capital expenditure was for the Mexican and Chilean facilities.
In Africa, most capital expenditure was directed at Guala Closures East Africa's Kenyan facility, where production began in February 2019.
In Oceania and, specifically, in Australia and New Zealand, only small investments of immaterial amounts were made for maintenance.

Net working capital

The table below provides a breakdown of net working capital:

(Thousands of Euros)	September 30, 2018	December 31, 2018	September 30, 2019
Inventories	94,826	93,258	108,970
Trade receivables	114,957	102,805	114,522
Trade payables	(66,740)	(71,331)	(79,408)
Net working capital (*)	**143,043**	**124,732**	**144,085**

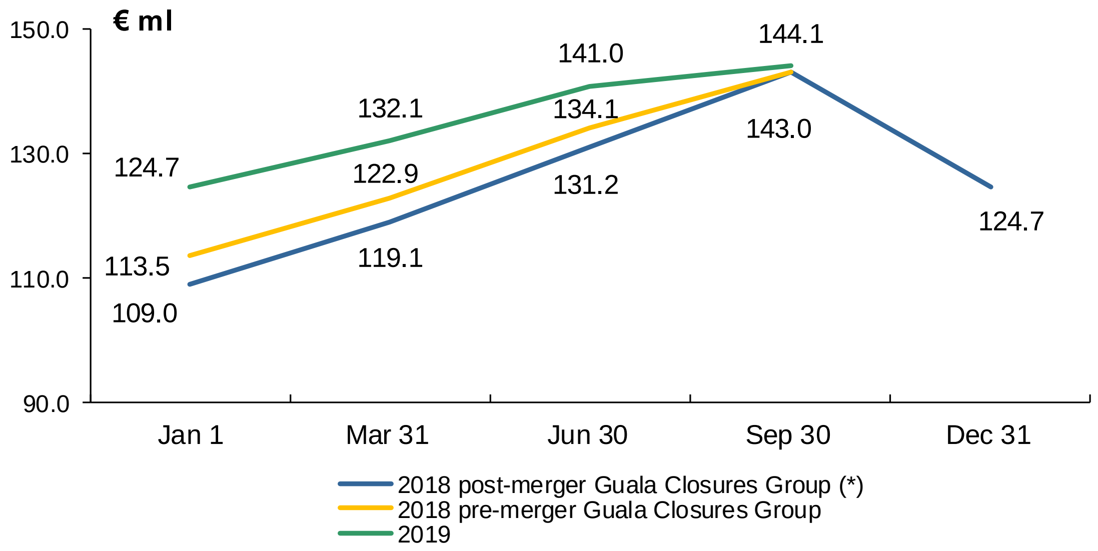
(*) The amounts set forth herein do not match those used to calculate the change in working capital in the consolidated statement of cash flows for the applicable periods as those amounts have been adjusted to reflect changes in foreign currency exchange rates on the opening balances.
The above net working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

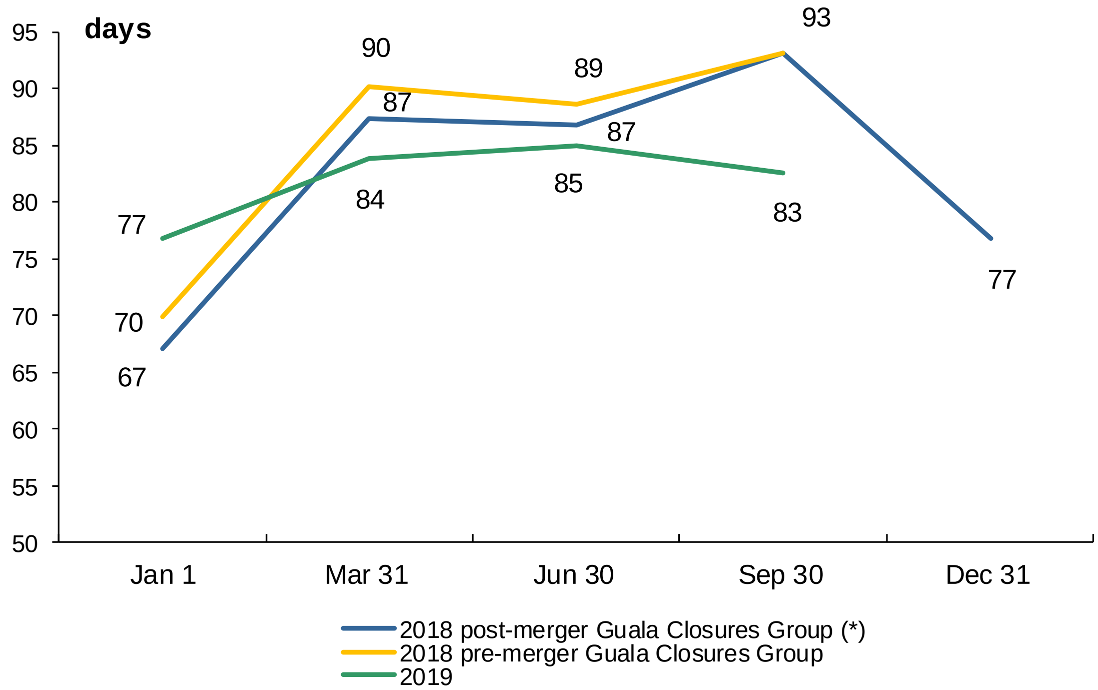
The table below analyses net working capital days, calculated on the last quarter revenue:

Days	September 30, 2018	December 31, 2018	September 30, 2019
Inventories	62	57	62
Trade receivables	75	63	66
Trade payables	(43)	(44)	(45)
Net working capital days	**93**	**77**	**83**

Net working capital increased by €19.4 million in the first nine months of 2019 due to the growth in turnover and the seasonality of the business.
A comparison with net working capital at September 30, 2018 facilitates the analysis of the trend in net working capital at September 30, 2019 normalizing the business seasonality effects.
Days of turnover increased by six (from 77 to 83 days) in the first nine months of 2019, which is a much smaller increase than the 23-day increase for the first nine months of 2018 (from 70 to 93 days).
Consolidated net working capital at September 30, 2019 corresponds to 83 days of turnover, a 10-day improvement compared to September 30, 2018, thanks to the focus and the actions taken by management in this respect.
Several group companies have used without-recourse factoring with a positive effect on the amount of trade receivables and the related days of turnover. The use of without-recourse factoring relates also to the supply chain policies of the Group customers.
The impact of without-recourse factoring at September 30, 2019 amounts to €28.0 million (of which €12.8 million from Guala Closures UCP), compared to €28.5 million at December 31, 2018 (of which €15.4 million from UCP) and €7.4 million at September 30, 2018.

The historical trend in net working capital, both in terms of value and in terms of days of turnover based on rolling data for the last quarter, is described below.





(*) The post-merger Guala Closures Group figures for 2018 refer to the pre-merger Guala Closures Group plus Space4 from January 1 to July 31; from August 1, 2018 they refer to the post-merger Guala Closures Group.

The analysis of net working capital by quarter highlights an upwards trend in absolute values due to the growth in volumes managed as the group continues to expand through targeted acquisitions or start-ups in emerging countries.
The same analysis, but in terms of turnover expressed on a rolling quarterly turnover days highlights the greater efficiency of net working capital thanks to group management's introduction of policies to optimise operating working capital.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness.

(Thousands of Euros)	December 31, 2018 (*)	September 30, 2019
Net financial liabilities - third parties	472,224	472,763
Financial liabilities - IAS 17 / IFRS 16 effects	6,095	19,890
Financial liabilities - non-controlling investors	24,647	27,865
Market warrants	4,338	4,650
Cash and cash equivalents	(47,795)	(39,288)
Net financial indebtedness	**459,509**	**485,880**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The changes are illustrated in Annex C). 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 there were no FTA effects on 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).

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 September 30, 2019 amounts to €19.9 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.

Cash outflows for the first nine months of 2019 amount to €9.4 million, showing a €50.9 million improvement on the cash outflows of the first nine months of 2018 (-€60.3 million).
The net balance of -€9.4 million in the first nine months of 2019 is generated by the cash flows from operating activities of €46.3 million, offset by the cash outflows of €26.0 million used for capital expenditure and the change in net financial indebtedness following financing activities of -€29.7 million.

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 (*)	September 30, 2019
Equity attributable to the owners of the parent	603,626	609,670
Equity attributable to non-controlling interests	39,333	40,122
Equity	**642,959**	**649,791**

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The changes are illustrated in Annex C).

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

(Thousands of Euros)	9 months 2018 Pro forma	9 months 2019	
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)**	
EBITDA	50,925	74,895	
Purchase price allocation - inventories at fair value	7,424	-	
Change in net working capital	(31,861)	(16,186)	
Other operating items	(2,452)	311	
Taxes	(13,692)	(12,760)	
B) Net cash flows from operating activities	**10,344**	**46,259**	
Net investments	(23,316)	(22,662)	
Change in liabilities for investments	(2,152)	(2,773)	
Proceeds from sale of assets held for sale	2,130		
Contingent consideration for the acquisition of Axiom Propack (India)		(554)	
C) Cash flows used in investing activities	**(23,339)**	**(25,990)**	
Increases in right-of-use assets		(2,308)	
Net interest expense	(20,426)	(16,455)	
Dividends paid	(4,605)	(6,526)	
Variation in financial liabilities to non-controlling investors	(6,578)	(3,218)	
Fair value gains (losses) on market warrants	11,794	(312)	
Acquisition of non-controlling interests in Guala Closures Argentina	(114)		
Other financial items	(4,625)	(846)	
Effect of exchange fluctuation	938	471	
Effects of business combination and refinancing:			
Withdrawal	*(31,323)*		
Borrowing costs due to transaction costs on the previous bond issue and revolving facility	*(7,995)*	*(483)*	
Initial impact of market warrants	*(9,367)*		
Share capital increases	*25,000*		
Total effects of business combination and refinancing	*(23,685)*	*(483)*	
D) Change in net financial indebtedness due to financing activities	**(47,301)**	**(29,677)**	
E) Total change in net financial indebtedness (B+C+D)	**(60,296)**	**(9,408)**	
F) Closing net financial indebtedness (A+E)	**(467,143)**	**(485,880)**	

(*) Net financial indebtedness at January 1, 2019 already includes the effects of the PPA adjustments/revaluations of the financial liabilities to non-controlling investors for the put option on non-controlling interests (€6.1 million).

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

Opening net financial indebtedness (€459.5 million) includes an increase of €6.1 million on the net financial indebtedness reported in the condensed interim consolidated financial statements at December 31, 2018 (€453.4 million) due to the effects of the PPA adjustments/revaluations of the financial liabilities to non-controlling investors for the put option on non-controlling interests.
Opening net financial indebtedness (€459.5 million) was also adjusted to reflect the application of IFRS 16 and the related recognition of the lease liabilities for the leases previously 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 flows from operating activities

Net cash flows from operating activities grew by €35.9 million from €10.3 million in the first nine months of 2018 to €46.3 million in the first nine months of 2019.
This increase was mainly due to the improvement in the EBITDA and the group's implementation of policies to optimise net working capital.

Cash flows used in investing activities

Cash flows used in investing activities rose by €2.7 million from €23.3 million in the first nine months of 2018 to €26.0 million in the first nine months of 2019.
In addition to net capital expenditure for the period (€25.4 million in the first nine months of 2019, compared to €25.5 million in the first nine months of 2018) this increase is due to the following main factors:

- in the first nine months of 2019, the payment of the contingent consideration for the 2017 acquisition of the Indian company Axiom Propack for €0.6 million;
- in the first nine months of 2018, the realised gain on the sale of the Torre d'Isola facility (€2.1 million).

Change in net financial indebtedness due to financing activities

The improvement in net financial indebtedness due to financing activities in the first nine months of 2019 amounts to €29.7 million and is mainly due to net interest expense (€16.5 million), the payment of dividends to non-controlling investors (€6.5 million), the fair value loss on financial liabilities (€3.5 million; including the fair value loss of €3.2 million on the financial liabilities to non-controlling investors for the put option on non-controlling interests and the fair value loss of €0.3 million on market warrants) and the increase in new lease liabilities (€2.3 million).

The €17.6 million difference between the improvement in the first nine months of 2019 (-€29.7 million) and the improvement in the first nine months of 2018 (-€47.3 million) is mainly due to the following positive factors:

- lack of effects that arose in 2018 following the business combination and refinancing (variation of €23.2 million);
- reduced net interest expense (+€4.0 million) due to the lower interest rate and the smaller amount of debt following the refinancing in the third quarter of 2018;
- smaller variation of financial liabilities for put option (€3.4 million);
- smaller negative impact on derivatives and other financial items (€3.8 million);

partially offset by the following negative factors:

- smaller fair value gains (losses) on market warrants (€12.1 million);

- increase in financial liabilities following the recognition of new right-of-use assets in 2019 (€2.3 million);
- greater payment of dividends to non-controlling investors (€1.9 million).

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 first nine months of 2019 at constant exchange rates (average rates for the first nine 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 nine months of 2019, they mainly related to the reorganisation of Guala Closures Iberica's PET division and the reorganisation of Guala Closures France), merger and acquisition ("M&A") expenses and operating expenses related to discontinued plant and impairment losses from the profit for the period.

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

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

Adjusted EBITDA

Thousands of Euros	9 months 2018 Pro forma	9 months 2019
Profit (loss) for the period	(11,524)	1,538
Income tax expense	8,045	2,262
Profit/(loss) before tax	**(3,479)**	**3,800**
Net financial expense	27,072	23,717
Amortisation and depreciation	27,332	47,377
EBITDA	**50,925**	**74,895**
Adjustments:		
Costs related to Space4	6,721	-
Due diligence and other exit (income)/expense	6,646	(113)
Purchase price allocation - margin on inventory	7,424	-
Reorganisation costs	922	3,066
Merger and acquisition ("M&A") expenses	424	820
Operating expenses related to discontinued plant	102	-
Impairment losses	308	596
Adjusted EBITDA	**73,472**	**79,264**

Adjusted EBIT

Thousands of Euros	9 months 2018 Pro forma	9 months 2019
Profit/(loss) for the period	(11,524)	1,538
Income tax expense	8,045	2,262
Profit/(loss) before tax	**(3,479)**	**3,800**
Net financial expense	27,072	23,717
EBIT	**23,593**	**27,518**
Adjustments:		
Costs related to Space4	6,721	-
Due diligence and other exit (income)/expense	6,646	(113)
Purchase price allocation - margin on inventory	7,424	-
Reorganisation costs	922	3,066
Merger and acquisition ("M&A") expenses	424	820
Operating expenses related to discontinued plant	102	-
Impairment losses	308	596
Adjusted EBIT	**46,141**	**31,887**

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 presentation replaces the amounts for the first nine months of 2019 (income and expense of foreign operations for the first nine months of 2019 are translated into Euros at the average exchange rates of the first nine months of 2019) by the first nine months of 2019 currency amounts calculated at constant average exchange rates for the first nine months of 2018 (income and expense of foreign operations for the first nine months of 2019 are translated into Euros at the average exchange rates of the first nine 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 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 nine 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 nine months ended September 30, 2018.

Statement of profit or loss and other comprehensive income Guala Closures Group - First nine months of 2018	Reported statement of profit or loss and OCI	7 months Guala Closures Group	7 months LUX BU	Intragroup write-offs and reclass.	Pro forma
(Thousands of Euros)	**i**	**ii**	**iii**	**iv**	**i+ii+iii+iv**
Net revenue	91,326	305,675	8	(1)	397,008
Change in finished goods and semi-finished products	(8,220)	10,422	-	-	2,201
Other operating income	687	1,920	3,600	(3,492)	2,714
Internal work capitalised	510	3,504	-	-	4,014
Costs for raw materials	(40,396)	(145,191)	(76)	1	(185,661)
Costs for services	(23,502)	(65,838)	723	3,492	(85,124)
Personnel expense	(15,868)	(56,855)	(2,160)	-	(74,883)
Other operating expense	(1,689)	(6,856)	(490)		(9,035)
Impairment losses		(308)			(308)
EBITDA	**2,849**	**46,472**	**1,604**	**-**	**50,925**
Amortisation and depreciation	(8,328)	(18,684)	(320)		(27,332)
EBIT	**(5,479)**	**27,788**	**1,284**	**-**	**23,593**
Financial income	13,693	6,091	5,028	(7,767)	17,045
Financial expense	(17,561)	(28,756)	(2,790)	4,990	(44,117)
Net financial expense (income)	**(3,868)**	**(22,665)**	**2,238**	**(2,777)**	**(27,072)**
Profit before taxation	**(9,347)**	**5,123**	**3,522**	**(2,777)**	**(3,479)**
Income tax expense	547	(8,564)	(28)		(8,045)
Profit (loss) for the period	**(8,801)**	**(3,441)**	**3,494**	**(2,777)**	**(11,524)**
Profit (loss) for the period attributable to the owners of the parent	(9,564)	(10,310)	3,494	0	(16,380)
Profit (loss) for the period attributable to the holders of participating financial instruments of the parent		2,777		(2,777)	-
Profit (loss) for the period attributable to non-controlling interests	763	4,093			4,856
Adjusted EBITDA	**18,738**	**54,653**	**82**	**-**	**73,472**

The "Reported income statement" column shows the income statement figures of the financial statements which, in accordance with IFRS, following the Space4 S.p.A.-Guala Closures S.p.A. transaction, cover the first nine months of the operations of the company resulting from the merger. They comprise Space4 S.p.A.'s costs from January 1 to September 30, 2018 and the results of operations of post-merger Guala Closures Group from August 1 to September 30, 2018.
The "7 months Guala Closures Group" column shows the income statement figures of pre-merger Guala Closures Group from January 1 to July 31, 2018 (i.e., until the date of the business combination) derived from the condensed interim consolidated financial statements at September 30, 2018, adjusted following the PPA adjustments to the statement of financial position at July 31, 2018.
The "7 months LUX BU" column shows the results of operations of the Lux business unit from January 1 to July 31, 2018, the date the business unit was transferred from the parent GCL Holdings S.C.A. to pre-merger Guala Closures Group

The "Intragroup write-offs and reclass." column shows the intragroup write-offs between Guala Closures Group and the Lux BU and the reclassification of the interest accrued on the PFI between January 1 and July 31, 2018 from equity to interest recognised in the consolidated financial statements of pre-merger Guala Closures Group.
Finally, the "Pro forma" column shows the income statement figures of pre-merger Guala Closures Group for the first nine months of 2018, including those of Space4 S.p.A. and the Lux BU, in order to compare them with the corresponding nine 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 at September 30, 2018, presented in the directors' report, was calculated.
The pro forma figures were obtained by consolidating the figures of Space4 S.p.A. at September 30, 2018 and the figures of Guala Closures Group and the Lux BU at July 31, 2018.

	Reported statement of cash flows	7 months Guala Closures Group	7 months LUX BU	Intragroup write-offs	7 months 2018 Guala Closures Group Pro forma	Acquisition	9 months 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)**
Gross operating profit	2,849	46,472	1,604	-	48,076	-	50,925
Purchase price allocation - fair value gains on inventories	7,424				-		7,424
Change in net working capital	(4,602)	(28,334)	1,076	-	(27,259)	-	(31,861)
Other operating items	(628)	3,911	(5,735)	-	(1,824)	-	(2,452)
Taxes	(3,779)	(9,809)	(105)	-	(9,914)	-	(13,692)
B) Net cash flows from operating activities	**1,264**	**12,239**	**(3,160)**	**-**	**9,079**	**-**	**10,344**
Net investments	(2,948)	(20,021)	(348)	-	(20,369)	-	(23,316)
Change in liabilities for investments	(1,639)	(513)	-	-	(513)	-	(2,152)
Proceeds from sale of assets held for sale	-	2,130	-	-	2,130	-	2,130
Acquisition of Guala Closures Group	(354,040)	-	-	-	-	354,040	-
Acquired cash	47,666	-	-	-	-	(47,666)	-
C) Cash flows used in investing activities	**(310,960)**	**(18,404)**	**(348)**	**-**	**(18,752)**	**306,374**	**(23,339)**
Acquisition of non-controlling interest in Guala Closures Argentina	-	(114)	-	-	(114)	-	(114)
Withdrawal	(31,323)	-	-	-	-	-	(31,323)
Assumption of initial financial assets (liabilities) of Guala Closures Group	(606,863)	-	-	-	-	606,863	-
Net interest expense	(2,302)	(17,586)	2,238	(2,777)	(18,124)	-	(20,426)
Borrowing costs due to transaction costs on the previous bond issue and revolving facility	(7,995)	-	-	-	-	-	(7,995)
Initial impact of market warrants	(9,367)	-	-	-	-	-	(9,367)
Fair value gains (losses) on market warrants	11,794	-	-	-	-	-	11,794
Derivatives and other financial items	(11,311)	(217)	325	-	108	-	(11,203)
Close of equity investment	-	(67,949)	-	67,949	-	-	-
Share capital increases	-	25,000	-	-	25,000	-	25,000
Dividends paid	(130)	(4,474)	-	-	(4,474)	-	(4,605)
Effect of exchange fluctuation	345	593	-	-	593	-	938
D) Change in net financial indebtedness due to financing activities	**(657,152)**	**(64,747)**	**2,563**	**65,173**	**2,989**	**606,863**	**(47,301)**
E) Total change in net financial indebtedness (B+C+D)	**(966,849)**	**(70,912)**	**(945)**	**65,173**	**(6,683)**	**913,237**	**(60,296)**
F) Closing net financial indebtedness (A+E)	**(467,143)**	**(559,197)**	**0**	**(0)**	**(559,197)**	**559,197**	**(467,143)**

Source: pro forma

The "Reported statement of cash flows" column shows the cash flows of the merging company, Space4 S.p.A. from January 1, 2018 to September 30, 2018 and the cash flows of post-merger Guala Closures Group from August 1 to September 30, 2018.

The "Guala Closures Group 7 months" column shows the cash flows in pre-merger Guala Closures Group's statement of cash flows from January 1 to July 31, 2018.

The "LUX BU 7 months" column shows the cash flows in the Lux BU's statement of cash flows from January 1 to July 31, 2018.

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

Finally, the "9 months Guala Closures Group Pro forma" column shows the cash flows in pre-merger Guala Closures Group's statement of cash flows for the first nine 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 nine 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 reclassified financial income and expense	9M 2018 (*)	9M 2019	Classification in the notes to the condensed interim consolidated financial statements (notes 41-43)
Net exchange gains	862	4,755	Exchange gains
Net exchange losses	(4,261)	(8,284)	Exchange losses
Fair value gains/(losses) on market warrants	11,794	(312)	Fair value of market warrants
Fair value losses on derivatives	-	(203)	Fair value gains (losses) on derivatives
Fair value losses on financial liabilities to non-controlling investors	(1,966)	(3,218)	Financial expense on financial liabilities to non-controlling investors
Net interest expense	745	350	Interest income
Net other financial expense	292	1,396	Other financial income
Net interest expense	(2,987)	(16,439)	Interest expense
Net other financial expense	(352)	(1,762)	Other financial expense
Financial expense on the refinancing	(7,995)	-	Non-recurring financial expense on the refinancing
Total net financial expense	**(3,868)**	**(23,717)**	

(*) as per the statement of profit or loss and other comprehensive income

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 (*)	September 30, 2019	Classification in the statement of financial position
Net working capital	102,805	114,522	Trade receivables
Net working capital	93,258	108,970	Inventories
Net working capital	(71,331)	(79,408)	Trade payables
Total net working capital	**124,732**	**144,085**	
Derivative assets	146	15	Derivative assets
Derivative liabilities	(58)	(23)	Derivative liabilities
Net derivative assets / (liabilities)	**88**	**(8)**	
Net other liabilities	4,044	4,710	Current direct tax assets
Net other liabilities	8,100	9,549	Current indirect tax assets
Net other liabilities	6,670	6,634	Other current assets
Net other liabilities	6,393	7,683	Deferred tax assets
Net other liabilities	486	380	Other non-current assets
Net other liabilities	(3,364)	(2,765)	Current direct tax liabilities
Net other liabilities	(7,035)	(7,929)	Current indirect tax liabilities
Net other liabilities	(1,521)	(2,416)	Current provisions
Net other liabilities	(34,779)	(31,710)	Other current liabilities
Net other liabilities	(117,501)	(110,280)	Deferred tax liabilities
Net other liabilities	(252)	(249)	Non-current provisions
Net other liabilities	(570)	(1,661)	Other non-current liabilities
Total net other liabilities	**(139,328)**	**(128,054)**	

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The changes are illustrated in Annex C).

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 (*)**	**September 30, 2019**	**Classification in the statement of financial position**
Net financial liabilities - third parties	(653)	(637)	Current financial assets
Net financial liabilities - third parties	(273)	(482)	Non-current financial assets
Net financial liabilities - third parties	18,261	15,295	Current financial liabilities
Market warrants	4,338	4,650	Current financial liabilities
Financial liabilities - IAS 17 / IFRS 16 effects	2,685	7,792	Current financial liabilities
Net financial liabilities - third parties	454,889	458,586	Non-current financial liabilities
Financial liabilities to non-controlling investors	24,647	27,865	Non-current financial liabilities
Financial liabilities - IAS 17 / IFRS 16 effects	3,410	12,098	Non-current financial liabilities
Cash and cash equivalents	(47,795)	(39,288)	Cash and cash equivalents
Total net financial indebtedness	**459,509**	**485,880**	

(*) The comparative figures at December 31, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The changes are illustrated in Annex C). 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 there were no FTA effects on 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)	September 30, 2019
Total change in net financial indebtedness	**(9,408)**
Increase in right-of-use assets	2,308
Proceeds from new borrowings and bonds	2,489
Repayment of borrowings and bonds	(3,372)
Repayment of finance leases	(5,466)
FX translation effect on foreign currency assets and liabilities	201
Change in fair value of the put option on non-controlling interests	3,218
Change in liabilities for financial expense	2,198
Transaction costs paid for bonds issued in 2018	(483)
Change in financial assets	(192)
Total change in financial assets and liabilities	**901**
Total change in cash and cash equivalents	**(8,507)**

Annex C)

Restatement 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	-	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 effects	6,095	-	6,095
Financial liabilities 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**

The tables below detail the restated captions:

(Thousands of Euros)	December 31, 2018	Restatement effect	December 31, 2018 (*)
Patents	7,143	47,539	54,683
Trademarks	8,871	64,886	73,757
Goodwill	785,201	(280,732)	504,469
Trade relationships with customers and other intangible assets	4,889	245,736	250,624
Total intangible assets	**806,104**	**77,429**	**883,533**

(Thousands of Euros)	December 31, 2018	Restatement effect	December 31, 2018 (*)
Land and buildings	53,156	-	53,156
Plant and machinery	130,193	33,867	164,060
Industrial and commercial equipment and other assets	22,635	-	22,635
Total property, plant and equipment	**205,984**	**33,867**	**239,851**

(Thousands of Euros)	December 31, 2018	Restatement effect	December 31, 2018 (*)
Deferred tax liabilities	(11,718)	(105,783)	(117,501)
Deferred tax assets	5,807	586	6,393
Other assets/liabilities	(28,220)	0	(28,220)
Total other liabilities	**(34,131)**	**(105,197)**	**(139,328)**

GUALA CLOSURES GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS at SEPTEMBER 30, 2019

Consolidated statement of comprehensive income for the nine months ended September 30

(Thousands of Euros)	**Nine months ended September 30, 2018 (*)**	*of which:* Related parties	*of which:* Non-recurring expense	**Nine months ended September 30, 2019**	*of which:* Related parties	*of which:* Non-recurring expense	**Notes**
Net revenue	**91,326**			**448,064**		**-**	7
Change in finished goods and semi-finished products	(8,220)		(7,424)	7,950		(197)	
Other operating income	687			2,867		-	8
Internal work capitalised	510			3,268		-	9
Costs for raw materials	(40,396)			(200,672)		(156)	10
Costs for services	(23,502)	(1,219)	(8,306)	(86,393)	(52)	(751)	11
Personnel expense	(15,868)		12	(91,306)		(123)	12
Other operating expense	(1,738)		(170)	(8,177)		(2,546)	13
Impairment losses on trade receivables and contract assets	49			(111)		-	
Impairment losses			-	(596)		(596)	21
Amortisation and depreciation	(8,328)			(47,377)		-	21-22-23
Operating profit (loss)	**(5,479)**	**(1,219)**	**(15,889)**	**27,518**	**(52)**	**(4,369)**	
Financial income	13,693			6,554		-	14
Financial expense	(17,561)		(7,995)	(30,272)		-	15
Net financial expense	**(3,868)**	**-**	**(7,995)**	**(23,717)**	**-**	**-**	
Profit (loss) before taxation	**(9,347)**	**(1,219)**	**(23,884)**	**3,800**	**(52)**	**(4,369)**	
Income tax expense	547		1,906	(2,262)			16
Profit (loss) for the period	**(8,801)**	**(1,219)**	**(21,978)**	**1,538**	**(52)**	**(4,369)**	
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Actuarial gains (losses) on defined benefit plans	51			(235)			
	51			***(235)***			
Items that are or may be reclassified subsequently to profit or loss:							
Foreign currency translation differences for foreign operations	(7,569)			12,021			
Hedging reserve	2			9			
Hedging reserve for cash flow hedges reclassified to profit or loss	23			49			
Tax on items that are or may be reclassified subsequently to profit or loss	(6)			(14)			
	(7,550)			**12,065**			
Other comprehensive income (expense) for the period, net of tax	**(7,499)**			**11,830**			
Comprehensive income (expense) for the period	**(16,299)**			**13,368**			
Profit (loss) for the period attributable to:							
owners of the parent	(9,564)			(3,218)			
non-controlling interests	763			4,755			
Profit (loss) for the period	**(8,801)**			**1,538**			
Comprehensive income (expense) attributable to:							
owners of the parent	(17,065)			6,045			
non-controlling interests	766			7,323			
Comprehensive income (expense) for the period	**(16,299)**			**13,368**			
Basic loss per share (Euro)	**(0.18)**			**(0.05)**			
Diluted loss per share (Euro)	**(0.17)**			**(0.04)**			

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

(*) The comparative figures at September 30, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The only PPA effects included in non-recurring expense are those relating the recognition of inventories at July 31, 2018 at fair value and related deferred taxes as they have concluded their economic effect in the period.

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 there were no FTA effects on the reserves at January 1, 2019.

Consolidated statement of comprehensive income for the three months ended September 30

(Thousands of Euros)	**Three months ended September 30, 2018 (*)**	*of which:* Related parties	*of which:* Non-recurring expense	**Three months ended September 30, 2019**	*of which:* Related parties	*of which:* Non-recurring expense	**Notes**
Net revenue	**91,326**	**-**	**-**	**157,008**	**-**	**-**	7
Change in finished goods and semi-finished products	(8,220)	-	(7,424)	(4,847)	-	(38)	
Other operating income	687	-	-	1,022	-	-	8
Internal work capitalised	510	-	-	944	-	-	9
Costs for raw materials	(40,396)	-	-	(64,700)	-	64	10
Costs for services	(20,341)	(202)	(5,145)	(29,674)	(20)	(240)	11
Personnel expense	(15,835)	-	45	(29,129)	-	(12)	12
Other operating expense	(1,738)	-	(170)	(2,150)	-	(134)	13
Impairment losses on trade receivables and contract assets	49	-	-	40	-	-	
Impairment losses	-	-	-	412	-	412	21
Amortisation and depreciation	(8,328)	-	-	(15,972)	-	-	21-22-23
Operating profit (loss)	**(2,285)**	**(202)**	**(12,695)**	**12,955**	**(20)**	**53**	
Financial income	9,061	-	-	1,291	-	-	14
Financial expense	(17,561)	-	(7,995)	(11,699)	-	-	15
Net financial expense	**(8,500)**	**-**	**(7,995)**	**(10,408)**	**-**	**-**	
Profit (loss) before taxation	**(10,785)**	**(202)**	**(20,690)**	**2,547**	**(20)**	**53**	
Income tax expense	547	-	1,906	2,153	-	-	16
Profit (loss) for the period	**(10,238)**	**(202)**	**(18,784)**	**4,699**	**(20)**	**53**	

Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gains (losses) on defined benefit plans	51	(0)
	51	***(0)***
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(7,569)	5,747
Hedging reserve	2	6
Hedging reserve for cash flow hedges reclassified to profit or loss	23	-
Tax on items that are or may be reclassified subsequently to profit or loss	(6)	(1)
	(7,550)	**5,752**
Other comprehensive income (expense) for the period, net of tax	**(7,499)**	**5,752**
Comprehensive income (expense) for the period	**(17,737)**	**10,451**
Profit (loss) for the period attributable to:		
owners of the parent	(11,001)	2,865
non-controlling interests	763	1,834
Profit (loss) for the period	**(10,238)**	**4,699**
Comprehensive income (expense) attributable to:		
owners of the parent	(18,503)	7,175
non-controlling interests	766	3,276
Comprehensive income (expense) for the period	**(17,737)**	**10,451**
Basic loss per share (Euro)	**(0.18)**	**0.04**
Diluted loss per share (Euro)	**(0.16)**	**0.04**

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

(*) The comparative figures for the three months ended September 30, 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. The only PPA effects included in non-recurring expense are those relating the recognition of inventories at July 31, 2018 at fair value and related deferred taxes as they have concluded their economic effect in the period.

Statement of financial position
ASSETS

(Thousands of Euros)	**December 31, 2018 (*)**	*of which:* Related parties	**September 30, 2019**	*of which:* Related parties	**Notes**
ASSETS					
Current assets					
Cash and cash equivalents	47,795		39,288		18
Current financial assets	653		637		
Trade receivables	102,805		114,522		19
Contract assets	25		25		
Inventories	93,258		108,970		20
Current direct tax assets	4,044		4,710		
Current indirect tax assets	8,100		9,549		
Derivative assets	146		15		
Other current assets	6,670		6,634		
Assets classified as held for sale	-		520		
Total current assets	**263,495**	-	**284,871**	-	
Non-current assets					
Non-current financial assets	273		482		
21) Property, plant and equipment	239,851		223,541		21
Right-of-use assets	-		26,799		22
Intangible assets	883,533		875,446		23
Contract costs	29		154		
Deferred tax assets	6,393		7,683		
Other non-current assets	486		380		
Total non-current assets	**1,130,565**	-	**1,134,485**	-	
TOTAL ASSETS	**1,394,060**	-	**1,419,356**	-	

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 of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. 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 there were no FTA effects on the reserves at January 1, 2019.

Statement of financial position
LIABILITIES

(Thousands of Euros)	**December 31, 2018 (*)**	of which: Related parties	**September 30, 2019**	of which: Related parties	**Notes**
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	25,284		27,737		24
Trade payables	71,331	-	79,408	24	25
Contract liabilities	-		221		
Current direct tax liabilities	3,364		2,765		
Current indirect tax liabilities	7,035		7,929		
Current provisions	1,521		2,416		26
Derivative liabilities	58		23		
Other current liabilities	34,779		31,710		
Total current liabilities	**143,372**	-	**152,209**	**24**	
Non-current liabilities					
Non-current financial liabilities	482,946		498,549		24
Employee benefits	6,461		6,617		
Deferred tax liabilities	117,501		110,280		
Non-current provisions	252		249		26
Other non-current liabilities	570		1,661		
Total non-current liabilities	**607,729**	-	**617,356**	-	
Total liabilities	**751,101**	-	**769,565**	**24**	
Share capital and reserves attributable to non-controlling interests	36,620		35,366		
Profit for the year/period attributable to non-controlling interests	2,713		4,755		
Equity attributable to non-controlling interests	**39,333**	-	**40,122**	**-**	**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)		5,315		
Hedging reserve	43		87		
Losses carried forward and other reserves	116,928		114,099		
Loss for the year/period	(1,950)		(3,217)		
Equity attributable to the owners of the parent	**603,626**	-	**609,670**	-	27-28
Total equity	**642,959**		**649,791**		
TOTAL LIABILITIES AND EQUITY	**1,394,060**	-	**1,419,356**	**24**	

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 of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. 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 there were no FTA effects on the reserves at January 1, 2019.

Statement of cash flows

(Thousands of Euros)	Nine months ended September 30, 2018 (*)	2019	Notes
Opening cash and cash equivalents	**512,206**	**47,795**	**18**
A) Cash flows from operating activities			
Profit (loss) before taxation	(9,347)	3,800	
Adjustments:			
Amortisation and depreciation	8,328	47,377	21-22-23
Net financial expense	3,868	23,717	
Variation:			
Receivables, payables and inventories	2,822	(16,186)	19-20-25
Other operating items	(628)	311	
VAT and indirect tax assets/liabilities	181	(563)	
Income taxes paid	(3,959)	(12,197)	
Net cash flows from operating activities	**1,264**	**46,259**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment, right-of-use assets and intangible assets	(4,639)	(25,512)	21-22-23
Proceeds from sale of property, plant and equipment and intangible assets	53	77	21-22-23
Contingent consideration for the acquisition of Axiom Propack (India)	-	(554)	
Acquisition of Guala Closures Group, net of cash and cash equivalents acquired	(306,374)	-	
Net cash flows used in investing activities	**(310,960)**	**(25,990)**	
C) Cash flows from financing activities			
Withdrawal of the former Space4 shareholders	(31,323)	-	
Interest received	1,036	1,746	
Interest paid	(5,933)	(16,716)	
Transaction costs paid for bonds issued in 2018	(12,468)	(483)	
Other financial items	(5,599)	(927)	
Dividends paid	(130)	(6,526)	
Proceeds from new borrowings and bonds	451,105	2,489	24
Repayment of borrowings and bonds	(566,767)	(3,372)	24
Repayment of leases	(392)	(5,466)	
Change in financial assets	858	(192)	
Net cash flows used in financing activities	**(169,614)**	**(29,448)**	
Net cash flows of the period	**(479,310)**	**(9,178)**	
Effect of exchange fluctuations on cash held	(440)	672	
Closing cash and cash equivalents	**32,456**	**39,288**	

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 there were no FTA effects on the reserves at January 1, 2019.

Statement of changes in equity

(Thousands of Euros)	*Attributable to the owners of the parent*								*Non-controlling interests*			
	Share capital	*Share premium reserves*	*Legal reserve*	*Translation reserve*	*Hedging reserve*	*Losses carried forward and other reserves*	*Profit (loss) for the period*	*Equity*	*Share capital and reserves*	*Profit (loss) for the period*	*Equity*	*Total equity*
January 1, 2018	**51,340**	**455,160**				**(4,677)**	**(6,577)**	**495,246**			**-**	**495,246**
Coverage of 2017 loss						(6,577)	6,577	-	-	-	-	-
Loss for the year							(9,564)	(9,564)		763	763	(8,801)
Other comprehensive income (expense)				(7,571)	19	51		(7,501)	3		3	(7,499)
Comprehensive income (expense) for the period	***-***	***-***	***-***	***(7,571)***	***19***	***(6,526)***	***(2,987)***	***(17,065)***	***3***	***763***	***766***	***(16,299)***
Guala Closures business combination and share capital increase for the merger	17,567				(555)	138,331		155,342	36,747		36,747	192,089
Issue of market warrants						(9,367)		(9,367)			-	(9,367)
Dividends to non-controlling interests								-			-	-
Withdrawal		(31,323)						(31,323)			-	(31,323)
Total contributions and distributions from/to shareholders and other changes	***17,567***	***(31,323)***	***-***	***-***	***(555)***	***128,964***	***-***	***114,652***	***36,747***	***-***	***36,747***	***151,399***
September 30, 2018	**68,907**	**423,837**	**-**	**(7,571)**	**(536)**	**117,761**	**(9,564)**	**592,833**	**36,749**	**763**	**37,512**	**630,346**
January 1, 2019 (*)	**68,907**	**423,837**	**-**	**(4,139)**	**43**	**116,928**	**(1,950)**	**603,626**	**36,620**	**2,713**	**39,333**	**642,959**
Coverage of 2018 profit (loss)			643			(2,592)	1,950	-	2,713	(2,713)	-	-
Loss for the period							(3,218)	(3,218)		4,755	4,755	1,538
Other comprehensive income (expense)				9,453	44	(235)		9,262	2,567		2,567	11,830
Comprehensive income (expense) for the period	***-***	***-***	***643***	***9,453***	***44***	***(2,827)***	***(1,268)***	***6,045***	***5,281***	***2,042***	***7,323***	***13,368***
Dividends to non-controlling interests								-	(6,688)		(6,688)	(6,688)
Capital increase by non-controlling interests									154		154	154
Total contributions and distributions from/to shareholders and other changes	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***(6,534)***	***-***	***(6,534)***	***(6,534)***
September 30, 2019	**68,907**	**423,837**	**643**	**5,315**	**87**	**114,099**	**(3,217)**	**609,670**	**35,366**	**4,755**	**40,122**	**649,791**

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 of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018. 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 there were no FTA effects on the reserves at January 1, 2019.

Notes to the condensed interim consolidated financial statements at September 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 July 31, 2018 and post-merger Guala Closures Group (i.e., consolidation scope including Space4 S.p.A. and pre-merger Guala Closures Group) for the period from August 1, 2018 to September 30, 2018. The directors’ report provides a complete analysis of the pro forma figures referring to the scope of pre-merger Guala Closures Group and Space4 S.p.A..

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 and, since the reorganisation in the year resulting in the sell of part of the PET assets and the transfer of the remaining part from Spain to United Kingdom, it is now closely connected to the Closures division as its customers and those of the Closure division's Spirit sector are the same and because the PET division's activities are substantially an accessory service related to the sale of closures to group customers.

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

(2) Accounting policies

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

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

These condensed interim consolidated financial statements have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between the condensed interim consolidated financial statements balances and those 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., the put option on non-controlling interests) which are measured at fair value, and on a going concern basis. The Group has not identified any relevant 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.

The condensed interim consolidated financial statements at June 30, 2019 were the first to reflect the effects of the PPA procedure relating to the business combination which took place on July 31, 2018, and the 2018 comparative figures and those for the interim period 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;
— trade relationships with customers;
— patents;
— plant and machinery;
— and inventories.

The criteria and methodologies used to measure the assets acquired and liabilities assumed are described in section 6.1.4 Identifiable assets acquired and liabilities assumed. These criteria and methodologies, used in this analysis, reflect the group’s knowledge of developments in the business in which it operates at the date of the business combination and take into account methodologies, criteria and information deemed reasonable in light of practices in the relevant sector, Guala Closures Group’s specific situation and expected future developments in the market and sector, which are subject to a physiological degree of uncertainty, also considering international macro-economic changes.

In accordance with IAS 34 - Interim financial reporting, the interim measurement of the figures of the condensed interim consolidated financial statements may rely on a higher level of estimates than that used in respect of annual consolidated financial statements. The measurement procedures carried out to this end ensure the reliability of the information provided and that all material financial information necessary to understand the group’s financial position and results of operations is provided.

The group companies are listed below, stating name, registered office, share/quota capital, direct and indirect investments held by the parent and each subsidiary and method of consolidation at September 30, 2019.

List of investments in subsidiaries at September 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.	United Kingdom	GBP	134,000	100%	Indirect (*)	Line-by-line
Guala Closures UCP Ltd.	United Kingdom	GBP	3,509,000	100%	Indirect (*)	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	4,979,964	100%	Indirect (*)	Line-by-line
Guala Closures France SAS	France	EUR	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	6,252,120	70%	Indirect (*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect (*)	Line-by-line
Guala Closures BY LLC	Belarus	BYN	1,158,800	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 AMERICA 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	282,037,440	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	NZD	5,700,000	100%	Indirect (*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect (*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect (*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect (*)	Line-by-line
Guala Closures East Africa Pty Ltd.	Kenya	KES	30,300,000	100%	Indirect (*)	Line-by-line

Note:

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

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

Statement of financial position

€1 = x foreign currency	December 31, 2018	September 30, 2019
Pound sterling	0.8945	0.8857
US dollar	1.1450	1.0889
Indian rupee	79.7298	77.1615
Mexican peso	22.4921	21.4522
Columbian peso	3,721.8100	3,768.2500
Brazilian real	4.4440	4.5288
Chinese renmimbi	7.8751	7.7784
Argentinian peso	43.1593	62.3995
Polish zloty	4.3014	4.3782
New Zealand dollar	1.7056	1.7375
Australian dollar	1.6220	1.6126
Ukrainian hryvnia	31.7362	26.2972
Bulgarian lev	1.9558	1.9558
South African rand	16.4594	16.5576
Japanese yen	125.8500	117.5900
Chilean peso	794.3700	791.2400
Kenyan shilling	116.6284	113.1172
Belarus ruble	n.a.	2.2608

Statement of profit or loss and other comprehensive income

€1 = x foreign currency	9 months 2018	9 months 2019
Pound sterling	0.88392	0.88304
US dollar	1.19493	1.12370
Indian rupee	80.22338	78.84390
Mexican peso	22.74469	21.63497
Columbian peso	3,447.89333	3,639.37111
Brazilian real	4.29573	4.36458
Chinese renmimbi	7.77916	7.71193
Argentinian peso	46.05030	62.39950
Polish zloty	4.24783	4.30122
New Zealand dollar	1.70736	1.69254
Australian dollar	1.57669	1.60739
Ukrainian hryvnia	32.19230	29.62456
Bulgarian lev	1.95580	1.95580
South African rand	15.3897	16.1321
Japanese yen	130.9591	122.6207
Chilean peso	750.7511	770.2844
Kenyan shilling	n.a.	114.4149
Belarus ruble	n.a.	2.2851

(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 on or after January 1, 2020 are set out below.

- Standards and/or amendments applicable to annual reporting periods beginning on or after January 1, 2020:
  - Amendments to References to 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.

Guala Closures Group has elected to apply the modified retrospective approach whereby the comparative figures are not adjusted and no FTA effects were recognised in the reserves at January 1, 2019. Therefore, the comparative figures for 2018 are presented in line with the figures reported in the consolidated financial statements at December 31, 2018 prepared 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 instead of rent costs.

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 intangible assets, 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/amortisation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

It depreciates/amortises 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

Guala Closures Group elected to adopt the modified retrospective approach under which the comparative figures are not restated and there were no FTA effects on 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
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 preparation date of this report, it was reported that the European Union had granted another extension to the United Kingdom, which has delayed the EU exit date to January 31, 2020, with the option for the United Kingdom to leave the EU earlier (referred to as “flextension”).
The political scenario remains unstable, and early elections could be held, as Boris Johnson’s government has called for. In office since July 2019, PM Johnson has, several times in recent months, seen Parliament vote down his Brexit proposals and he has fallen short of implementing the UK’s exit process by his declared deadline of 31 October 2019. Consequently, at present, the alternatives and implications that Brexit could have are many and unknown, including whether Brexit will even take place if the country’s current minority parties win in the upcoming elections.
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 September 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 assets to a non-group operator in this sector and to concentrate the remaining ones with the newly acquired 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.
As a result of the reorganisation, the division is closely connected to the Closures division as its customers and those of the Closure division’s Spirit sector are the same and because the PET division’s activities are substantially an accessory service related to the sale of closures to group customers.

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, trade payables, property, plant and equipment, right-of-use assets 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 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 September 30, 2018 and those of post-merger Guala Closures Group for the period from August 1, 2018 to September 30, 2018.

Statement of profit or loss and other comprehensive income

Thousands of Euros	Closures		Other operations		Total		Closures		Other operations		Total	
	Q3 2018 (*)	Q3 2019	Q3 2018	Q3 2019	Q3 2018 (*)	Q3 2019	9 months 2018 (*)	9 months 2019	9 months 2018	9 months 2019	9 months 2018 (*)	9 months 2019
Net revenue	90,982	155,825	344	1,183	91,326	157,008	90,982	443,426	344	4,638	91,326	448,064
Operating profit (loss)	(5,341)	12,927	3,057	28	(2,285)	12,955	(5,341)	28,407	(138)	(889)	(5,479)	27,518
Amortisation and depreciation	(8,310)	(15,940)	(17)	(32)	(8,328)	(15,972)	(8,310)	(47,229)	(17)	(148)	(8,328)	(47,377)

(*) The comparative figures for the third quarter of 2018 and the first nine months of 2018 were restated to reflect the effects of the completion of the PPA procedure, with a consequent impact on the recognition of the business combination which took place on July 31, 2018.

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 there were no FTA effects on the reserves at January 1, 2019.
Amortisation and depreciation recognised in the first nine 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	**September 30, 2019**	**December 31, 2018**	**September 30, 2019**	**December 31, 2018**	**September 30, 2019**
Trade receivables	102,198	114,026	606	497	102,805	114,522
Inventories	92,232	108,652	1,026	319	93,258	108,970
Trade payables	(70,383)	(79,014)	(948)	(394)	(71,331)	(79,408)
Property, plant and equipment and right-of-use assets	238,641	248,773	1,210	1,568	239,851	250,340

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 there were no FTA effects on the reserves at January 1, 2019.

Statement of cash flows

Thousands of Euros	Closures		Other operations		Total	
	9 months 2018	**9 months 2019**	**9 months 2018**	**9 months 2019**	**9 months 2018**	**9 months 2019**
Investments (net of disposals)	4,587	24,613	0	823	4,587	25,436

(*) 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 there were no FTA effects on the reserves at January 1, 2019.

Information by geographical segment

The Closures segment operates from a network of production facilities in all five continents and the main Countries in terms of third parties revenues are: United Kingdom, India, Italy, Poland, Mexico, Spain, Ukraine, Australia, North American, South Africa and France.

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**	
	Q3 2018	**Q3 2019**	**9 months 2018**	**9 months 2019**
United Kingdom	10,539	30,786	10,539	82,560
India	12,377	19,707	12,377	53,356
Italy	10,477	16,940	10,477	50,525
Poland	10,031	15,776	10,031	47,658
Mexico	8,647	12,517	8,647	36,206
Spain	6,384	10,475	6,384	34,244
Ukraine	9,590	11,413	9,590	29,947
Australia	4,982	7,801	4,982	21,481
North America	1,990	4,465	1,990	11,943
South Africa	2,561	3,463	2,561	11,027
France	1,922	3,224	1,922	10,753
Other countries	11,827	20,440	11,827	58,364
Net revenue	**91,326**	**157,008**	**91,326**	**448,064**

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 (*)	**September 30, 2019**
Italy	597,609	594,960
Australia	83,525	84,118
India	73,780	73,223
Poland	52,333	49,516
Spain	41,197	43,394
Mexico	36,112	37,311
Ukraine	34,415	40,906
Brazil	14,714	14,304
South Africa	18,860	16,298
Other countries	98,635	104,625
Consolidation adjustments	72,204	67,132
Property, plant and equipment, right-of-use assets and intangible assets	**1,123,384**	**1,125,787**

Thousands of Euros	Deferred tax assets	
	December 31, 2018	**September 30, 2019**
Australia	1,233	1,723
Argentina	1,121	1,396
Italy	885	1,049
Chile	652	817
India	479	683
Spain	326	367
New Zealand	208	181
South Africa	143	180
China	100	165
Mexico	41	43
Poland	586	0
Other countries	2	348
Consolidation adjustments	617	732
Deferred tax assets	**6,393**	**7,683**

(*) 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, two customers have generated over 10% of revenue in the first nine months of 2019: the turnover of the first customer amounts to around €65 million for the first nine months of 2019 (roughly 15% of net revenue), while that of the second customer is approximately €54 million for the same period (around 12% 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 Space4 S.p.A.'s business object, generated a positive difference between the consideration transferred (equal to the consideration transferred 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 transferred at the acquisition date by Space4 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 transferred at the acquisition date by Space4 S.p.A.	**(A)**	**354,040**
Space4'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 Space4 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 €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 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 deferred tax assets	1,505				1,505
Other current/non-current assets/liabilities	(28,766)				(28,766)
Cash and cash equivalents	47,666				47,666
Current financial assets	169				169
Non-current financial assets	1,019				1,019
Net deferred tax liabilities	(5,992)		(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 and liabilities assumed	**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 and liabilities assume	**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 relation-ships 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 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 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 and liabilities assumed	**(D)**	**124,034**
Adjustment of goodwill already recognised under intangible assets	(E)	(361,007)
Net identifiable assets and 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 financial liabilities 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 segment:

	Three months ended September 30,		Nine months ended September 30,	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Europe	51,127	91,464	51,127	265,678
Asia	13,581	21,375	13,581	58,480
Latin and North America	17,116	28,559	17,116	80,837
Oceania	6,941	11,125	6,941	30,327
Africa	2,561	4,485	2,561	12,742
Total	**91,326**	**157,008**	**91,326**	**448,064**

The table below illustrates net revenue by product type:

	Three months ended September 30,		Nine months ended September 30,	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Safety closures	40,558	70,420	40,558	188,083
Luxury closures (customised)	4,549	8,868	4,549	22,959
Wine closures	14,177	26,948	14,177	82,075
Pharma closures	1,442	1,978	1,442	6,390
Roll-on closures (standard)	26,217	43,906	26,217	132,374
PET	344	1,137	344	4,598
Other revenue	4,039	3,751	4,039	11,585
Total	**91,326**	**157,008**	**91,326**	**448,064**

The table below illustrates net revenue by destination market:

	Three months ended September 30,		Nine months ended September 30,	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Spirits closures	62,075	106,602	62,075	294,428
Wine closures	14,177	26,948	14,177	82,075
Oil and vinegar closures	1,636	2,745	1,636	8,707
Pharma closures	1,442	1,978	1,442	6,390
Closures for other markets	7,614	13,848	7,614	40,282
PET	344	1,137	344	4,598
Other revenue	4,039	3,751	4,039	11,585
Total	**91,326**	**157,008**	**91,326**	**448,064**

(8) Other operating income

This caption includes:

Thousands of Euros	Three months ended September 30, 2018	2019	Nine months ended September 30, 2018	2019
Sundry recoveries/repayments	501	701	501	2,167
Gains on sale of non-current assets	5	19	5	30
Other	181	302	181	670
Total	**687**	**1,022**	**687**	**2,867**

(9) Internal work capitalised

Thousands of Euros	Three months ended September 30, 2018	2019	Nine months ended September 30, 2018	2019
Internal work capitalised	510	944	510	3,268
Total	**510**	**944**	**510**	**3,269**

(10) Costs for raw materials

This caption includes:

Thousands of Euros	Three months ended September 30, 2018	2019	Nine months ended September 30, 2018	2019
Raw materials and supplies	36,188	60,803	36,188	190,678
Packaging	1,714	2,759	1,714	8,701
Consumables and maintenance	1,144	1,868	1,144	5,428
Fuels	74	96	74	348
Other purchases	317	925	317	2,410
Change in inventories	959	(1,750)	959	(6,893)
Total	**40,396**	**64,700**	**40,396**	**200,672**

(11) Costs for services

This caption includes:

Thousands of Euros	Three months ended September 30, 2018	Three months ended September 30, 2019	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Electricity / heating	3,839	7,226	3,839	21,673
Transport	3,695	6,915	3,695	19,721
External processing	1,086	3,368	1,086	8,680
External labour / porterage	1,097	1,846	1,097	4,845
Sundry industrial services	860	1,670	860	4,855
Maintenance	872	2,013	872	5,908
Travel	656	1,201	656	3,809
Insurance	482	810	490	2,611
Legal and consulting fees	5,006	1,413	8,076	4,198
Directors' fees	263	276	263	939
Administrative services	1,161	657	1,240	2,336
Cleaning service	162	310	162	956
Technical assistance	275	478	275	1,317
Commissions	201	319	201	931
Entertainment expenses	91	162	91	542
Telephone costs	107	181	107	535
Security	84	103	84	334
Advertising services	72	81	72	227
Commercial services	47	79	47	206
Expos and trade fairs	26	78	26	224
Other	259	489	264	1,545
Total	**20,341**	**29,674**	**23,502**	**86,393**

In the first nine months of 2019, "Legal and consulting fees" include €52 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 nine months of 2018: €1,219 thousand).

(12) Personnel expense

This caption includes:

Thousands of Euros	Three months ended September 30, 2018	Three months ended September 30, 2019	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Wages and salaries	12,437	23,677	12,467	73,614
Social security contributions	2,080	3,265	2,084	10,608
Expense from defined benefit plans	218	397	218	1,070
Other costs	1,099	1,790	1,099	6,014
Total	**15,835**	**29,129**	**15,868**	**91,306**

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

Number	December 31, 2018	September 30, 2019
Blue collars	3,485	3,445
White collars	1,023	1,022
Managers	239	257
Total	**4,747**	**4,724**

(13) Other operating expense

This caption includes:

	Three months ended September 30,		Nine months ended September 30,	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Rent and leases	906	700	906	2,184
Other provisions	13	-	13	
Taxes and duties	297	536	297	1,699
Other costs for the use of third party assets	260	208	260	579
Accruals to loss allowances	2	390	2	2,736
Other charges	261	316	261	980
Total	**1,738**	**2,150**	**1,738**	**8,177**

(14) Financial income

This caption includes:

	Three months ended September 30,		Nine months ended September 30,	
Thousands of Euros	**2018**	**2019**	**2018**	**2019**
Exchange gains	862	817	862	4,755
Fair value gains (losses) on derivatives	-	(4)	-	53
Interest income	112	121	745	350
Fair value of market warrants	7,794	-	11,794	-
Other financial income	292	356	292	1,396
Total	**9,061**	**1,291**	**13,693**	**6,554**

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	Three months ended September 30, 2018	Three months ended September 30, 2019	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Interest expense	2,987	5,405	2,987	16,439
Exchange losses	4,261	4,199	4,261	8,284
Financial expense on financial liabilities to non-controlling investors	1,966	1,930	1,966	3,218
Non-recurring financial expense on the refinancing	7,995	-	7,995	-
Fair value gains (losses) market warrants	-	(385)	-	312
Fair value gains (losses) on derivatives	-	29	-	256
Other financial expense	352	521	352	1,762
Total	**17,561**	**11,699**	**17,561**	**30,272**

Financial expense on financial liabilities to non-controlling investors refer to the recognition of the increase in the financial liabilities 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	Three months ended September 30, 2018	Three months ended September 30, 2019	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Current taxes	(2,949)	(3,681)	(2,949)	(12,600)
Deferred taxes	3,496	5,834	3,496	10,338
Total	**547**	**2,153**	**547**	**(2,262)**

(17) Earnings per share – basic and diluted

Thousands of Euros	Three months ended September 30, 2018	Three months ended September 30, 2019	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit (loss) for the period attributable to the owners of the parent	(11,001)	2,865	(9,564)	(3,218)
Weighted average number of shares	60,273,584	66,372,404	53,474,889	66,372,404
Earnings (loss) per share (in Euro)	**(0.18)**	**0.04**	**(0.18)**	**(0.05)**

Thousands of Euros	Three months ended September 30, 2018	Three months ended September 30, 2019	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit (loss) for the period attributable to the owners of the parent	(11,001)	2,865	(9,564)	(3,218)
Weighted average number of shares (including warrants)	68,152,799	78,032,699	57,678,905	78,032,699
Diluted earnings (loss) per share (in Euros)	**(0.16)**	**0.04**	**(0.17)**	**(0.04)**

In the nine months ended September 30, 2019, the basic loss per share is €0.05 (compared to a basic loss per share of €0.18 in the nine months ended September 30, 2018).

The diluted loss per share is €0.04 (diluted loss per share of €0.17 for the first nine months of 2019), 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 €39,288 thousand at September 30, 2019 (€47,795 thousand at December 31, 2018), mainly due to the change in net working capital, which was negative in the first nine 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	September 30, 2019
Trade receivables	104,898	116,517
Loss allowance	(2,093)	(1,994)
Total	**102,805**	**114,522**

The balance of trade receivables reflects the positive impact of various group companies' use of reverse without-recourse factoring. This impact at September 30, 2019 was €28.0 million, compared to €28.5 million December 31, 2018.

The loss allowance changed as follows:

(Thousands of Euros)	September 30, 2019
Opening balance	2,093
Net exchange gains	8
Impairment losses	107
Utilisations/releases of the period	(214)
Closing balance	**1,994**

The allowance at September 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	September 30, 2019
Raw materials, consumables and supplies	43,415	51,019
(Allowance for inventory write-down)	(1,068)	(1,386)
Work in progress and semi-finished products	23,623	26,260
(Allowance for inventory write-down)	(468)	(525)
Finished products and goods	28,020	34,050
(Allowance for inventory write-down)	(534)	(777)
Payments on account	270	329
Total	**93,258**	**108,970**

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

(Thousands of Euros)	
January 1,	93,258
Exchange gains	810
Change in raw materials, consumables and supplies	6,893
Change in finished goods and semi-finished products	7,950
Change in payments on account	59
September 30, 2019	**108,970**

The allowance for inventory write-down varied as follows:

(Thousands of Euros)	September 30, 2019
Opening balance	2,070
Net exchange gains	61
Accruals	557
Closing balance	**2,689**

(21) Property, plant and equipment

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

(Thousands of Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under constr. 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**
Net exchange gains	635	2,342	187	53	195	**3,412**
Additions	296	3,805	408	616	16,508	**21,633**
Disposals	(16)	(31)	(10)	(20)	-	**(77)**
Impairment losses	(103)	(492)	(2)	-	-	**(596)**
Reclassifications	448	11,268	1,785	114	(13,682)	**(66)**
Reclassification to assets classified as held for sale	-	(520)	-	-	-	**(520)**
Depreciation	(1,239)	(24,137)	(1,974)	(498)	-	**(27,849)**
Historical cost at September 30, 2019	44,633	191,163	15,445	2,617	11,998	**265,856**
Accumulated depreciation and impairment at September 30, 2019	(2,113)	(36,457)	(2,983)	(761)	-	**(42,315)**
Carrying amount at September 30, 2019	**42,520**	**154,706**	**12,462**	**1,855**	**11,998**	**223,541**

(*) 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 related to plant and machinery and covered, although to differing extents, all five continents where the group operates.
In particular, capital expenditure was concentrated in Europe and covered all group facilities, with a focus on those in Italy and Ukraine. The facilities in the UK and, especially Guala Closures UCP's facility, in addition to those in Poland, the French plant, as production in France is reorganised, and the research centre in Luxembourg all saw substantial capital expenditure.
In Asia, significant capital expenditure went to the Indian facilities, while in Latam and the US, the most capital expenditure was for the Mexican and Chilean facilities.
In Africa, most capital expenditure was directed at Guala Closures East Africa's Kenyan facility, where production began in February 2019.

In Oceania and, specifically, in Australia and New Zealand, only small investments of immaterial amounts were made for maintenance.
The impairment losses of the period were recognised in connection with the reorganisation of the subsidiaries Guala Closures France and Beijing Guala Closures, as described earlier.
The amount of the impairment loss on the plant and machinery of the Saint Rémy facility in France was reviewed and updated in the light of the reorganisation and consequent one-year delay in the facility closure. Specifically, the impairment loss was adjusted from €0.8 million to €0.4 million.

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 (€12.2 million) to "Right-of-use assets" at January 1, 2019.

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

The reclassification of plant and machinery worth €520 thousand to assets held for sale refers to some of the PET division assets owned by Guala Closures Iberica (Spain), which were transferred to third parties in the third quarter of the year. At the reporting date, they are being installed at the buyer's facility and, when installation is complete, the sale of these assets will be finalised, with the realisation of a gain for the group that will be recognised on an accruals basis in the fourth quarter.

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 nine months of 2019:

(Thousands of Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2018					-
Accumulated amortisation 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)	(367)	(183)	(114)	6	**(658)**
Additions	1,228	97	596	388	**2,308**
Depreciation of right-of-use assets	(2,350)	(653)	(603)	(505)	**(4,111)**
Historical cost at September 30, 2019	25,009	2,338	2,143	1,420	**30,910**
Accumulated depreciation and impairment at September 30, 2019	(2,350)	(653)	(603)	(505)	**(4,111)**
Carrying amount at September 30, 2019	**22,658**	**1,685**	**1,541**	**915**	**26,799**

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, €12.2 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 nine 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/(losses)	14	(58)	-	6,258	(87)	**6,128**
Additions	322	78	-	-	706	**1,106**
Reclassifications	220	131	-	-	(285)	**66**
Amortisation	(468)	(6,987)	-	(7,933)	-	**(15,387)**
Historical cost at September 30, 2019	2,639	132,129	504,469	258,101	1,867	**899,205**
Accumulated amortisation and impairment at September 30, 2019	(850)	(10,418)	-	(12,490)	-	**(23,758)**
Carrying amount at September 30, 2019	**1,789**	**121,711**	**504,469**	**245,611**	**1,867**	**875,446**

(*) 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.

The goodwill recognised at the end of the PPA procedure was measured as the excess amount of the sum of the consideration transferred and the amount of non-controlling interests and the net carrying amount of identifiable assets acquired and liabilities assumed at the acquisition date. Additional details are provided in section 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 nine 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.
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 covenant calculation date is September 30, 2019, but more than 40% of the facility has not been used, which is the triggering condition for the application of the covenant. In any case, the covenant is complied with.

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

(Thousands of Euros)	**December 31, 2018**	**September 30, 2019**
Current financial liabilities		
Bonds	3,937	3,406
Bank loans and borrowings	14,324	11,675
Other financial liabilities	7,023	12,655
	25,284	27,737
Non-current financial liabilities		
Bonds	441,383	443,294
Bank loans and borrowings	13,506	15,292
Other financial liabilities	28,057	39,963
	482,946	498,549
Total	**508,230**	**526,286**

The conditions and due dates of the financial liabilities at December 31, 2018 and September 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 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 September 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	3,406	3,406	-	-	3,406	-
Transaction costs	(11,706)	-	(11,706)	-	-	(11,706)
TOTAL Bonds FRSN 2024 - Guala Closures S.p.A.	**446,700**	**3,406**	**443,294**	**-**	**3,406**	**443,294**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	13,548	-	13,548	-	-	13,548
Transaction costs	(633)	-	(633)	-	-	(633)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**12,915**	**-**	**12,915**	**-**	**-**	**12,915**
Other accrued expenses - Guala Closures S.p.A.	37	37	-	-	37	-
Yes Bank loan and bank overdraft (India)	2,398	2,398	-	-	2,398	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,293	4,293	-	-	4,293	-
Banco de la Nacion Argentina loan (Chile)	224	179	45	-	179	45
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	81	45	36	-	45	36
Advances on loans and receivables (Argentina)	423	423	(0)	-	423	(0)
Banamex / Bancomer loan (Mexico)	6,597	4,301	2,296	-	4,301	2,296
TOTAL bank loans and borrowings	**26,967**	**11,675**	**15,292**	**-**	**11,675**	**15,292**
Other financial liabilities:						
Market warrants	4,650	4,650	-	-	4,650	-
Leases (IFRS 16)	19,890	7,792	12,098	-	7,792	12,098
Financial liabilities to non-controlling investors	27,865	-	-	27,865	-	27,865
Other liabilities	213	213	-	-	213	-
TOTAL other financial liabilities	**52,619**	**12,655**	**12,098**	**27,865**	**12,655**	**39,963**
TOTAL	**526,286**	**27,737**	**470,684**	**27,865**	**27,737**	**498,549**

“Other financial liabilities” include the fair value of the market warrants at September 30, 2019 and December 31, 2018 (€4,650 thousand and €4,338 thousand, respectively). The difference between the fair value at September 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 (€312 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 €0.2401 at September 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 “Financial liabilities 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 maturities of the financial liabilities at December 31, 2018 and September 30, 2019 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Maturity 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	GBP 3M Euribor/Libor + 2.50%	2024	11,179
Transaction costs	€	n.a.	2024	(740)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**10,439**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2019	121
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	n.a.	3,785
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	1M Wibor (*)	n.a.	4,399
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	357
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	105
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	684
Banamex / Bancomer loan (Mexico)	USD	n.a.	2023	7,942
TOTAL bank loans and borrowings				**27,831**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	4,338
Leases (IAS 17)	€	n.a.	n.a.	6,095
Financial liabilities 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	Maturity date	Total September 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	3,406
Transaction costs	€	n.a.	2024	(11,706)
TOTAL Bonds FRSN 2024 - Guala Closures S.p.A.				**446,700**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.50%	2024	13,548
Transaction costs	€	n.a.	2024	(633)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**12,915**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2019	37
Yes Bank loan and bank overdraft (India)	INR	9.70%	2020	2,398
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	1M Wibor (*)	n.a.	4,293
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	224
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	81
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	423
Banamex / Bancomer loan (Mexico)	USD	n.a.	2023	6,597
TOTAL bank loans and borrowings				**26,967**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	4,650
Leases (IFRS 16)	€	n.a.	n.a.	19,890
Financial liabilities to non-controlling investors	€	n.a.	n.a.	27,865
Other liabilities	€	n.a.	n.a.	213
TOTAL other financial liabilities				**52,619**
TOTAL				**526,286**

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

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

Facility	Available amount (thousands of Euros)	Amount used at September 30, 2019	Residual available amount at September 30, 2019
Revolving Credit Facility due 2024	80,000	13,548	66,452

(25) Trade payables

These may be analysed as follows:

(Thousands of Euros)	December 31, 2018	September 30, 2019
Suppliers	70,895	78,619
Payments on account	436	789
Total	**71,331**	**79,408**

(26) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2018	September 30, 2019
Provision for restructuring	402	1,540
Provision for contingencies	710	238
Provision for returns	409	639
Total current provisions	**1,521**	**2,416**

The provision for restructuring includes:

- €644 thousand for 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. 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. The initial accrual of €1,630 thousand decreased to the current €644 thousand following the use of the provision for payments made.
- €373 thousand for the downsizing of Guala Closures UK Ltd’s production activities, commenced in 2018, which entails the transfer of plant and machinery from the secondary Broomhill facility to the main facility in Kirkintilloch. The provision has been calculated considering the cost of terminating the existing agreements and the benefits due to employees under the related contracts.
- €523 thousand for the reorganisation of Guala Closures France, commenced in March 2019 and entailing investments at the Chambray facility for the production of small batches of closures for the wine sector with very short lead times to meet market requirements. As a result of this investment in the Chambray facility, assets (machinery and part of the workforce) will be transferred from the Saint Remy Sur Avre facility, which will be shut down. Part of the assets will go to the Chambray facility and part will go to other group companies. The Saint Remy Sur Avre facility was originally scheduled to close at the end of July, but this was postponed by about one year to meet the requirements of customers and distributors that are unable to independently support the taxation of closures. Therefore, limited operations continue at the facility with approximately 11 employees.

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 in 2018 for 2013 and 2014 and €0.5 million in 2019 for 2015, while the provision for contingencies still includes €0.2 million for the payments to be made in the fourth quarter of 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 gains	4
Impairment losses	2,652
Utilisations	(1,760)
Closing balance	**2,416**

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**	**September 30, 2019**
Provision for legal disputes	112	104
Provision for agents' termination indemnity	140	144
Total non-current provisions	**252**	**249**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

Thousands of Euros	**2019**
Opening balance	252
Exchange losses	(1)
Accruals for the period	84
Utilisations	(86)
Closing balance	**249**

(27) Equity attributable to the owners of the parent

At September 30, 2019, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azionario) organized and managed by Borsa Italiana S.p.A., within the Star Segment, 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 September 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 attributable 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 to September 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, 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 at December 31, 2018	% Non-controlling interests at September 30, 2019	Balance at December 31, 2018 (*)	September 30, 2019
Guala Closures Ukraine LLC	30.0%	30.0%	14,449	16,772
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,460	3,933
Guala Closures de Colombia LTDA	6.8%	6.8%	753	720
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,595	2,502
Guala Closures DGS Poland S.A.	30.0%	30.0%	16,726	15,232
Guala Closures France SAS	30.0%	30.0%	1,349	810
Guala Closures BY LLC	-	30.0%	-	152
Total			**39,333**	**40,122**

(*) 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 September 30, 2019, is analysed below and calculated in accordance with ESMA/2013/319 recommendations:

(thousands of Euros)		December 31, 2018	September 30, 2019
A	Cash	-	-
B	Cash equivalents	47,795	39,288
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**47,795**	**39,288**
E	**Current loan assets**	**653**	**637**
F	Current bank loans and borrowings	12,695	10,420
G	Current portion of non-current indebtedness	5,566	4,662
H	Other current loans and borrowings	2,685	8,005
I	**Current financial indebtedness (F+G+H)**	**20,946**	**23,087**
J	**Net current financial indebtedness (I-E-D)**	**(27,502)**	**(16,838)**
K	Non-current bank loans and borrowings	13,506	15,292
L	Bonds issued	441,383	443,294
M	Other non-current liabilities	28,057	39,963
N	**Non-current financial indebtedness (K+L+M)**	**482,946**	**498,549**
O	**Net financial indebtedness as per ESMA's recommendation (J+N)**	**455,444**	**481,711**

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**	**September 30, 2019**
O	Net financial indebtedness as per ESMA's recommendation	455,444	481,711
P	Non-current financial assets	(273)	(482)
Q	Market warrants	4,338	4,650
R	**Total net financial indebtedness (O-P+Q)**	**459,509**	**485,880**

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 September 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 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.

(**) Restated in light of the PPA procedure

September 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		12				**12**		12		**12**
Aluminium derivatives used for trading		3				**3**		3		**3**
		15	**-**	**-**	**-**	**15**	**-**	**15**	**-**	**15**
Financial assets not measured at fair value (*)										
Trade receivables	19			114,522		**114,522**				**-**
Financial assets				1,118		**1,118**				**-**
Cash and cash equivalents	18			39,288		**39,288**				**-**
		-	**-**	**154,929**	**-**	**154,929**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Currency derivatives held for trading		(23)	-			**(23)**		-		**-**
Market warrants					(4,650)	**(4,650)**	(4,650)			**(4,650)**
Financial liabilities to non-controlling investors	24	(27,865)				**(27,865)**			(27,865)	**(27,865)**
		(27,888)	**-**	**-**	**(4,650)**	**(32,538)**	**(4,650)**	**-**	**(27,865)**	**(32,515)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	24				(6,691)	**(6,691)**		(6,691)		**(6,691)**
Secured bank loans	24				(19,972)	**(19,972)**		(20,148)		**(20,148)**
Unsecured bank loans	24				(305)	**(305)**		(305)		**(305)**
Secured bond issues	24				(446,700)	**(446,700)**		(462,800)		**(462,800)**
Lease liabilities (IFRS 16)	24				(19,890)	**(19,890)**				**-**
Trade payables	25				(79,408)	**(79,408)**				**-**
Other financial liabilities	24				(213)	**(213)**				**-**
		-	**-**	**-**	**(573,179)**	**(573,179)**	**-**	**(489,943)**	**-**	**(489,943)**

(*) 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.	• Estimated EBITDA in the 2019 forecast and 2020-2022 plan and expected cash flows in 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 EBITDA 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
(Profit)/ loss included in “(financial income) / financial expense” - Net fair value gain/loss (unrealised)	3,218
September 30, 2019	**27,865**

(**) Restated in light of the PPA procedure

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at September 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 input data not directly observable**	**Favourable/ (unfavourable) effect on the profit (loss) for the period**
Risk-adjusted discount rate	1%	1,935
	(1%)	(2,212)
Growth rate	1%	(1,504)
	(1%)	1,290
Expected date of put option exercise	+ 1 year	1,630
	- 1 year	(1,751)

(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 September 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 nine months of 2019:

- Space Holding S.r.l.: €52 thousand related to consultancy services provided in the first nine 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:

Costs recognised in the period							Accrual for post-employment benefits at September 30, 2019	Other liabilities at September 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**			
369	1,961	1,690	16	8	221	**4,264**	1	2,130	2,125

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 September 30, 2019 are summarised below:

- it has four members 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 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 September 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 September 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

GCL Pharma tax assessment

On October 10, 2019, following the tax assessment that began on July 30, 2019, the Finance Police of Chieti served a preliminary tax assessment report against the Italian group company GCL Pharma S.r.l., assessing taxes on allegedly non-deductible costs for a total of €974 thousand in the period from April 1, 2014 to July 29, 2019. All of the costs reinstated in the tax base were for services which the parent Guala Closures S.p.A. provided to the subsidiary and recharged under an agreement signed on September 15, 2014. The tax inspectors based their findings on a lack of documentation providing evidence that the parent effectively performed the services. At the date of this report, Guala Closures Group management is preparing a brief to send to the local tax authorities responsible for issuing the definitive tax assessment report, on the belief that they can document that the parent Guala Closures S.p.A. effectively performed the services for the subsidiary GCL Pharma S.r.l.. Moreover, GCL Pharma S.r.l. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with the parent Guala Closures S.p.A..

Premio Eccellenze d’impresa 2019

On October 15, 2019, Guala Closures received special mention for its internationalisation strategies at the Premio Eccellenze d’impresa 2019, an awards ceremony for excellence in business.

Inauguration East Africa

On November 4, 2019 the new plant in Kenya of Guala Closures East Africa was officially inaugurated, a company established on November 8, 2018 with the aim of assisting spirit producers in Kenya and in the wider East African market with anti-counterfeiting closures equipped with the latest technologies.
The new plant located in Nairobi started production in early February and from March began to penetrate the market making the first sales to an important local customer and continues its growth path supported by the Group.

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

November 13, 2019

Annexes to the condensed interim consolidated financial statements

Annex
Statement of the manager in charge of financial reporting pursuant to article 154-bis.2 of Legislative decree no. 58/1998 (“Consolidated finance act”)

ANNEX

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

The undersigned and Anibal Diaz Diaz, manager in charge of financial reporting states that, pursuant to article 154-bis.2 of the Consolidated Finance Act, the disclosures in this interim financial report at September 30, 2019 are consistent with the documentation, ledgers and accounting records.

November 13, 2019

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