MARCH 31, 2020

2020 FIRST QUARTER REPORT

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

Guala Closures Group

GUALA CLOSURES GROUP

2020 FIRST QUARTER REPORT

May 12, 2020

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

COMMENT FROM THE CHAIRMAN AND CEO

The excellent results of the first quarter of 2020 once again demonstrate the solidity of our business model, the validity of the strategic decisions we made in 2019, both in terms of product development, with connected closures, and acquisition, and last but not least, the effective decision-making and implementation speed to adapt to changes in the market and medical emergencies. We continued to produce and serve the entire supply chain of our customers for the whole of March, guaranteeing the continuous provision of spirits, oil, vinegar, mineral water and sanitary disinfectants to large-scale retailers, setting all the necessary measures in place to contain the virus in all Group companies worldwide from the third week of February.

Our company immediately adopted all of the measures needed for the safety of its personnel, such as equipping them with disposable masks and gloves, monitoring body temperature at the entrance and exit of the various sites, implementing safety distances, sanitising facilities at programmed intervals and providing the tools and the processes to implement smart-working whenever possible. Lastly, we took out an insurance policy to cover Covid-19 with AON, a leading company in this sector, for all our employees worldwide.

In future months, demand will be influenced by the uncertainty with which households and consumers will react to the crisis and by the time required by the various countries to come out of the lockdown. Therefore, it is uncertain and difficult to evaluate the overall impact on the second quarter, and we expect that it will not live up to the forecasts we made prior to the COVID-19 emergency. Nevertheless, our available cash and cash equivalents are more than sufficient to cover current and future operating needs, with a wide margin for manoeuvre, if extraordinary and unforeseen circumstance should require it. In any event, our attention for the next quarter will be even more focused on all measures that can generate cash flow through cost cutting, relief and local subsidies for labour costs, constantly monitoring capex and working capital, given the impact on forecasts and orders from our customers resulting from the economic uncertainties of households and end consumers and by the different strategies and exit timings of the various countries worldwide in which we produce and sell.

In this perspective, we decided to sell our pharmaceutical division in Italy to Bormioli Pharma, allocating all proceeds to cover debt, although we will continue to produce closures and dispensers for the pharmaceutical industry in the rest of the world.

I would like to close my comments with two considerations related to the current pandemic: on one hand, Guala Closures, in accordance with the attention paid to the communities in which it operates, has launched the production of polycarbonate face masks, which we are selling to commercial operators to fund free supplies of the same to medical facilities in Italy, France and Luxembourg. On the other hand, even in this very challenging scenario, we are continuing to behave as a business enterprise with a medium-long term vision to maintain and guarantee future employment for our workers and satisfaction for our shareholders and stakeholders through innovation and quality.

Marco Giovannini

Chairman and CEO

(signed on the original)

COMPANY OFFICERS

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

RISK AND CONTROL COMMITTEE

Chairman	Francesco Caio
Independent director	Lucrezia Reichlin
Director	Nicola Colavito

REMUNERATION COMMITTEE

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

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITORS

KPMG S.p.A.

CONTENTS

1. DIRECTORS' REPORT

Alternative performance indicators

In addition to the financial performance indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss) (EBITDA), adjusted gross operating profit (loss) (adjusted EBITDA), adjusted operating profit (loss) (adjusted EBIT), net financial indebtedness and revenue and adjusted EBITDA for the first three months of 2020 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 provides more information about these indicators and their calculation).

1.1 Guala Closures Group

BUSINESS

The Guala Closures Group is a multinational leader in the aluminium and non-refillable closures production market active on five continents with 29 production sites at the date of this report.

Its leadership is underpinned by continuous product and process innovation 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 2018**, the parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange. In **September 2019**, it was admitted to the **FTSE Italy Mid Cap** index.
At the date of this report, the parent has a significant float (over 40%).

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).

STRATEGY

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/increase 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;
- the packaging digitalisation process which began in 2019 with the launch of the new NFC (near field communications) closures.

RESEARCH – INNOVATION – DEVELOPMENT OF NEW PRODUCTS

In the first quarter of 2020, the group focused on two aspects: developing sustainable closures and implementing customer projects for the launch of new brands rather than re-launching existing ones. The projects related to premium products also continued, with the aim of offering the market visually appealing solutions and performance not offered by the competition.

In first quarter of 2020, product innovation activities continued, although the restrictions due to the COVID-19 pandemic have meant that most teams have worked remotely since March.

Sustainability is the common theme running through most of the group customers' new projects and and its declination on individual products often leads to a trend towards product simplification. In the face of this trend, the aim of Group R&D is to propose a range of solutions instead of just one, in order to fit in with local consumer habits and local end-of-life treatment systems of the complete packaging (bottle-label-closure), which differs from country to country.
Therefore, the developing solutions cover different concepts: from the mono-material solution to the use of recycled materials, from compostable to metallic materials, and solutions focused on separate and specialised recycling channels.
All solutions are being tested with the aim of providing the group's customers with closures to test on their bottles in the second and third quarters of 2020.

With respect to **closures designed for individual brands,** thanks to its wide range of closures, the group can satisfy the many requests for specific aesthetics and size requirements, using existing and tested mechanisms, thus reducing the investment required and enabling a short time to market.
The current projects range from repackaging major brands, involving several group facilities and some tens of millions of closures per year, to product launches on specific markets, entailing several hundred thousand pieces per year.

In the **Luxury** segment, high-end products targeted at the different premium markets continued to be fine-tuned: these products raised considerable interest among potential customers and may open up new market opportunities in the coming year.

In the face of this trend, the use of different materials, such as wood and opalescent resins, is also growing with the aim of increasingly mirroring the concepts formulated by the big design agencies.

With respect to **projects related to the development of new technologies,** the following projects were the main focus areas:

NFC (Near Field Communication): in the first quarter of 2020, the focus was on the launch of the 30x44 product for Jameson, which contained a challenging IoT (Internet of Things) aspect.

Work on the RFID (radio-frequency Identification) technology continues with the optimisation of tags, through the prototyping of new tags with enhanced performance (with detuning at a frequency of 12.5mhz) inside aluminium closures.

Further developments relate to the proprietary IOT platform and the related SharpEnd and Compellio platforms.

EMF (Electromagnetic Forming): in the first quarter of 2020, the group's main customer's revived its interest in the magnetoformed product and its technology. Work therefore resumed with some rapid prototyping and magnetoforming testing involving the iconic Johnny Walker brand.

3d printing: work related to 3D printing of components for our production companies continues to garner growing interest. The group's Ukrainian branch continues to be the focus of this project, where there are several studies to replace the much more expensive metal parts with 3D printed polyamide components.

Group structure at March 31, 2020

Group structure at December 31, 2019

The investment in Guala Closures Deutschland was acquired in December 2019, while Closurelogic's assets were purchased and consolidated as of February 2020

Group structure at March 31, 2019

1.2 PERFORMANCE

Key figures

(€ million)	Reported figures: First quarter of 2019	Reported figures: First quarter of 2020 – Spot exchage rates	Reported figures: First quarter of 2020 – Constant exchange rates	Like-for-like cons. scope [1]: First quarter of 2019	Like-for-like cons. scope [1]: First quarter of 2020 – Spot exchage rates	Like-for-like cons. scope [1]: First quarter of 2020 – Constant exchange rates
Revenue	**141.8**	**145.9**	**147.1**	**141.8**	**139.6**	**140.8**
Growth %		*2.9%*	*3.7%*		*(1.6%)*	*(0.8%)*
Adjusted gross operating profit	**22.7**	**24.1**	**23.8**	**22.7**	**24.1**	**23.8**
Growth %		*6.3%*	*5.1%*		*6.4%*	*5.3%*
Adjusted gross operating margin	***16.0%***	***16.5%***	***16.2%***	***16.0%***	***17.3%***	***16.9%***

(€ million)	December 31, 2019	March 31, 2020
Net financial indebtedness[2]	462.5	490.1

Employees	4,937
Facilities	29 plants and 3 sales offices in 24 countries on 5 continents
Patents and intellectual property rights	over 170

Note:

(1) *The like-for-like scope figures exclude the effect of the acquisition of Closurelogic's assets and the normalisation of the effects of streamlining due to the sale to third parties of part of the Spanish business of the PET division. With reference to alternative performance indicators, such as adjusted gross operating profit (loss) and sales in 2020 at constant exchange rates, reference should be made to the section Alternative performance indicators - Guala Closures Group in this report.*

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

The results for the first quarter of 2020 confirm the group's continuous growth, highlighting a 2.9% growth of **net revenue** at spot exchange rates (+3.7% at constant exchange rates) and a 6.3% growth in adjusted gross operating margin at spot exchange rates (+5.1% at constant exchange rates).

The subsidiary Guala Closures Deutschland contributed to the overall growth in revenue. Indeed, the subsidiary acquired Closurelogic's assets at the beginning of February. Guala Closures Deutschland's contribution in terms of revenue approximates €6.9 million in two months of operation.

Revenue on a like-for-like basis and at constant exchange rates is essentially in line with that for the first quarter of 2019, despite the outbreak of the COVID-19 pandemic in the first quarter of 2020.

The group's ability to constantly adjust prices year on year and the positive trend in the cost of the main raw materials drove the increase in **adjusted gross operating profit** and **margins**.

However, the increase in the profit margin is affected by the dilution effect caused by Guala Closures Deutschland's business, whose integration into the group has commenced in order to achieve profit margins in line with the reference context.

At March 31, 2020, **net financial indebtedness** amounts to €490.1 million, up by €27.6 million on the balance of €462.5 million at December 31, 2019. This is mainly to the acquisition of Closurelogic's assets (€13.5 million of which €12.2 million as consideration transferred for the acquisition and €1.3 million as recognition of the liabilities assumed at the date of the transaction in reason of the leasing contracts acquired) and the increase in net working capital due to the combined effects of the increase in the Group's activities resulting from the aforementioned acquisition in Germany and the seasonality of the business which saw an increase in net working capital in the first part of the year.

Key events of the quarter

The key events which affected the Guala Closures Group during the first quarter of 2020 are summarised below:

Acquisition of Closurelogic GmbH's assets through Guala Closures Deutschland GmbH

On November 27, 2019, the Luxembourg subsidiary GCL International S.à r.l. formalised its offer to acquire the business of the German-based Closurelogic GmbH, a manufacturer specialising in aluminium closures, mainly intended for the glass-bottle beverage and mineral water sector.
The offer is part of the competitive process launched following the voluntary insolvency proceedings commenced by Closurelogic GmbH.

Subsequently, on December 16, 2019, the subsidiary GCL International S.à r.l. formalised its offer, through a notary, to be exercised directly or through the incorporation of a new company, requesting and obtaining a break-up fee letter, which provided for the payment of €2 million to the bidder, should the assets be sold to third parties.

In December 2019, the Luxembourg subsidiary GCL International S.à r.l. purchased a shelf-company, Waterside XLII, which subsequently took on the name of Guala Closures Deutschland GmbH.
This company was subsequently identified as the purchaser of the business of Closurelogic GmbH, availing itself of the express right reserved in the notarial offer made on December 16, 2019.

On January 2, 2020, Closurelogic GmbH, under insolvency proceedings, formally accepted the proposal made by GCL International S.à r.l. on December 16, 2019.
Consequently, on February 3, 2020, the German subsidiary, Guala Closures Deutschland GmbH, finalised the acquisition of the business by Closurelogic GmbH (of all its assets owned and its personnel, with the exception of the shares of the Turkish subsidiary, the purchase of which will take place after completion of the step-plan identified following the due diligence). In particular, the transaction entailed the acquisition of Closurelogic GmbH's property, plant and equipment and intangible assets, including the building in Worms, for a total consideration of €7.2 million, the purchase of raw materials and finished goods for approximately €5 million and the payment of advances to suppliers for roughly €0.3 million.

The business acquired generated revenue of approximately €45 million in 2019, with sales mainly on the glass-bottle mineral water market, of which about 50% in Germany and the remainder in the rest of Europe. Thanks to this acquisition, the Guala Closures Group now has a significant presence on the German market where, until now, it had had a marginal presence in the mineral water sector. Following this acquisition, the group is also a major player in the world market of glass-bottle beverages and mineral water, opening up new horizons for growth in this sector.

Acquisition of non-controlling interest in Guala Closures France S.a.s. through share capital increase

As a result of the losses incurred in prior years, on January 29, 2020 the share capital of Guala Closures France Sas was zeroed, with a simultaneous resolution to increase the share capital by €2,748 thousand.

As the other non-controlling investors - Les Muselets du Val de Loire M.V.L. S.A.S. and SACI S.à.r.l. - decided not to subscribe the capital increase, the latter was fully subscribed by Guala Closures International B.V., which, to this end, waived part of the amount due from the French company, converting the loan into share capital.
The capital increase was completed in February 2020, resulting in the Dutch subsidiary owning Guala Closures France Sas in full.

Subscription of SharpEnd Partnership Ltd. capital

On February 26, 2020, the Luxembourg subsidiary GCL International S.à r.l. formalised the subscription of 20% share of the share capital of SharpEnd Partnership Ltd, an innovative technology services agency based in London.

Founded in 2015 as the first IoT agency, SharpEnd is a pioneering partner in technological creativity. This company was set up to facilitate consumer engagement. Its global customers include AB-InBev, PepsiCo, Nestlé, Unilever and Pernod Ricard.
The agreement between SharpEnd and the Guala Closures Group aims to offer innovative turnkey solutions, integrating hardware and software into connected packaging solutions.

Acceptance of the binding offer by the Bormioli Pharma Group for the sale of 100% of GCL Pharma S.r.l.

As part of the strategy of focusing on the group's core business and, specifically, the development of closures with higher added value and greater growth prospects, including the connected closures that allow microchip-based interaction and the bottles to be traced, the consolidation of the integration of the Scottish assets acquired with UCP in December 2018 and the integration of the German ones acquired by Closurelogic in February 2020, on March 18, 2020 the group accepted the binding offer received from the Bormioli Pharma Group for the purchase of 100% of GCL Pharma S.r.l. held by the Guala Closures Group through its parent Guala Closures S.p.A..

Given the company's enterprise value of €10 million, the consideration for the sale of 100% of GCL Pharma S.r.l. amounted to €9.3 million, of which €7.3 million was collected in April at the time of formalising the sale and the remaining €2.0 million will be collected within one year. The entire amount will reduce the group's indebtedness.

These condensed interim consolidated financial statements reflect the related accounting effects, i.e., the classification of the assets and liabilities held by GCL Pharma at March 31, 2020 as held for sale.

Covid-19

The first quarter of 2020 has been characterised by the worldwide outbreak of COVID-19 and the consequent restrictive containment measures implemented by the public authorities of the affected countries. The current health emergency, in addition to the enormous social impacts, is also having direct and indirect repercussions on the general performance of the economy and the propensity to consume and invest, resulting in a context of general uncertainty.

The Guala Closures Group acted immediately to implement all actions necessary to minimise the social and occupational health and safety and financial impacts by defining and implementing flexible and timely action plans.

Specifically, from the outset, the Guala Closures Group has worked tirelessly to ensure the utmost health and safety for its employees, customers and suppliers. The group immediately implemented a series of protective measures for its personnel, investing in personal protective equipment to ensure that activities are carried out in accordance with best practices in terms of occupational safety.

At the date of this document, all 29 group facilities are operational. Most of them continued to operate during the entire lockdown period - where imposed - in compliance with the regulations for each country as the type of activity carried out was among those which, excluded from the temporary prohibitions imposed by local governments, could continue despite the restrictions.

In particular, all the group's European facilities are and have always been operational. In detail, the Italian facilities were operational throughout the lockdown as their business was part of the essential supply chain, as were the facilities in Spain and France. Those in the UK and the newly acquired facility in Germany also continued to operate throughout the lockdown. Likewise, the facilities in Eastern Europe (Poland, Ukraine, Bulgaria and Belarus) which continued to operate at full capacity.

The group's facilities in Asia, India and China are among those that were most affected by the policies implemented by their respective governments to contain the spread of the virus. Indeed, the Indian facilities stopped operations on March 22 because of the country's total lockdown imposed by the Indian government and resumed operating on April 27, while the Chinese facility stopped in the period between January 24 and February 14.

The health emergency did not stop operations at the group's American facilities, with the exception of Argentina where production was suspended for a limited period of time pending authorisation to continue operations to serve the essential supply chain. The Californian (USA) and the Mexican facilities continued to operate as essential to the supply chain, the Chilean facility continued to operate at full capacity, and finally, in Brazil, operations never stopped since the government authorities did not implement any lockdown measures. In Argentina, the facility was closed between March 20 and April 1, after which it was reopened, since it was included in the essential supply chain. In Colombia, production during the lockdown period from March 20 to May 11 was converted to the production of closures for disinfectants.

In Oceania, the group's facilities in Australia and New Zealand remained operational. In New Zealand, where the containment measures were more restrictive than in Australia, the group continued to operate as essential to the supply chain.

The group's African facilities recorded different trends. The Kenyan facility continued to operate and, locally, no lockdowns were imposed on manufacturing activities, while the South African facility was partially operational and, during the lockdown period from March 26 to April 30, only produced for the Water & Beverage and Pharma markets included in the essential supply chain by the Kenyan government. Conversely, production was suspended for the spirits market during that period.

The impacts on the group's business were not significant in the first quarter, given that i) the operation of the Chinese facility, which was suspended for just over two weeks, is not significant on the group's consolidated figures, ii) most of the facilities continued to operate throughout the quarter and, iii) the facilities which had to close suspended operations only at the end of March.

With reference to the following quarters, the Group's priorities are to guarantee the safety of its workers and business continuity.

The Group alongside the measures to prevent the spread of COVID-19 adopted, such as the distribution of disposable masks and gloves, adequate spacing of employees, monitoring of body temperature at the workplace and disinfection of all rooms every 2 weeks, he signed a Covid-19 insurance coverage policy with AON, a leading company in the sector, for all its workers worldwide.

In financial terms, management constantly monitors the group's liquidity, both current and prospective. At the preparation date of this document, there were no significant impacts on collection or payment activities directly or indirectly related to the COVID-19 health emergency. The available liquidity is adequate to cover current and prospective operating needs with a large margin of maneuver, should extraordinary and unforeseeable circumstances require it.

Launch of the first connected wine in Europe

The Guala Closures Group and Vigneti Massa, the long-standing winemaker located in the Tortonesi Hills in Piedmont, announced the launch of the first bottles with connected closures equipped with NěSTGATE™ NFC technology in Europe.
The Vigneti Massa vineyard chose to apply Guala Closures' connected wine closure to wines from the 2018 vintage, including the already renowned Derthona, since 2010 also available on the market with screw caps, and for the first time, three of its most prestigious wines: Derthona Costa del Vento, Derthona Montecitorio and Derthona Sterpi.
In this way, Vigneti Massa will be able to offer its customers extensive online content.
Thanks to the collaboration between Guala Closures and Compellio, the Luxembourg-based software company, those who choose Vigneti Massa can create their own virtual cellar hosted on Compellio's online platform and receive information on the wine growing areas, the vineyards, the vine, the tasting notes and expert reviews.
In addition, consumers will have the opportunity to verify the certification of the authenticity of the product thanks to blockchain technology that uniquely identifies each bottle.
By combining Guala Closures and Compellio technologies, the connected closures are linked with the blockchain platform, which provides a unique identification code for each bottle. This allows Vigneti Massa to protect sensitive data and its real time monitoring, thus providing effective support for the traceability of bottles along the supply chain.
The bottles with NFC caps have already been presented to the commercial representatives of the following markets: Italy, Switzerland, Austria, France, Great Britain, Scandinavia, USA, Russia, Japan, Korea and Singapore and will be sold starting from April 2020.
Guala Closures Group has always employed cutting-edge technologies and NěSTGATE ™, its range of connected closures for wine, spirits and olive oil, facilitates a direct relationship between producers and their customers. The connected closure for wine, e-WAK, part of the NěSTGATE ™ range of connected closures, raises the bar in terms of what a wine closure can potentially provide, presenting itself as a valid alternative for companies that use traditional caps. By virtue of the advantages that it offers consumers and the excellent marketing opportunities available to wine producers, e-WAK received three prestigious national and international awards in 2019: the Alufoil Trophy, the SIMEI Innovation Challenge and the WorldStar Award.

The first edition of the Food & Wine Italia Awards was held on February 19, 2020, which celebrates talent, innovation and social responsibility in the Italian food and wine sector. During the ceremony, six professionals under the age of 35 were awarded, as well as cutting-edge companies and projects in the food, wine and restaurant sectors.
Guala Closures and Vigneti Massa have jointly received a special prize for innovation in the wine sector for the related closings "NěSTGATE": a prime example in Europe of innovative technology in the wine sector.

Financial performance

Analysis of the financial performance

The table below summarises the comparable financial performance of the Guala Closures Group for the first quarters of 2019 and 2020:

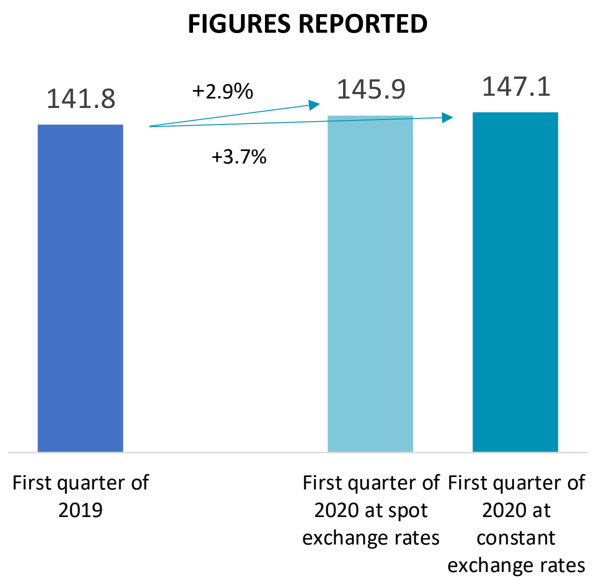
Statement of profit or loss and other comprehensive income	First quarter of 2019 restated		First quarter of 2020	
	€'000	*% of net revenue*	*€'000*	*% of net revenue*
Net revenue	**141,817**	***100.0%***	**145,882**	***100.0%***
Change in finished goods and semi-finished products	7,132	*5.0%*	8,352	*5.7%*
Other operating income	1,354	*1.0%*	1,172	*0.8%*
Internal work capitalised	994	*0.7%*	849	*0.6%*
Costs for raw materials	(69,037)	*(48.7%)*	(65,609)	*(45.0%)*
Costs for services	(26,683)	*(18.8%)*	(30,083)	*(20.6%)*
Personnel expense	(31,634)	*(22.3%)*	(34,631)	*(23.7%)*
Other operating expense	(2,544)	*(1.8%)*	(2,344)	*(1.6%)*
Impairment losses	(1,018)	*(0.7%)*	(0)	*(0.0%)*
Gross operating profit	**20,381**	***14.4%***	**23,589**	***16.2%***
Amortisation and depreciation	(14,999)	*(10.6%)*	(16,266)	*(11.2%)*
Operating profit	**5,382**	***3.8%***	**7,323**	***5.0%***
Financial income	4,049	*2.9%*	7,843	*5.4%*
Financial expense	(9,899)	*(7.0%)*	(18,426)	*(12.6%)*
Net financial expense	**(5,850)**	***(4.1%)***	**(10,582)**	***(7.3%)***
Profit before taxation	**(469)**	***(0.3%)***	**(3,259)**	***(2.2%)***
Income taxes	(2,705)	*(1.9%)*	(2,829)	*(1.9%)*
Profit for the year	**(3,174)**	***(2.2%)***	**(6,088)**	***(4.2%)***
Profit for the year attributable to the owners of the parent	(4,317)	*(3.0%)*	(8,188)	*(5.6%)*
Profit for the year attributable to non-controlling interests	1,143	*0.8%*	2,099	*1.4%*
Adjusted gross operating profit	**22,652**	***16.0%***	**24,070**	***16.5%***

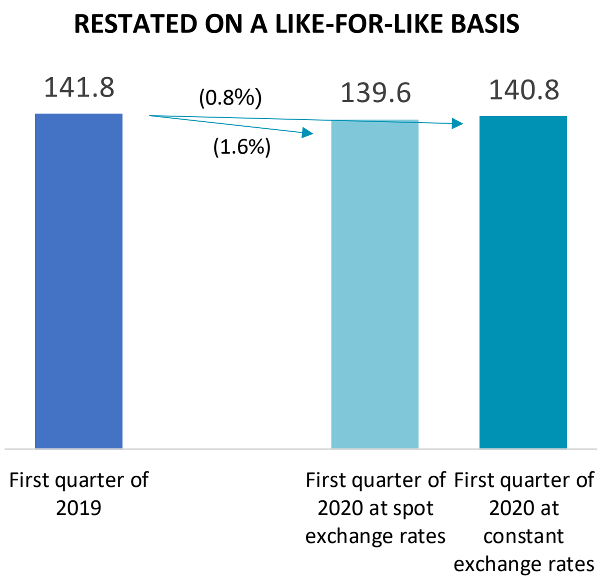
Note:

- *Adjusted gross operating profit has been calculated based on the definition in the alternative performance indicators section of this report.*
- *The figures for the first quarter of 2019 were restated to include the effects of the PPA procedure following the group's corporate reorganisation which entailed the recognition of greater amortisation and depreciation of approximately €5.1 million and the release of the related deferred taxes of roughly €1.4 million, in addition to effects of the PPA procedure related to UCP which entailed the recognition of lower amortisation and depreciation of approximately €0,1 million and the release of the related deferred taxes of a negligible amount. The figures for the first quarter of 2019 also include a €1.0 million reclassification to costs for services and personnel expense for comparative purposes with the classification used in 2020.*
- *The figures for the first quarter of 2020 include the effect of the consolidation of Closurelogic's assets and the normalisation of the effects of the sale of part of the Spanish assets of the PET division to third parties*
- *The comparative analysis between the figures for 2019 and 2020 has been carried out considering the impact on net revenue instead of the absolute values.*

Net revenue

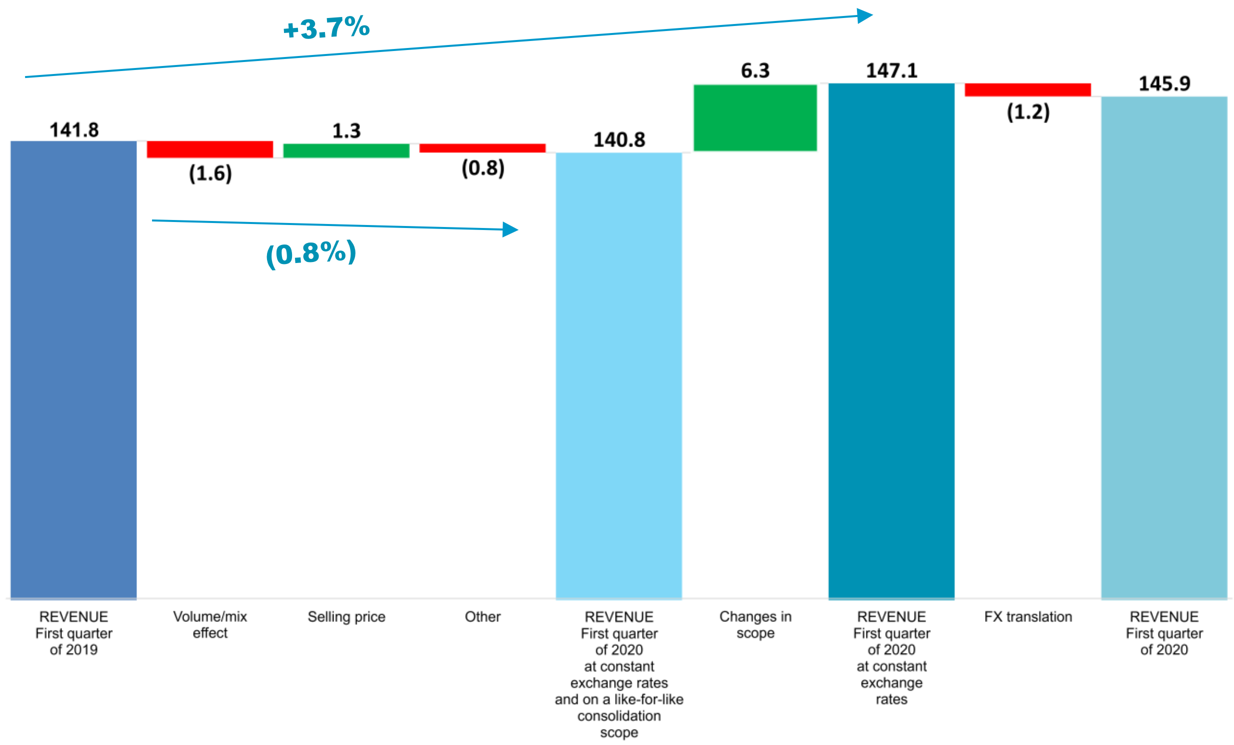
The trend in revenue for the first quarter of 2020 compared to the first quarter of 2019 is illustrated below. The constant scope figures exclude the effect of the consolidation of Closurelogic’s assets (+€6.9 million) which were acquired in February 2020, and the normalisation of the effects of the sale of part of the Spanish assets of the PET division to third parties (-€0.5 million).





In the first quarter of 2020, consolidated net revenue totalled €145.9 million, up €4.1 million (+2.9%) on the first quarter of 2019, despite the negative translation impact (-€1.2 million or -0.8%).
At constant exchange rates, net revenue rose by €5.3 million (+3.7%) on the first quarter of 2019. The increase was mainly due to the rise in sale prices (+€1.3 million or +0.9%) and the change in scope (+€6.3 million or +4.5%), partly offset by the negative effect (€1.6 million or -1.1%) mainly due to the decrease in the sales volumes/mix for the lockdown following COVID-19 in India, Argentina and South Africa.

The graph below shows the difference between the net revenue for the first quarter of 2019 and 2020:



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 impact of foreign currency transactions. 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 of 2020 invoiced in a currency other than the local reporting currency and recalculated based on the exchange rates for 2019.

The "Selling price effect" is calculated by each group company as the difference in the average price of the current period versus the previous year, applied to the unit volume of the current period.
The "Change in scope" refers to the additional volumes resulting from the acquisition of Closurelogic's assets in February 2020, offset, in part, by the streamlining of the PET division following the sale of part of Guala Closures Iberica business unit to a non-group operator in this sector. It is calculated as additional net assets to third parties compared to the previous year.
The "FX translation" effect is generated at consolidation level following the translation into Euros of local subsidiaries' sales in local currency.

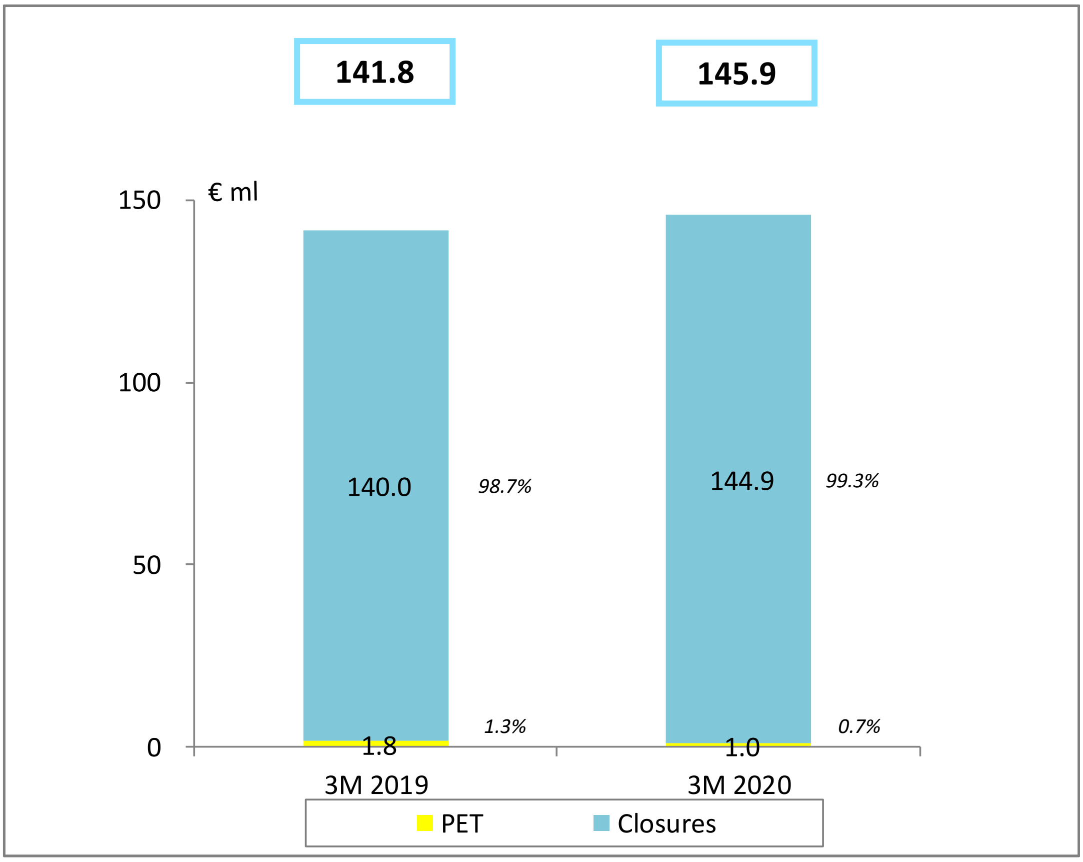
"Other" includes:

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

- the "hyperinflation effect" for the revaluation of the Argentine peso following the application of IAS 29 (not significant in the first three months of 2020).

Net revenue by division

The following graph gives a breakdown of revenue by division:



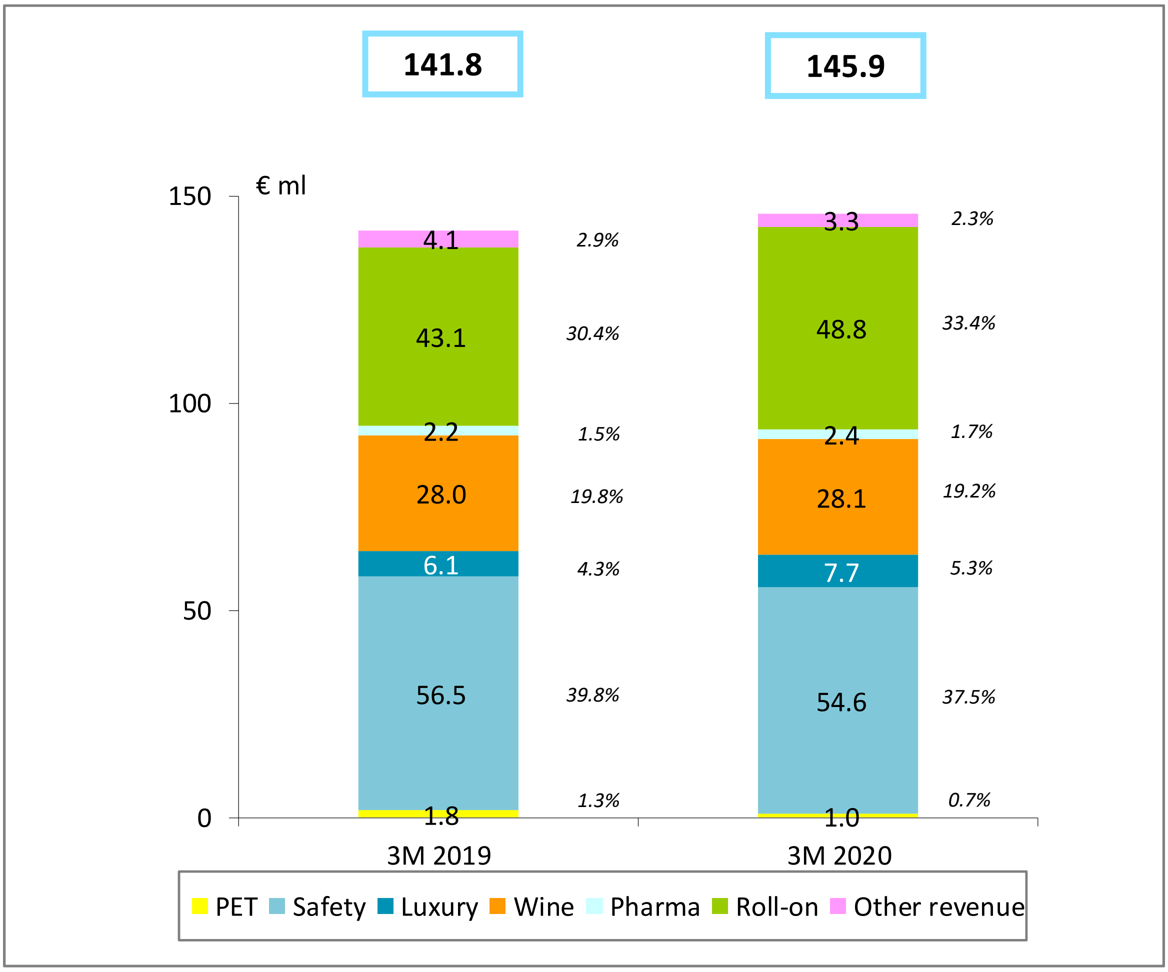
Source: Management accounts

The “Closures” division represents the group’s core business (more than 99% of net revenue for the first quarter of 2020) and is specialised in the following product lines: safety closures, customised closures (luxury), wine closures in aluminium, roll-on (standard) closures, pharma closures and other revenue.
The net revenue of the Closures division increased €4.9 million (+3.5%) from €140.0 million in the first quarter of 2019 to €144.9 million in the same period of 2020.

The “PET” division, active in the production of PET bottles and miniatures, is no longer considered a core business for the group. Revenue decreased in the first quarter of 2020 as a consequence of the reorganisation of the division in 2019, with the transfer of part of the plant and machinery to a non-group operator in this sector. As the PET division is not significant in size, it is not analysed in this report.

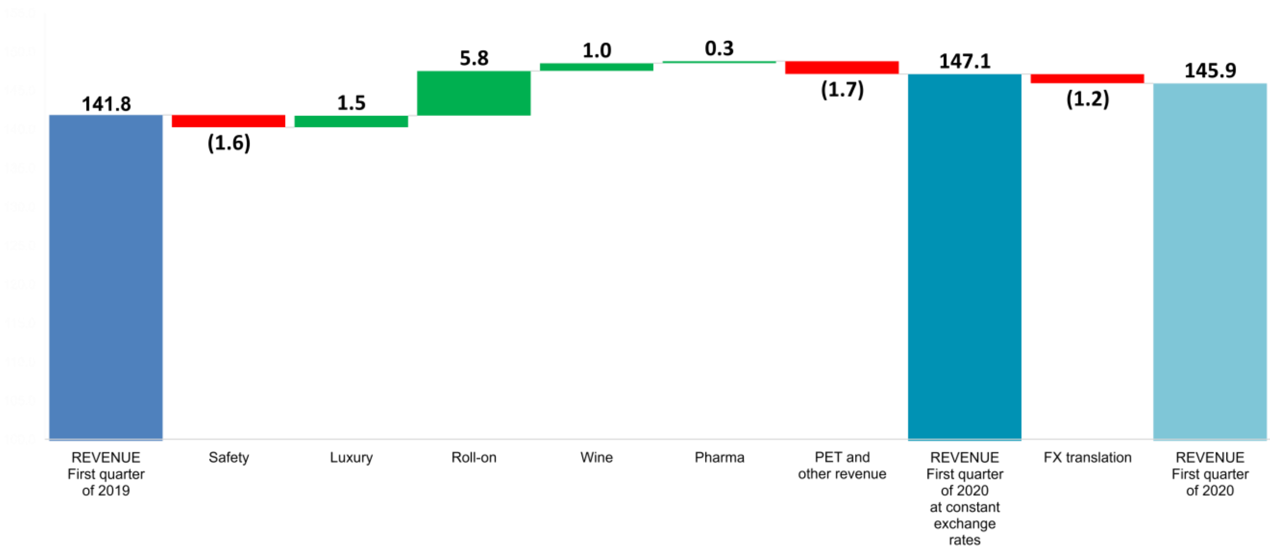
Net revenue by product

The following graphs and the table give a breakdown of and changes in net revenue by product:



Source: Management accounts

	(€ mln)	First quarter of 2019	First quarter of 2020	diff.	% variation	
					Spot exchange rates	Constant exchange rates
Specialty Closures ↗	Safety	56.5	54.6	(1.8)	(3.2%)	(2.8%)
↘	Luxury	6.1	7.7	1.6	25.7%	24.6%
	Roll-on	43.1	48.8	5.7	13.1%	13.3%
	Wine	28.0	28.1	0.0	0.1%	3.5%
	Pharma	2.2	2.4	0.2	11.5%	12.3%
	PET	1.8	1.0	(0.8)	(45.3%)	(45.9%)
	Other revenue	4.1	3.3	(0.8)	(20.1%)	(20.4%)
	Total consolidated net revenue	**141.8**	**145.9**	**4.1**	**2.9%**	**3.7%**



Revenue from safety closures decreased by €1.8 million from €56.5 million in the first quarter of 2019 (39.8% of net revenue) to €54.6 million in the first quarter of 2020 (37.5%), with a negative translation impact of €0.2 million.
At constant exchange rates, net revenue decreased by €1.6 million or 2.8% on the first quarter of 2019 mainly due to the lockdown following COVID-19.

Revenue from luxury closures increased by €1.6 million from €6.1 million in the first quarter of 2019 (4.3% of net revenue) to €7.7 million in the first quarter of 2020 (5.3%), with a positive translation impact of €0.1 million.
At constant exchange rates, the net revenue of this segment increased by €1.5 million (+24.6%) compared to the first quarter of 2019, largely thanks to the increases recorded in Mexico, Italy and Ukraine.

Revenue from roll-on closures increased by €5.7 million from €43.1 million in the first quarter of 2019 (30.4% of net revenue) to €48.8 million in the first quarter of 2020 (33.4%), with a negative translation impact of €0.1 million. This increase was mainly due to the acquisition of Closurelogic (€5.9 million).

Revenue from wine closures increased by €0.1 million from €28.0 million in the first quarter of 2019 (19.8% of net revenue) to €28.1 million in the first quarter of 2020 (19.2%), despite the negative translation impact of €1.0 million.
At constant exchange rates, net revenue was up €1.0 million, or 3.5%, on the first quarter of 2019 mainly as a consequence of the acquisition of Closurelogic.

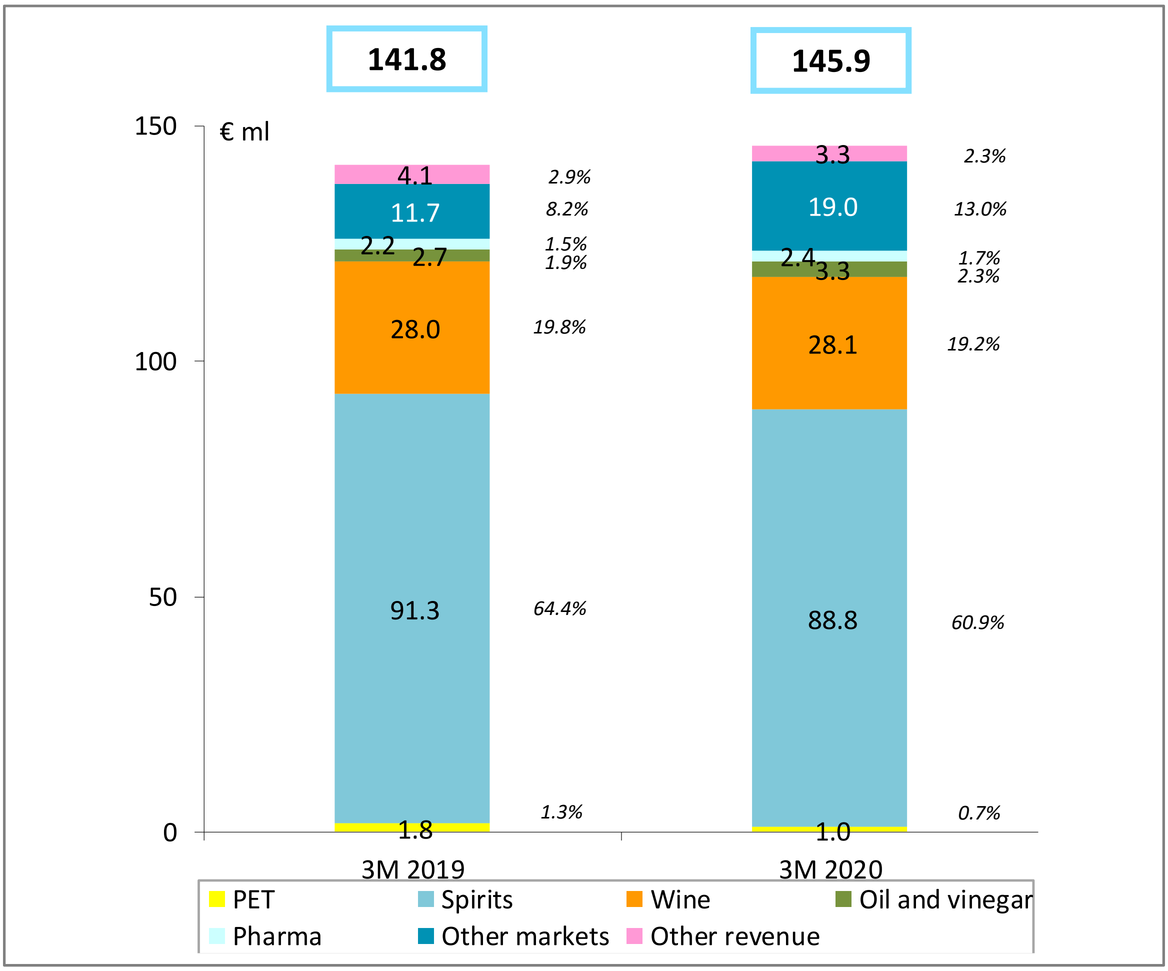
Revenue from pharma closures increased by €0.2 million, from €2.2 million in the first quarter of 2019 (1.5% of net revenue) to €2.4 million in the first quarter of 2020 (1.7%).

Revenue from PET decreased by €0.8 million from €1.8 million in the first quarter of 2019 (1.3% of net revenue) to €1.0 million in the first quarter of 2020 (0.7%). This growth was mainly due to the reorganisation of this division in 2019, with the transfer of part of the plant and machinery to a non-group operator in this sector.

Other revenue decreased by €0.8 million, from €4.1 million in the first quarter of 2019 (2.9% of net revenue) to €3.3 million in the first quarter of 2020 (2.3%).

Net revenue by destination market

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



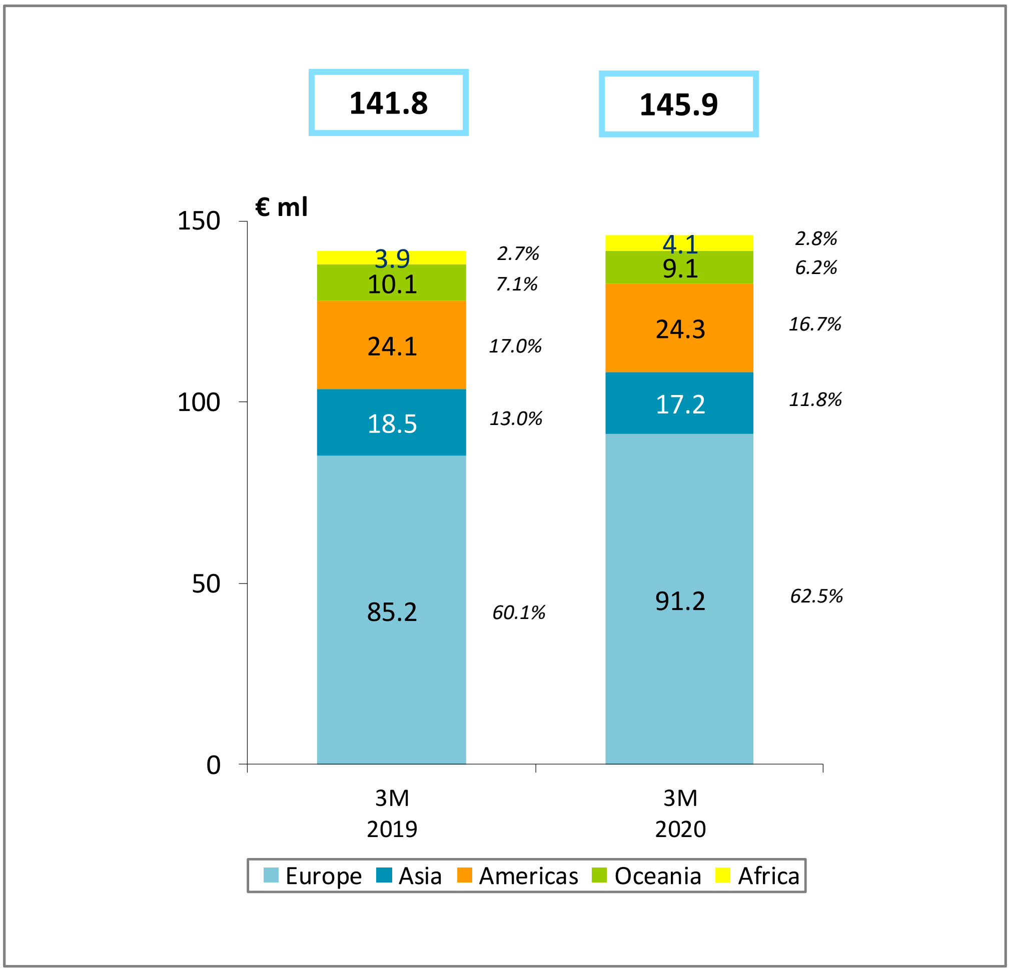
Source: Management accounts

The most important destination market for the group sales continues to be the spirits market, which represents 60.9% of net revenue in the first quarter of 2020.
Net revenue related to the spirits market decreased by €2.5 million from €91.3 million in the first quarter of 2019 (64.4% of net revenue) to €88.8 million in the first quarter of 2020 (60.9%), with a negative translation impact of €0.3 million. At constant exchange rates, the net revenue of this segment decreased by €2.2 million (2,4%) compared to the same period of 2019.
The decrease is mainly due to the contraction of sales due to the lockdown following COVID-19.

The second most important destination market is the wine market, which represents 19.2% of net revenue in the first quarter of 2020.
Revenue from wine closures increased by €0.1 million from €28.0 million in the first quarter of 2019 (19.8% of net revenue) to €28.1 million in the first quarter of 2020 (19.2%), despite the negative translation impact of €1.0 million.
At constant exchange rates, net revenue was up €1.0 million, or 3.5%, on the first quarter of 2019 mainly as a consequence of the acquisition of Closurelogic’s assets.

Net revenue by geographical segment

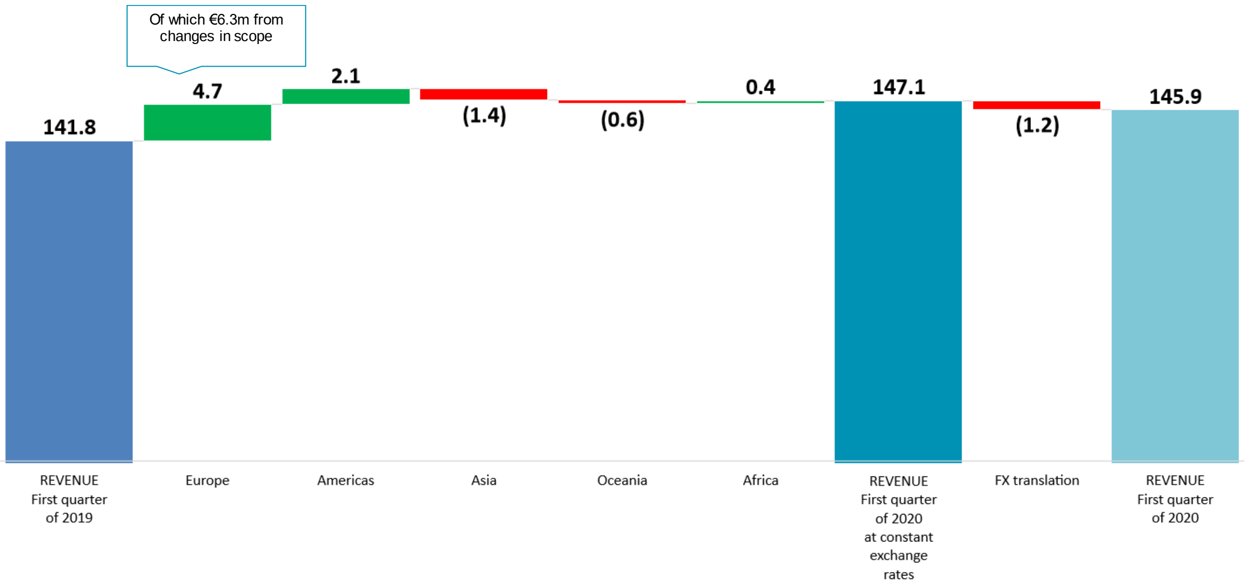
The table below shows a breakdown of net revenue by geographical segment:



Source: Management accounts

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

(€ mln)	First quarter of 2019	First quarter of 2020	diff.	% variation	
				Spot exchange rates	Constant exchange rates
Europe	85.2	91.2	6.0	7.1%	5.5%
Americas	24.1	24.3	0.2	0.6%	8.5%
Asia	18.5	17.2	(1.3)	(7.2%)	(7.4%)
Oceania	10.1	9.1	(1.0)	(10.0%)	(5.6%)
Africa	3.9	4.1	0.2	6.4%	10.9%
Total consolidated net revenue	**141.8**	**145.9**	**4.1**	**2.9%**	**3.7%**



Net revenue from operations in Europe increased by €6.0 million from €85.2 million in the first quarter of 2019 (60.1% of net revenue) to €91.2 million in the first quarter of 2020 (62.5%), with a positive translation impact of €1.3 million.
The increase is mainly due to the change in scope and the growth recorded in Italy in the segments of oil, spirits and mineral water closures, partly offset by the decrease in sales in the United Kingdom.

Net revenue from operations in the Americas increased by €0.2 million from €24.1 million in the first quarter of 2019 to €24.3 million in the same period of 2020 (impacts of 17.0% and 16.7% of net revenue, respectively) despite the negative translation impact of €1.9 million. At constant exchange rates, the net revenue of this segment increased by €2.1 million or 8.5% on the first quarter of 2019.

The increase is mainly due to the significant rise in sales in North America in the spirits market, partially offset by lower sales in Mexico and Colombia.

Net revenue from operations in Asia went from €18.5 million in the first quarter of 2019 (13.0% of net revenue) to €17.2 million in the same period of 2019 (11.8%). The decrease is due, in part, to the start-up of the Kenyan company, which took over some of the volumes previously produced by the Indian group company and, in part, to the lower sales due to the closure of the Indian and Chinese facilities imposed by the COVID-19 containment policies. Specifically, revenue was affected by the temporary closure of the Chinese facility in the period from January 24 to February 14 and by the closure of the Indian facilities from March 22.

Net revenue from operations in Oceania decreased by €1.0 million from €10.1 million in the first quarter of 2019 (7.1% of net revenue) to €9.1 million in the first quarter of 2020 (6.2%), with a negative translation impact of €0.5 million. At constant exchange rates, the net revenue of this region decreased by €0.6 million (5.6%) compared to the same period of 2019.
Sales in this region are mainly tied to the wine segment which has in recent years felt the impact of exports of unbottled wine that is then bottled in the destination country.

Net revenue from operations in Africa increased by €0.2 million from €3.9 million in the first quarter of 2019 (2.7% of net revenue) to €4.1 million in the same period of 2020 (2.8%), despite a negative translation impact of €0.2 million. At constant exchange rates, the net revenue of this region increased by €0.4 million or 10.9% on the first quarter of 2019. The rise is mainly due to the start-up of operations in Kenya which grew considerably on the previous year. However, the increase in Kenya is offset by the reduction in revenue from operations in South Africa due to the reduction in volumes and to the partial suspension of production from March 26 following the lockdown imposed by the local authorities. Specifically, the plant suspended the production of closures for the spirits market and operated only marginally for the water and beverage and pharma markets included in the essential supply chain by the local government.

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

Other operating income

Other operating income decreased by €0.2 million, from €1.4 million in the first quarter of 2019 (1.0% of net revenue) to €1.2 million (0.8%) in the first quarter of 2020.

Internal work capitalised

This caption decreased by €0.1 million, from €1.0 million in the first quarter of 2019 (0.7% of net revenue) to €0.9 million in the first quarter of 2020 (0.6%).
It comprises capitalised development expenditure and personnel expense incurred for extraordinary maintenance on property, plant and equipment.

Costs for raw materials

Costs for raw materials decreased by €3.4 million, from €69.0 million in the first quarter of 2019 (48.7% of net revenue) to €65.6 million in the same period of 2020 (45.0%), despite the effect of the change in the consolidation scope which, in 2020, also includes Closurelogic’s assets (+€1.6 million).

As a percentage of turnover, these costs decreased compared to the first quarter of 2019 (from 48.7% to 45.0%), mainly due to lower raw materials prices (aluminium and plastic).

Costs for services

Costs for services rose by €3.4 million, from €26.7 million in the first quarter of 2019 (18.8% of net revenue) to €30.1 million in the same period of 2020 (20.6%). The increase is the result of the combined effect of an increase in costs resulting from the change in the scope (€2 million) and the increase in costs for external processing, advice and transport.

Personnel expense

Personnel expense increased by €3.0 million from €31.6 million in the first quarter of 2019 (22.3% of net revenue) to €34.6 million in the same period of 2020 (23.7%). The increase is mainly due to the change in scope (€1.6 million).

Other operating expense

Other operating expense decreased by €0.2 million, from €2.5 million in the first quarter of 2019 (1.8% of net revenue) to €2.3 million (1.6%) in the first quarter of 2020.

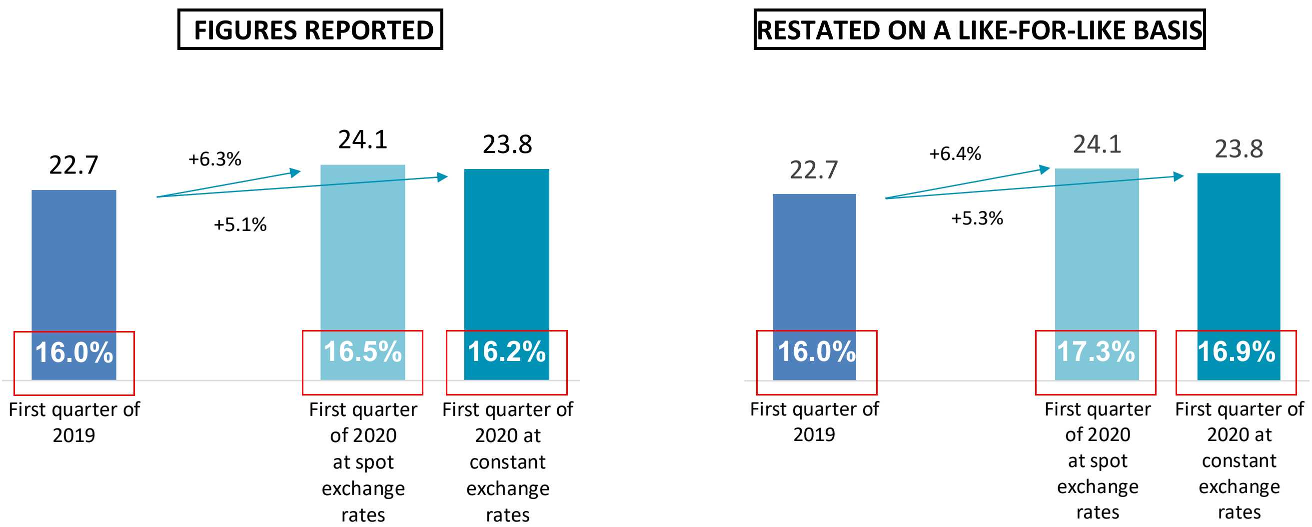
Impairment losses

Impairment losses decreased by €1.0 million from €1.0 million in the first quarter of 2019 (0.7% of net revenue) to zero in the same period of 2020. The first three months of 2019 included the impairment losses on the plant and machinery of Guala Closures France's Saint Rémy facility (€0.8 million) as part of the corporate reorganisation which entailed the closure of this facility, and the impairment of leasehold improvements and plant of Beijing Guala Closures (€0.2 million) as per the notice communicating the potential early termination of the lease of the building from which the Chinese subsidiary operates.

Adjusted gross operating profit (Adjusted EBITDA)

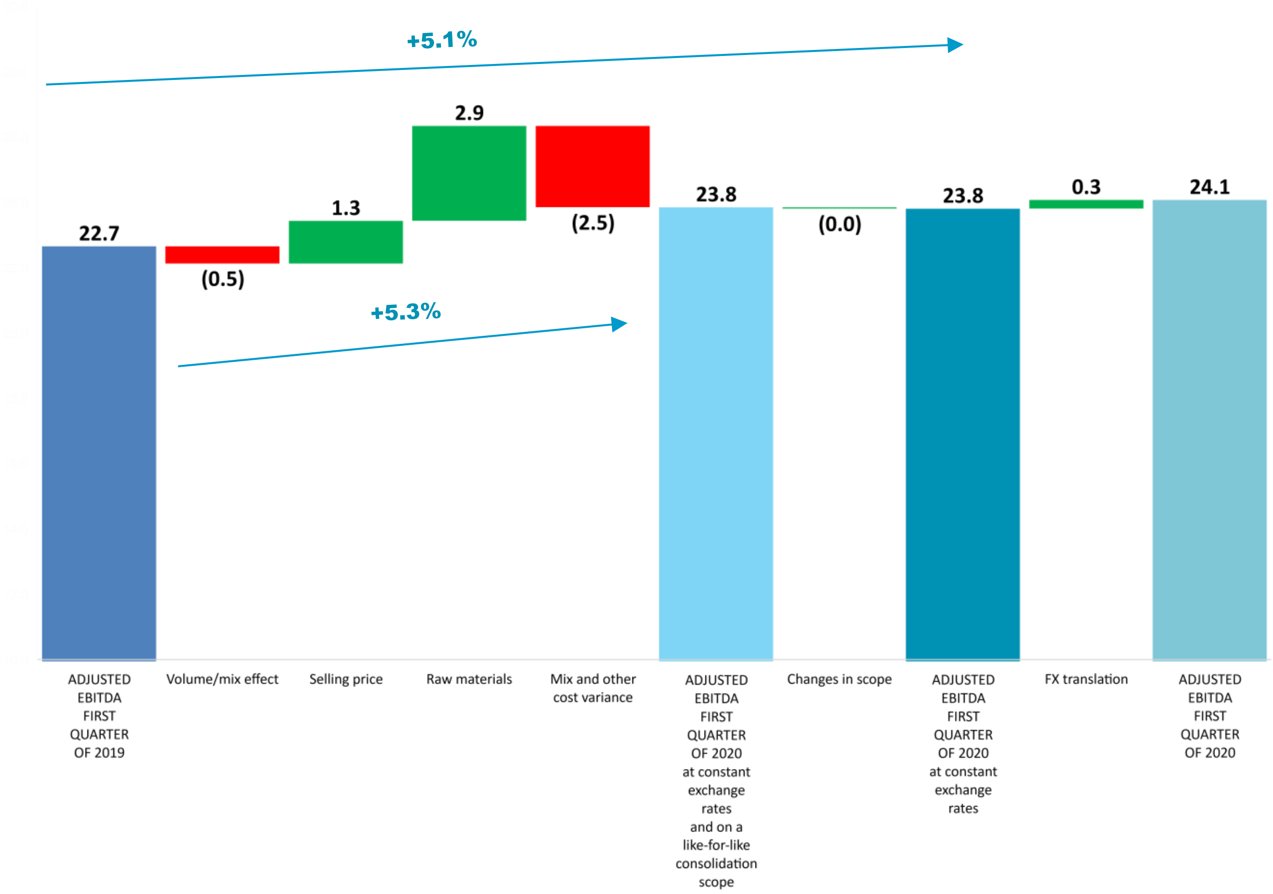
The adjusted gross operating profit for the first quarter of 2020 amounts to €24.1 million, up by €1.4 million (6.3%) on the same period of the previous year.
In the first quarter of 2020, the adjusted group's gross operating profit benefited from a positive translation impact of €0.3 million.
At constant exchange rates, the adjusted gross operating profit increased by €1.2 million (5.1%) compared to the same period of 2019.

The following graph shows the trend of adjusted gross operating profit for the first quarter of 2020 compared to the same period of 2019. The like-for-like figures exclude the effect of consolidating the Closurelogic assets acquired in February 2020, which was partly offset by the streamlining of the PET division following the sale of part of Guala Closures Iberica business unit to a non-group operator in this sector. The percentages shown in the boxes below indicate the adjusted gross operating profit as a percentage of sales.



As a percentage of net revenue, adjusted gross operating profit in the first quarter of 2020 was 16.5%, compared to 16.0% in the same period of 2019. The reduction in profit margins was due to the dilution effect caused by the consolidation of Closureslogic's assets acquired in February 2020. Considering the comparative figures for the first quarter of 2019 on a like-for-like basis, the adjusted gross operating profit margin for the first quarter of 2020 is 17.3%, up 1.3 percentage points on the first quarter of 2019 (16.0%).

The graph below shows the difference between adjusted gross operating profit the first quarters of 2019 and 2020:



Source: Management accounts

The "Volume/mix effect" includes the change in adjusted gross operating profit 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 2020 accounted for in a currency other than the local reporting currency, recalculated based on the exchange rates for 2019.

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

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

"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 in first quarter of 2020).

The “Change in scope” shows the gross operating profit from the consolidation of Closurelogic’s assets acquired in February 2020, partly offset by the streamlining of the PET division following the sale of part of Guala Closures Iberica business unit to a non-group operator in this sector.

The “FX translation effect” is generated at consolidation level following the translation into Euros of the adjusted gross operating profit or loss in local currency reported by local subsidiaries.

The increase in product selling prices and the reduction in the cost of raw materials has more than offset the negative effects deriving from the sales volume/mix and other cost variance effect.
The “Mix & other cost variance” includes the effect of the temporary closure of some facilities imposed by the COVID-19 containment policies.
Finally, the adjusted gross operating profit for the period reflects the positive translation impact (€0.3 million).

Amortisation and depreciation

Amortisation and depreciation increased by €1.3 million from €15.0 million in the first quarter of 2019 (10.6% of net revenue) to €16.3 million in the same period of 2020 (11.2%).

Financial income and expense

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

(€’000)	First quarter of 2019	First quarter of 2020	diff.
Net interest expense	(5,459)	(5,051)	408
Net exchange gains (losses)	540	(7,020)	(7,560)
Net fair value gains on market warrants	77	583	505
Net fair value gains (losses) on currency derivatives	(489)	82	570
Net fair value gains (losses) on liabilities to non-controlling investors	(361)	1,186	1,547
Other net financial expense	(159)	(362)	(203)
Net financial expense	**(5,850)**	**(10,582)**	**(4,732)**

Net financial expense increased from €5.9 million in the first quarter of 2019 to €10.6 million in the same period of 2020.
This €4.7 million increase is mainly due to the increase in net exchange losses (€7.6 million) following the significant appreciation of the Euro against many of the currencies in which the group operates. This negative effect was partly offset by the following positive factors:
a) the impact of net fair value gains on liabilities to non-controlling investors (+€1.5 million on the same period of the previous year);
b) the impact of currency derivatives (+€0.6 million on the same period of the previous year);
c) the impact of net fair value gains on market warrants (+€0.5 million on the same period of the previous year);
d) the decrease in net interest expense (-€0.4 million on the same period of the previous year).

Income taxes

Income taxes increased by €0.1 million from €2.7 million in the first quarter of 2019 to €2.8 million in the same period of 2020 (1.9% of net revenue in both periods).
Current taxes for the first quarter of 2020 amount to €5.2 million compared to €4.5 million in the same period of the previous year. The increase is mainly due to the better results achieved by some subsidiaries compared to the first quarter of 2019, specifically, Poland and Mexico.
Deferred taxes mainly relate to the release of deferred taxes on the fair value gains arising from the group's PPA procedure. They are up by €2.3 million on the €1.8 increase in the same period of the previous year.

Loss for the period

The loss for the first quarter of 2020 amounts to €6.1 million, up by €2.9 million on the loss of €3.2 million in the same period of the previous year.

The increase in the loss for the period is mainly due to the significant exchange losses caused by the appreciation of the Euro and the US dollar against the other functional currencies of the group, which more than offset the improved gross operating and operating performance.

Reclassified statement of financial position

The following table shows the reclassified financial position as at March 31, 2020 of the Guala Closures Group with comparative figures as at December 31, 2019:

(€'000)	December 31, 2019	March 31, 2020
Intangible assets	872,035	849,990
Property, plant and equipment	228,911	218,141
Right-of-use assets	27,630	27,084
Net current assets held for sale	-	7,486
Net working capital	127,880	137,515
Derivative liabilities	(162)	(538)
Employee benefits	(6,600)	(8,018)
Other liabilities	(122,123)	(114,686)
Net invested capital	**1,127,572**	**1,116,974**
Financed by:		
Net financial liabilities - third parties	468,378	490,776
Financial liabilities - IFRS 16 effects	20,358	20,028
Financial liabilities - non-controlling investors	26,958	25,772
Market warrants	3,873	3,291
Cash and cash equivalents	(57,056)	(49,769)
Net financial indebtedness	**462,511**	**490,098**
Equity	**665,060**	**626,876**
Sources of financing	**1,127,572**	**1,116,974**

Intangible assets

The €22.0 million decrease in intangible assets on the balance at December 31, 2019 is mainly due to the amortisation of the period (approximately €5.1 million), the negative translation effect (€16.3 million) (for additional information reference should be made to the note to Equity), the €3.6 million reclassification of GCL Pharma's assets at March 31, 2020 to net assets held for sale, partly offset by investments (€0.7 million) and the effect of the change in scope (€2.3 million) due to the provisionally-recognised goodwill for the fair value measurement of the assets acquired and the liabilities assumed as part of Closurelogic's acquisition.

Property, plant and equipment

The €10.8 million decrease in property, plant and equipment on the balance at December 31, 2019 is mainly due to the negative translation effect (€14.3 million) (for additional information reference should be made to the note to Equity), the depreciation of the period (approximately €9.6 million), the €2.4 million reclassification of GCL Pharma's assets at March 31, 2020 to net assets held for sale, partly offset by the increase due to the change in scope (€7.0 million) following the acquisition of Closurelogic's assets and capital expenditure (€8.6 million).

Capital expenditure of the period, amounting to €8.6 million, mainly related to plant and machinery and covered, in particular, Europe, specifically the facilities in Italy, Poland and Ukraine, and Asia, notably, India.

Right-of-use assets

At March 31, 2020, right-of-use assets amount to €27.1 million and mainly relate to the leases of the facilities from which the group operates.

The changes of the period reflect the capitalisation of right-of-use assets (approximately €1.1 million), the recognition of the right-of-use assets acquired as part of the acquisition of Closurelogic (roughly €1.3 million), net of exchange losses (about €1.1 million) (for additional information reference should be made to the note to Equity), depreciation (approximately €1.6 million) and the reclassification of the right-of-use assets held by GCL Pharma to net assets held for sale (€0.3 million).

Net current assets held for sale

As described in the paragraph “Key events of the quarter”, to which reference should be made for additional information, on March 18, 2020, the group accepted a binding offer for the sale of 100% of GCL Pharma S.r.l.. Consequently, the assets, net of the related liabilities held by GCL Pharma and to be transferred to third parties, were classified by the group as held for sale (€7.5 million).

Net working capital

The table below provides a breakdown of net working capital:

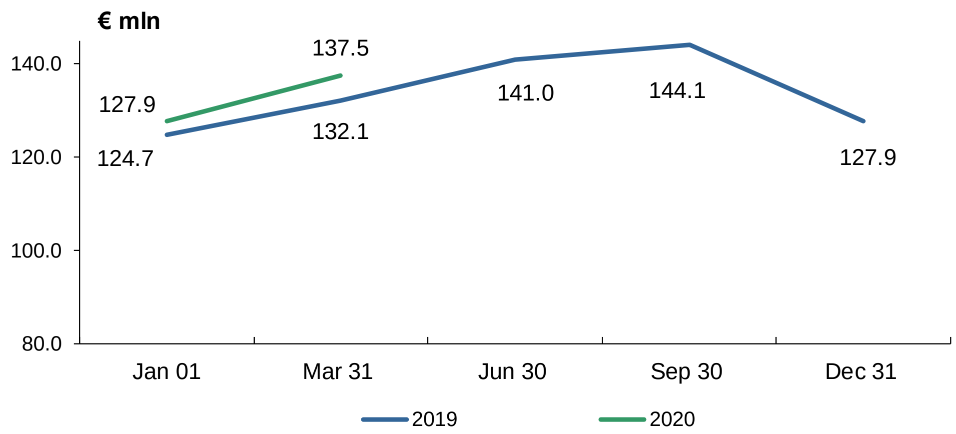
(€'000)	**March 31, 2019**	**December 31, 2019**	**March 31, 2020**
Inventories	103,192	100,342	108,943
Trade receivables	105,124	104,093	102,875
Trade payables	(76,191)	(76,556)	(74,303)
Net working capital (*)	**132,125**	**127,880**	**137,515**

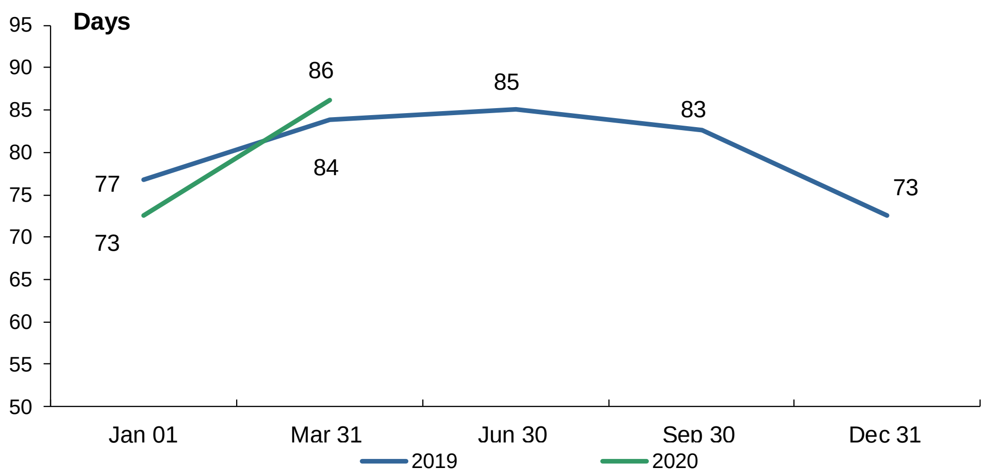
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable period as those amounts have been adjusted to reflect changes in exchange rates on the opening balances and in the number of consolidated companies.
The above net working capital includes certain reclassifications compared to the consolidated format. A reconciliation schedule is attached as Annex A) to this report.

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

Days	March 31, 2019	December 31, 2019	March 31, 2020
Inventories	65	57	68
Trade receivables	67	59	64
Trade payables	(48)	(43)	(47)
Net working capital days	**84**	**73**	**86**

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





Net working capital increased by €9.6 million in the first quarter of 2020 as a result of the combined effects of the increase of the activities deriving from the acquisition of Closurelogic's assets and the ordinary seasonality of the business which saw an increase of net working capital in the first part of the year.
Days increased by 13 in the first quarter of 2020 (from 73 to 86). Excluding the effect of the acquisition of Closurelogic's assets, the days at March 31, 2020 would have been 83 (compared to 84 at March 31, 2019).

Trade receivables reflect the positive impact of the various group companies' use of without-recourse factoring, also related to the purchasing policies of its main customers.

The impact of without-recourse factoring at March 31, 2020 amounts to €22.1 million, compared to €28.2 million at December 31, 2019 and €22.6 million at March 31, 2019.

Employee benefits

Employee benefits, amounting to €8.0 million at March 31, 2020, increased by €1.4 million on the balance at December 31, 2019 mainly as a result of the recognition of the defined benefit plan acquired from Closurelogic (€2.2 million). Its calculation was based on the use of actuarial techniques at the date of the transaction and reflects the future discounted cash flows expected from the plan, partly offset by the -€0.9 million reclassification of GCL Pharma's employee benefits to net assets held for sale.

Other liabilities

Other liabilities amount to €114.7 million at March 31, 2020 compared to €122.1 million at December 31, 2019.
At March 31, 2020, this caption mainly included deferred tax liabilities of €104.1 million (mainly related to the gains on the group's identified assets as per the PPA procedure following the corporate reorganisation in 2018), offset, in part, by deferred tax assets of €17.8 million.

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness:

(€'000)	December 31, 2019	March 31, 2020
Net financial liabilities - third parties	468,378	490,776
Financial liabilities - IFRS 16 effects	20,358	20,028
Financial liabilities - non-controlling investors	26,958	25,772
Market warrants	3,873	3,291
Cash and cash equivalents	(57,056)	(49,769)
Net financial indebtedness	**462,511**	**490,098**

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

In the first quarter of 2020, net financial indebtedness rose by €27.6 million (net of the €0.1 million reclassification of GCL Pharma S.r.l.'s assets to assets held for sale), from €462,5 million at December 31, 2019 to €490.1 million at March 31, 2020. Of this amount, €13.5 million refers to the acquisition of Closurelogic's assets in Germany (€12.2 million representing the consideration transferred and €1.3 million related to the recognition of the liabilities assumed at the date of the transaction as part of the leases acquired).

Net financial indebtedness increased in the first quarter of 2020 as a result of the cash flows used in operating activities (€1.9 million), the cash flows used in investing activities (€21.7 million) and the increase in net financial indebtedness due to cash flows from financing activities (€4.1 million).

The € 27.6 million increase in net financial debt in the first three months of 2020 includes an estimated overall impact of approximately €18 million for the acquisition of Closurelogic's assets and the related cash flow in the period considered.
Net of this impact, the cash flow of the first three months of 2020 would have led to an increase in net financial debt of approximately €9 million compared to an increase of €8.4 million in the first quarter of 2019.

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:

(€'000)	**December 31, 2019**	**March 31, 2020**
Equity attributable to the owners of the parent	623,381	590,769
Equity attributable to non-controlling interests	41,680	36,106
Equity	**665,060**	**626,876**

The decrease in equity is due to the loss of the period (€6.1 million) and the distribution of dividends to non-controlling investors (€3.4 million) and, in particular, to the change in the translation reserve which decreased by €25.4 million to a negative €19.4 million at March 31, 2020.

Specifically, in March 2020, the Euro appreciated considerably against most of the group's functional currencies.
Therefore, the statement of financial position balances at March 31, 2020, translated using the closing spot rate, are significantly affected by the translation effect arising during the consolidation process following the translation of the assets and liabilities of the foreign operations which prepare their financial statements in a functional currency other than that of the consolidated financial statements.
The impact on the group's condensed interim consolidated financial statements at March 31, 2020 is a general decrease in the group's assets and liabilities in a functional currency other than the Euro, affecting, in particular, non-monetary assets and liabilities.
The related translation effect is reflected in the translation reserve recognised in equity at March 31, 2020 with a negative balance of €19.4 million.

Equity attributable to the owners of the parent increased by approximately €0.8 million as a result of the acquisition of non-controlling interests in Guala Closures France. Equity attributable to non-controlling interests decreased by the same amount.

Reclassified statement of changes in net financial indebtedness

The group's reclassified statement of changes in net financial indebtedness for the first quarter of 2020 with comparative figures for the same period of 2019 is provided below.

(€'000)	First quarter of 2019	First quarter of 2020
Opening net financial indebtedness	**(459,509)**	**(462,511)**
Effects of IFRS 16 FTA	(16,962)	-
A) Opening pro-forma net financial indebtedness	**(476,471)**	**(462,511)**
Gross operating profit	20,381	23,589
(Gains)/losses on sale of non-current assets	45	(13)
Change in net working capital	(5,062)	(13,232)
Change in net working capital - Guala Closures Deutschland GmbH	-	(5,761)
Other operating items	242	(161)
Taxes	(5,748)	(6,288)
B) Net cash flows from (used in) operating activities	**9,857**	**(1,865)**
Capex	(6,088)	(9,278)
Change in liabilities for investments	(1,758)	(238)
Contingent consideration for the acquisition of Axiom Propack (India)	(554)	-
Acquisition of Closurelogic's assets (Germany)	-	(12,187)
C) Cash flows used in investing activities	**(8,400)**	**(21,702)**
Increases in right-of-use assets	(74)	(1,110)
Net interest expenses	(5,618)	(5,413)
Dividends paid	(3,137)	(769)
Effects of IFRS 16 FTA - Guala Closures Deutschland GmbH	-	(1,270)
Fair value gains in market warrants	77	583
Derivatives and other financial items	(823)	1,084
Effect of exchange rate fluctuations	(331)	2,806
D) Change in net financial indebtedness due to financing activities	**(9,906)**	**(4,088)**
E) Total change in net financial indebtedness (B+C+D)	**(8,449)**	**(27,655)**
F) Closing net financial indebtedness (A+E)	**(484,920)**	**(490,167)**
G) Reclassification to assets held for sale	**-**	**69**
H) Closing net financial indebtedness as per the financial statements (F+G)	**(484,920)**	**(490,098)**

Reference should be made to Annex A) 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 for 2019 (€459.5 million) was adjusted by €17.0 million to reflect the effect of the application of IFRS 16 and the related recognition of the lease liabilities for the leases previously classified as operating under IAS 17.

Net cash flows used in operating activities

Net cash flows used in operating activities decreased by €11.7 million to €1.9 million in the first quarter of 2020 from net cash flows from operating activities of €9.9 million in the first quarter of 2019.
The decrease is mainly due to the increase of the group's negative change in net working capital (€8.2 million), the change in the net working capital of the Guala Closures Deutschland GmbH (€5.8 million), the increased cash outflows for other operating items (€0.4 million) and the increased cash outflows for taxes (€0.5 million). These effects were partly offset by the €3.2 million increase in gross operating profit.

Cash flows used in investing activities

Cash flows used in investing activities in the first quarter of 2020 increased by €13.3 million on the same period of the previous year, from €8.4 million in the first quarter of 2019 to €21.7 million in the first quarter of 2020.
In addition to the net investments of the period (€9.5 million in 2020 compared to €7.8 million in 2019), the increase is due to the consideration paid by Guala Closures Deutschland GmbH to acquire the assets of Closurelogic GmbH (€12.2 million). However, the final instalment of the consideration to acquire the Indian-based Axiom Propack, which took place in 2017, was paid in the first quarter of 2019.

Change in net financial indebtedness due to financing activities

The increase in net financial indebtedness due to financing activities in the first quarter of 2020 amounts to €4.1 million, improving by €5.8 million on the first quarter of 2019 (€9.9 million).

The improvement is mainly due to the following:

- the improved translation effect (€3.1 million);
- smaller payment of dividends to non-controlling investors (€2.4 million);
- the improvement in derivatives and other financial items (€1.9 million), of which €1.5 million refers to the improvement in the net fair value gains on liabilities to non-controlling investors;
- net fair value gains on market warrants during the period (€0.5 million);
- the decrease in net interest expense (€0.2 million);

partially offset by the following negative factors:

- the €1.3 million increase in lease liabilities generated by the adoption of IFRS 16 for the Guala Closures Deutschland GmbH due to the leases acquired;
- the increase in financial liabilities following the recognition of additional right-of-use assets in 2020 (€1.0 million).

Alternative performance indicators - Guala Closures Group

In addition to the financial performance indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss) (EBITDA), adjusted gross operating profit (loss) (adjusted EBITDA), adjusted operating profit (loss) (adjusted EBIT), net financial indebtedness and amounts for the first quarter of 2020 at constant exchange rates (average rate for the first quarter of 2019) which, although not required by IFRS, are based on IFRS values.

Management has presented the performance of 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.

Adjusted EBITDA is calculated by deducting income taxes, net financial expense, amortisation/depreciation and other costs, such as reorganisation costs, merger and acquisition expenses and impairment losses, from the profit (loss) for the period.

Adjusted EBIT is calculated by deducting income taxes, net financial expense and other costs, such as reorganisation costs, merger and acquisition expenses and impairment losses, from the profit (loss) for the period.

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

Adjusted gross operating profit (Adjusted EBITDA)

(€’000)	**First quarter of 2019**	**First quarter of 2020**
Loss for the period	**(3,174)**	**(6,088)**
Income taxes	2,705	2,829
Loss before tax	**(469)**	**(3,259)**
Net financial expense	5,850	10,582
Amortisation and depreciation	14,999	16,266
Gross operating profit (EBITDA)	**20,381**	**23,589**
Adjustments:		
Reorganisation costs	1,212	108
Merger and acquisition (“M&A”) expenses	40	373
Impairment losses	1,018	0
Adjusted gross operating profit (Adjusted EBITDA)	**22,652**	**24,070**

Adjusted operating profit (Adjusted EBIT)

(€'000)	First quarter of 2019	First quarter of 2020
Loss for the period	**(3.174)**	**(6.088)**
Income taxes	2.705	2.829
Loss before tax	**(469)**	**(3.259)**
Net financial expense	5.850	10.582
Operating profit (EBIT)	**5.382**	**7.323**
Adjustments:		
Reorganisation costs	1.212	108
Merger and acquisition ("M&A") expenses	40	373
Impairment losses	1.018	0
Adjusted operating profit (Adjusted EBIT)	**7.653**	**7.804**

Constant currency presentation is the method used by management to eliminate the effects of exchange fluctuations when calculating the financial performance of the group's international operations. This presentation replaces the amounts for the first quarter of 2020 (the income and expense of foreign operations for the first quarter of 2020 are translated into Euros at the average exchange rates of the first quarter of 2020) with the amounts for the first quarter of 2020 recalculated at constant average exchange rates for the first quarter of 2019 (income and expense of foreign operations for the first quarter of 2020 are translated into Euros at the average exchange rates of the first quarter of 2019).

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 A) to this report "Reconciliation between the tables included in the directors' report and 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)

Reconciliation between the tables included in the directors’ report and the condensed interim consolidated financial statements

Annex B)

Calculation of the statement of financial position balances following the reclassification of GCL Pharma balances to net assets held for sale

ANNEX A)

Reconciliation between the tables included in the director's report and the condensed interim consolidated financial statements

(€'000)

Classification in reclassified financial income and expense	First quarter of 2019	First quarter of 2020	Classification in the notes to the condensed interim consolidated financial statements (notes 14-15)
Net exchange gains	3,410	5,279	Exchange gains
Net exchange losses	(2,870)	(12,299)	Exchange losses
Fair value gains on market warrants	77	583	Net fair value gains on market warrants
Fair value gains (losses) on derivatives	(489)	82	Fair value gains on derivatives
Fair value gains on financial liabilities - non-controlling investors	-	1,186	Financial income for financial liabilities - non-controlling interests
Fair value losses on financial liabilities - non-controlling investors	(361)	-	Financial expense for financial liabilities - non-controlling interests
Net interest expense	111	166	Interest income
Net other financial expense	451	515	Other financial income
Net interest expense	(5,570)	(5,218)	Interest expense
Net other financial expense	(610)	(877)	Other financial expense
Totale oneri finanziari netti	**(5,850)**	**(10,582)**	

ANNEX A)

Reconciliation between the tables included in the director's report and the condensed interim consolidated financial statements

(€'000)

Classification in the reclassified statement of financial position	December 31, 2019	March 31, 2020	Classification in the financial statements
Net working capital	104,093	102,875	Trade receivables
Net working capital	100,342	108,943	Inventories
Net working capital	(76,556)	(74,303)	Trade payables
Total net working capital	**127,880**	**137,515**	
Derivative assets	10	94	Derivative assets
Derivative liabilities	(172)	(632)	Derivative liabilities
Net derivative liabilities	**(162)**	**(538)**	
Other net liabilities	28	-	Contract assets
Other net liabilities	2,783	1,931	Current direct tax assets
Other net liabilities	10,453	11,128	Current indirect tax assets
Other net liabilities	5,131	4,860	Other current assets
Other net liabilities	130	292	Contract costs
Other net liabilities	17,940	17,812	Deferred tax assets
Other net liabilities	365	290	Other non-current assets
Other net liabilities	(4,342)	(2,792)	Current direct tax liabilities
Other net liabilities	(8,821)	(9,381)	Current indirect tax liabilities
Other net liabilities	(1,980)	(1,182)	Current provisions
Other net liabilities	(301)	(417)	Contract liabilities
Other net liabilities	(28,745)	(31,034)	Other current liabilities
Other net liabilities	(113,211)	(104,103)	Deferred tax liabilities
Other net liabilities	(348)	(295)	Non-current provisions
Other net liabilities	(1,203)	(1,794)	Other non-current liabilities
Total net other liabilities	**(122,123)**	**(114,686)**	

ANNEX A)

Reconciliation between the tables included in the director's report and the condensed interim consolidated financial statements

(€'000)

Classification in the reclassified statement of financial position	December 31, 2019	March 31, 2020	Classification in the financial statements
Net financial liabilities - third parties	(627)	(69)	Current financial assets
Net financial liabilities - third parties	(451)	(490)	Non-current financial assets
Net financial liabilities - third parties	-	(1,275)	Investments in associates
Market warrants	11,170	12,639	Current financial liabilities
Financial liabilities - IFRS 16 effects	3,873	3,291	Current financial liabilities
Net financial liabilities - third parties	6,542	5,867	Non-current financial liabilities
Financial liabilities to non-controlling investors	458,285	480,236	Non-current financial liabilities
Financial liabilities - IFRS 16 effects	26,958	25,772	Non-current financial liabilities
Cash and cash equivalents	13,816	13,897	Cash and cash equivalents
Total net financial indebtedness	(57,056)	(49,769)	Current financial assets
Net financial liabilities - third parties	**462,511**	**490,098**	

ANNEX A)

Reconciliation between the tables included in the director's report and the condensed interim consolidated financial statements

(€'000)

	March 31, 2019	March 31, 2020
Total change in net financial indebtedness	**(8,449)**	**(27,655)**
Increase in right-of-use assets	74	1,110
Proceeds from new borrowings and bonds	2,390	24,598
Repayment of borrowings and bonds	(1,146)	(416)
Repayment of finance leases	(1,480)	(2,687)
Translation effect on foreign currency assets and liabilities	831	(1,485)
Net fair value gains (losses) on liabilities to non-controlling investors	361	(1,186)
Change in liabilities for financial expense	553	1,388
Transaction costs paid for bonds issued in 2018	(483)	-
Change in financial assets	367	(757)
Total change in financial assets and liabilities	**1,393**	**20,565**
Total change in cash and cash equivalents	**(7,055)**	**(7,091)**

ANNEX B)

Calculation of the statement of financial position balances following the reclassification of GCL Pharma balances to net assets held for sale

The table below reconciles the statement of financial position balances as at March 31, 2020 shown in the condensed interim consolidated financial statements and the balances restated to exclude GCL Pharma S.r.l.'s net assets held for sale:

(€'000)	**March 31, 2020 before GCL Pharma rest.**	**GCL Pharma**	**March 31, 2020 reported**
Intangible assets	853,605	(3,615)	849,990
Property, plant and equipment	220,548	(2,407)	218,141
Right-of-use assets	27,343	(259)	27,084
Net assets held for sale	-	7,486	7,486
Net working capital	140,673	(3,158)	137,515
Derivative liabilities	(538)	-	(538)
Employee benefits	(8,880)	863	(8,018)
Other liabilities	(115,708)	1,023	(114,686)
Net invested capital	**1,117,042**	**(69)**	**1,116,974**
Financed by:			
Net financial liabilities - third parties	491,041	(264)	490,776
Financial liabilities - IFRS 16 effects	20,028	-	20,028
Financial liabilities - non-controlling investors	25,772	-	25,772
Market warrants	3,291	-	3,291
Cash and cash equivalents	(49,965)	196	(49,769)
Net financial indebtedness	**490,167**	**(69)**	**490,098**
Equity	**626,876**	**-**	**626,876**
Sources of financing	**1,117,042**	**(69)**	**1,116,974**

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT MARCH 31, 2020

Statement of profit or loss and other comprehensive income

(€'000)	**First quarter of 2019 (*)**	*of which :* Related parties	*of which:* Non-recurring expense	**First quarter of 2020**	of which: Related parties	of which: Non-recurring expense	**Note**
Net revenue	**141,817**			**145,882**			7
Change in finished gods and semi-finished prducts	7,132		(188)	8,352			
Other operating income	1,354		-	1,172			8
Internal work capitalised	994		-	849			9
Costs for raw materials	(69,037)		(220)	(65,609)			10
Costs for services	(26,683)	(12)	(40)	(30,083)	-	(417)	11
Personnel expense	(31,634)		(19)	(34,631)		(63)	12
Other operating expense	(2,534)		(785)	(2,202)			13
Impairment losses on trade receivables and contract assets	(10)		-	(142)			
Impairment losses	(1,018)		(1,018)	(0)		(0)	
Amortisation and depreciation	(14,999)		-	(16,266)			22-23-24
Operating profit	**5,382**	**(12)**	**(2,272)**	**7,323**	**-**	**(481)**	
Financial income	4,049			7,843	1		14
Financial expense	(9,899)			(18,426)			15
Net financial expense	**(5,850)**	**-**	**-**	**(10,582)**	**1**	**-**	
Loss before taxation	**(469)**	**(12)**	**(2,272)**	**(3,259)**	**1**	**(481)**	
Income taxes	(2,705)			(2,829)			16
Loss for the period	**(3,174)**	**(12)**	**(2,272)**	**(6,088)**	**1**	**(481)**	

(*) The comparative figures for the first quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the following business combinations: i) Guala Closures Group (July 31, 2018) and ii) Guala Closures UCP (December 12, 2018).

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

Statement of profit or loss and other comprehensive income

Other comprehensive income

(€'000)	**First quarter of 2019 (*)**		**First quarter of 2020**
Itens that will not be reclassified to profit or loss:			
Actuarial gains on defined plans	-		735
Taxes on item that will not be reclassified to profit or loss			(224)
	-		***511***
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency traslation differences for foreign operations	8,674		(28,866)
Hedging reserve	1		(433)
Hedging reserve fro cash flow hedges reclassified to profit or loss	26		
Tax on items that are or may be reclassified subsequently to profit ior loss	(6)		128
	8,695		**(29,171)**
Other comprehensive income (expense) for the period, net of tax	**8,695**		**(28,660)**
Comprehensive income (expence) for the period	**5,521**		**(34,748)**
Profit (loss) for the period attributable to:			
- owners of the parent	(4,317)		(8,188)
- non controlling interests	1,143		2,099
Loss for the period	**(3,174)**		**(6,088)**
Comprehensive income (expense) attributable to:			
- owners of the parent	3,715		(33,394)
- non controlling interests	1,806		(1,354)
Comprehensive income (expense) for the period	**5,521**		**(34,748)**
Basic loss per share (€)	**(0.07)**		**(0.12)**
Diluted loss per share (€)	**(0.06)**		**(0.10)**

(*) The comparative figures for the first quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the following business combinations: i) Guala Closures Group (July 31, 2018) and ii) Guala Closures UCP (December 12, 2018).

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

Statement of financial position - ASSETS

(€'000)	**December 31, 2019**	*of which: Related parties*	**March 31, 2020**	*of which: Related parties*	**Note**
ASSETS					
Current assets					
Cash and cash equivalents	57,056		49,769		18
Current financial assets	627	139	69		
Trade receivables	104,093	115	102,875		19
Contract assets	28		-		
Inventories	100,342		108,943		20
Current direct tax assets	2,783		1,931		
Current indirect tax assets	10,453		11,128		
Derivative assets	10		94		
Other current assets	5,131		4,860		
Assets classified as held for sale	-		11,899		21
Total current assets	**280,523**	**255**	**291,568**	**-**	
Non-current assets					
Non-current financial assets	451		490		
Investments in associates	-		1,275		22
Property, plant and equipment	228,911		218,141		23
Right-of-use assets	27,630		27,084		24
Intangible assets	872,035		849,990		25
Contract costs	130		292		
Deferred tax assets	17,940		17,812		
Other non-current assets	365		290		
Total non-current assets	**1,147,461**	-	**1,115,372**	-	
TOTAL ASSETS	**1,427,984**	255	**1,406,941**	**-**	

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

Statement of financial position - LIABILITIES

(€'000)	December 31, 2019	of which: Related parties	March 31, 2020	of which: Related parties	Note
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	21,585		21,796		26
Trade payables	76,556	10	74,303	-	27
Contract liabilities	301		417		
Current direct tax liabilities	4,342		2,792		
Current indirect tax liabilities	8,821		9,381		
Current provisions	1,980		1,182		28
Derivative liabilities	172		632		
Other current liabilities	28,745		31,034		
Liabilities held for sale			4,413		29
Total current liabilities	**142,502**	**10**	**145,952**	**-**	
Non-current liabilities					
Non-current financial liabilities	499,060		519,905		26
Employee benefits	6,599		8,018		
Deferred tax liabilities	113,211		104,103		
Non-current provisions	348		295		28
Other non-current liabilities	1,203		1,794	-	
Total non-current liabilities	**620,421**	-	**634,114**	-	
Total liabilities	**762,923**	10	**780,066**	**-**	
Share capital and reserves attributable to non-controlling interests	34,726		34,007		
Profit for the period/year attributable to non-controlling interests	6,954		2,099		
Equity attributable to non-controlling interests	**41,680**	-	**36,106**	-	**31**
Equity attributable to the owners of the parent					
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Legal reserve	643		643		
Translation reserve	6,041		(19,371)		
Hedging reserve	-		(305)		
Retained earnings and other reserves	116,249		125,247		
Profit (loss) for the period/year	7,705		(8,188)		
Equity attributable to the owners of the parent	**623,381**	-	**590,769**	-	**30**
Total equity	**665,060**		**626,876**		
TOTAL LIABILITIES AND EQUITY	**1,427,984**	10	**1,406,941**	**-**	

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

Statement of cash flows

(€'000)	First quarter of		
	2019 (*)	**2020 (**)**	**Note**
Opening cash and cash equivalents	**47,795**	**57,056**	**18**
A) Cash flows from operating activities			
Loss before taxation	(469)	(3,259)	
Adjustments:			
Amortisation and depreciation	14,999	16,266	23-24-25
Net financial expense	5,850	10,582	
(Gains)/losses on sale of non-current assets	45	(13)	
Variation:			
Receivables, payables and inventories	(5,062)	(13,232)	19-20-27
Receivables, payables and inventories - Guala Closures Deutschland GmbH	-	(5,761)	
Other operating items	725	(161)	
VAT and indirect tax assets/liabilities	(1,064)	(303)	
Income taxes paid	(4,685)	(5,984)	
Net cash flows from (used in) operating activities	**10,340**	**(1,865)**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(7,858)	(9,749)	23-24-25
Proceeds from sale of property, plant and equipment and intangible assets	12	234	23-24-25
Contingent consideration for the acquisition of Axiom Propack (India)	(554)	-	
Acquisition of Closurelogic GmbH's assets (Germany)	-	(12,187)	
Net cash flows used in investing activities	**(8,400)**	**(21,702)**	
C) Cash flows from financing activities			
Interest received	1,610	682	
Interest paid	(7,154)	(5,369)	
Transaction costs paid for bonds issued in 2018	(483)	-	
Other financial items	(462)	(127)	
Dividends paid	(3,137)	(769)	
Proceeds from new borrowings and bonds	2,390	24,598	26
Repayment of borrowings and bonds	(1,146)	(416)	26
Repayment of leases	(1,480)	(2,687)	
Change in financial assets	367	(757)	
Net cash flows from (used in) financing activities	**(9,496)**	**15,155**	
Net cash flows of the period	**(7,555)**	**(8,411)**	
Effect of exchange fluctuations on cash held	500	1,320	
Closing cash and cash equivalents	**40,739**	**49,965**	**18**

(*) The comparative figures for the first quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the following business combinations: i) Guala Closures Group (July 31, 2018) and ii) Guala Closures UCP (December 12, 2018).

(**) Closing cash and cash equivalents include the cash and cash equivalents of GCL Pharma S.r.l. reclassified to current assets held for sale (see note 18) Cash and cash equivalents)

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

Statement of changes in equity

(€'000)	January 1, 2019 (*)	Allocation of 2018 profit	Result for the period	Other comprehensive income	Comprehensive income for the period	Dividends to non-controlling interests	Acquisition of minority interests that do not involve a change in control	Total transactions with non-controlling investors	March 31, 2019 (*)
	A)	B)			C)			D)	A)+B)+C)+D)
Attributable to the owners of the parent									
Share capital	68,907				-			-	68,907
Share premium reserve	423,837				-			-	423,837
Legal reserve	-				-			-	-
Translation reserve	(4,139)			8,011	8,011			-	3,873
Hedging reserve	43			21	21			-	64
Losses carried forwardand other reserves	116,928	96			-			-	117,023
Loss for the period	96	(96)	(4,317)		(4,317)			-	(4,317)
Equity	605,671	-	(4,317)	8,032	3,715	-	-	-	609,386
Non-controlling interests									
Share capital and reserve	36,620	2,713		663	663	(4,811)		(4,811)	35,184
Profit for the period	2,713	(2,713)	1,143		1,143			-	1,143
Equity	39,333	-	1,143	663	1,806	(4,811)	-	(4,811)	36,328
Total equity	645,004	-	(3,174)	8,695	5,521	(4,811)	-	(4,811)	645,714

(€'000)	January 1, 2020	Allocation of 2019 profit	Result for the period	Other comprehensive income	Comprehensive income for the period	Dividends to non-controlling interests	Acquisition of minority interests that do not involve a change in control	Total transactions with non-controlling investors	March 31, 2020
	A)	B)			C)			D)	A)+B)+C)+D)
Attributable to the owners of the parent									
Share capital	68,907				-			-	68,907
Share premium reserve	423,837				-			-	423,837
Legal reserve	643				-			-	643
Translation reserve	6,041			(25,412)	(25,412)			-	(19,371)
Hedging reserve	-			(305)	(305)			-	(305)
Losses carried forwardand other reserves	116,249	7,705		511	511		783	783	125,247
Loss for the period	7,705	(7,705)	(8,188)		(8,188)			-	(8,188)
Equity	623,381	-	(8,188)	(25,206)	(33,394)	-	783	783	590,769
Non-controlling interests									
Share capital and reserve	34,726	6,954		(3,454)	(3,454)	(3,436)	(783)	(4,219)	34,006
Profit for the period	6,954	(6,954)	2,099		2,099			-	2,099
Equity	41,680	-	2,099	(3,454)	(1,354)	(3,436)	(783)	(4,219)	36,106
Total equity	665,060	-	(6,088)	(28,660)	(34,748)	(3,436)	-	(3,436)	626,876

(*) The comparative figures for the first quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the following business combinations: i) Guala Closures Group (July 31, 2018) and ii) Guala Closures UCP (December 12, 2018).

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

Notes to the condensed interim consolidated financial statements at March 31, 2020

GENERAL INFORMATION

(1) General information

The Guala Closures Group is a multinational leader in the aluminium and non-refillable closures production market active on five continents with 29 production sites at the date of this report.

Since August 2018, the parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange. In September 2019, it was admitted to the FTSE Italy Mid Cap index.

At the date of this report, the parent has a significant float (over 40%).

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).

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic beverages such as water, olive oil and vinegar, as well as pharma products to be sold mainly on 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, as a result of the reorganisation which entailed the sale of part of the assets and the transfer of the residual ones from Spain to the United Kingdom during the year 2019, the division 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 ancillary market 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.
Except for that set out in the "Changes to standards" section, 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, 2019, 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. There are no business risks and/or any identified uncertainties which may cast doubts on the group's ability to continue as a going concern.

The condensed interim consolidated financial statements have been prepared using the following formats:

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

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

In preparing the condensed interim consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the carrying amount of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to recognise the loss allowance, the allowance for inventory write-down, current assets and liabilities classified as held for sale, depreciation/amortisation and impairment losses on non-current assets, employee benefits, taxes, provisions, measurement of derivatives, market warrants and measurement of the effects of business combinations.
In accordance with IAS 34 Interim Financial Reporting, the interim measurement of the figures of the condensed interim consolidated financial statements may rely on a greater use on estimation methods than 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 financial performance is provided.

The group companies are listed below, stating name, registered office, share/quota capital, direct and indirect investments held by the parent and each subsidiary and method of consolidation at March 31, 2020.

List of investments in subsidiaries at March 31, 2020

	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
GCL Pharma S.r.l.	Italy	EUR	100,000	100%	Direct (**)	Line-by-line
GCL International Sarl	Luxembourg	EUR	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	9,879,977	100%	Indirect (*)	Line-by-line
Guala Closures France SAS	France	EUR	2,748,000	100%	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
Guala Closures Deutschland GmbH	Germany	EUR	25,000	100%	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	100,000,000	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	792,611,690	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 SpA	Chile	CLP	6,504,557,369	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.
(**) GCL Pharma S.r.l. is classified as assets/(liabilities) held for sale.
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, 2019	March 31, 2020
Pound sterling	0.8508	0.8864
US dollar	1.1234	1.0956
Indian rupee	80.1870	82.8985
Mexican peso	21.2202	26.1772
Columbian peso	3,688.6600	4,451.6400
Brazilian real	4.5157	5.7001
Chinese renmimbi	7.8205	7.7784
Argentinian peso	67.2749	70.5388
Polish zloty	4.2568	4.5506
New Zealand dollar	1.6653	1.8417
Australian dollar	1.5995	1.7967
Ukrainian hryvnia	26.7195	30.6036
Bulgarian lev	1.9558	1.9558
South African rand	15.7773	19.6095
Japanese yen	121.9400	118.9000
Chilean peso	844.8600	936.1700
Kenyan shilling	113.8986	114.7832
Belarus ruble	2.3687	2.8328

Statement of profit or loss and other comprehensive income

€1 = x foreign currency	First quarter of 2019	First quarter of 2020
Pound sterling	0.87230	0.86161
US dollar	1.13563	1.10227
Indian rupee	80.07297	79.85113
Mexican peso	21.80380	22.04463
Columbian peso	3,559.46667	3,897.67333
Brazilian real	4.27677	4.91110
Chinese renmimbi	7.66190	7.69363
Argentinian peso	48.93450	70.53880
Polish zloty	4.30200	4.32263
New Zealand dollar	1.66650	1.73837
Australian dollar	1.59430	1.67777
Ukrainian hryvnia	31.00160	27.63623
Bulgarian lev	1.95580	1.95580
South African rand	15.9185	16.9302
Japanese yen	125.0984	120.0952
Chilean peso	757.5100	885.5200
Kenyan shilling	114.4022	112.3221
Belarus ruble	n.a.	2.4721

(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 the Guala Closures Group at December 31, 2019, to which reference should be made.

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

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

The accounting policies applied to the consolidated financial statements at December 31, 2019 are unchanged. Furthermore, no retrospective adjustments were made.

(4) COVID-19

The first quarter of 2020 has been characterised by the worldwide outbreak of COVID-19 and the consequent restrictive containment measures implemented by the public authorities of the affected countries. The current health emergency, in addition to the enormous social impacts, is also having direct and indirect repercussions on the general performance of the economy and the propensity to consume and invest, resulting in a context of general uncertainty.

The Guala Closures Group acted immediately to implement all actions necessary to minimise the social and occupational health and safety and financial impacts by defining and implementing flexible and timely action plans.

Specifically, from the outset, the Guala Closures Group has worked tirelessly to ensure the utmost health and safety for its employees, customers and suppliers. The group immediately implemented a series of protective measures for its personnel, investing in personal protective equipment to ensure that activities are carried out in accordance with best practices in terms of occupational safety.

At the date of this document, all 29 group facilities are operational. Most of them continued to operate during the entire lockdown period - where imposed - in compliance with the regulations for each country as the type of activity carried out was among those which, excluded from the temporary prohibitions imposed by local governments, could continue despite the restrictions.

In particular, all the group's European facilities are and have always been operational. In detail, the Italian facilities were operational throughout the lockdown as their business was part of the essential supply chain, as were the facilities in Spain and France. Those in the UK and the newly acquired facility in Germany also continued to operate throughout the lockdown. Likewise, the facilities in Eastern Europe, (Poland, Ukraine, Bulgaria and Belarus) continued to operate at full capacity.

The group's facilities in Asia, India and China are among those that were most affected by the policies implemented by their respective governments to contain the spread of the virus. Indeed, the Indian facilities stopped operations on March 22 because of the country's total lockdown imposed by the local government and resumed operating on April 27, while the Chinese facility stopped during the period between January 24 and February 14.

The health emergency did not stop operations at the group's American facilities, except for Argentina where production was suspended for a limited period of time pending authorisation to continue operations to serve the essential supply chain. The Californian (USA) and the Mexican facility continued to operate as essential to the supply chain, the Chilean facility operated at full capacity, and finally, in Brazil, operations never stopped since the government authorities did not implement any lockdown measures. In Argentina, the facility was closed between March 20 and April 1, after which it was reopened, since it was included in the essential supply chain. In Colombia, production during the lockdown period from March 20 to May 11 was converted to the production of closures for disinfectants.

In Oceania, the group's facilities in Australia and New Zealand remained operational. In New Zealand, where the containment measures were more restrictive than in Australia, the group continued to operate as essential to the supply chain.

The group's African facilities recorded different trends. The Kenyan facility continued to operate and, locally, no lockdowns were imposed on manufacturing activities, while the South African facility was partially operational and, during the lockdown period from March 26 to April 30, only produced for the Water & Beverage and Pharma markets included in the essential supply chain by the Kenyan government. Conversely, production was suspended for the spirits market during that period.

The impacts on the group’s business were not significant in the first quarter, given that i) the operation of the Chinese facility, which was suspended for just over two weeks, is not significant when compared to the group’s consolidated figures, ii) most of the facilities continued to operate throughout the quarter and, iii) the facilities which had to close suspended operations only at the end of March.

With reference to the following quarters, the Group's priorities are to guarantee the safety of its workers and business continuity.

In addition to the measures taken to prevent the spread of COVID-19, such as the distribution of disposable masks and gloves, social distancing between workers, measuring body temperature when entering the workplace and the sanitisation of all premises every two weeks, the Group entered into a COVID-19 insurance policy with AON, a leading insurance company, covering all its workers worldwide.

In financial terms, constant monitoring of the group’s liquidity is carried out, both current and prospective. At the preparation date of this document, there were no significant impacts on collection or payment activities directly or indirectly related to the COVID-19 health emergency. The Group’s available liquidity is adequate to cover current and prospective operating needs with an ample headroom, should extraordinary and unforeseeable circumstances require it.

(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 March 2020.

During the second quarter of 2019, the Guala Closures Group launched the reorganisation of the PET division, the activities of which were only performed by Guala Closures Iberica, up until the acquisition of the British UCP on December 12, 2018. After acquiring UCP, the group decided to reorganise the division by transferring part of the 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 ancillary market 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.

Other asset and liability figures cannot be reported by segment as management believes that the availability of such information by segment is not material.

Statement of profit or loss and other comprehensive income

(€'000)	Closures		Other operations		Total	
	First quarter of 2019 (*)	First quarter of 2020	First quarter of 2019 (*)	First quarter of 2020	First quarter of 2019 (*)	First quarter of 2020
Net revenue	140,041	144,923	1,777	959	141,817	145,882
Operating profit (loss)	5,406	7,338	(24)	(15)	5,382	7,323
Amortisation and depreciation	(14,943)	(16,205)	(56)	(62)	(14,999)	(16,266)

(*) The comparative figures for the first quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the following business combinations: i) Guala Closures Group (July 31, 2018) and ii) Guala Closures UCP (December 12, 2018).

Statement of financial position

(€'000)	Closures		Other operations		Total	
	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020
Trade receivables	103,347	102,505	746	370	104,093	102,875
Inventories	99,799	108,327	543	617	100,342	108,943
Trade payables	(76,141)	(74,006)	(415)	(297)	(76,556)	(74,303)
Property, plant and equipment and	255,362	243,848	1,179	1,377	256,541	245,225

Investment

(€'000)	Closures		Other operations		Total	
	First quarter of 2019 (*)	First quarter of 2020	First quarter of 2019 (*)	First quarter of 2020	First quarter of 2019 (*)	First quarter of 2020
Investments (net of disposals)	7,846	9,269	-	246	7,846	9,515

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-party sales are the United Kingdom, Italy, India, Poland, Spain, Mexico, Ukraine, Germany, Australia, North America, France and South Africa.

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

Net revenue

(€'000)	**First quarter of 2019**	**Tre mesi 2020**
United Kingdom	26,913	25,052
Italy	14,770	16,241
India	15,599	16,128
Poland	14,800	14,382
Spain	11,135	10,735
Mexico	11,636	10,695
Ukraine	10,661	9,647
Germany	-	6,878
Australia	7,237	6,246
North America	3,573	5,759
France	3,864	3,565
South Africa	3,792	3,028
Other countries	17,838	17,526
Net revenue	**141,817**	**145,882**

Non-current assets other than financial instruments and deferred tax assets: property, plant and equipment, right-of-use assets and intangible assets

(€'000)	**December 31, 2019**	**March 31, 2020**
Italy	589,933	216,266
Australia	86,761	76,517
India	70,746	68,132
Poland	50,252	47,775
Spain	40,933	40,639
Ukraine	38,159	30,903
Mexico	40,489	35,396
South Africa	14,316	11,312
Brazil	16,826	13,321
Germany	-	10,796
Other countries	113,611	100,736
Consolidation adjustments	66,551	443,421
Immobili, impianti e macchinari, diritti di utilizzo e attività immateriali	**1,128,576**	**1,095,215**

Deferred tax assets

(€'000)	**December 31, 2019**	**March 31, 2020**
Italy	9,342	9,419
Australia	2,383	2,097
Chile	1,151	1,485
India	751	793
Argentina	1,845	706
Germany		685
Spain	295	296
South Africa	400	194
New Zealand	170	156
China	148	133
Mexico	59	48
Other countries	593	1,018
Consolidation adjustments	803	782
Deferred tax assets	**17,940**	**17,812**

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

Information about major customers

In the first quarter of 2020, in the Closures segment, there are two customers that generate over 10% of revenue: the turnover of the first customer amounts to around €20 million for the first quarter of 2020 (roughly 14% of net revenue), while that of the second customer is approximately €16 million for the same period (roughly 11% of net revenue).

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

The following non-recurring transactions were completed in the first quarter of 2020:

- Acquisition of Closurelogic GmbH's assets
- Subscription of a non-controlling interest in SharpEnd Partnership Ltd.
- Acceptance of the binding offer by the Bormioli Pharma Group for the sale of 100% of GCL Pharma S.r.l.
- Acquisition of non-controlling interest in Guala Closures France S.a.s. through capital increase

(6.1) Acquisition of Closurelogic GmbH's assets

(6.1.1) Introduction

On November 27, 2019, the Luxembourg subsidiary GCL International S.à r.l. formalised its offer to acquire the business of the German-based Closurelogic GmbH, a manufacturer specialising in aluminium closures, mainly intended for the glass-bottle beverage and mineral water sector.
The offer is part of the competitive process launched following the voluntary insolvency proceedings commenced by Closurelogic GmbH.

Subsequently, on December 16, 2019, the subsidiary GCL International S.à r.l. formalised its offer, through a notary, to be exercised directly or through the incorporation of a new company, requesting and obtaining a break-up fee letter, which provided for the payment of €2 million to the bidder, should the assets be sold to third parties.
In December 2019, the Luxembourg subsidiary GCL International S.à r.l. purchased a shelf-company, Waterside XLII, which subsequently took on the name of Guala Closures Deutschland GmbH.
This company was subsequently identified as the purchaser of the business of Closurelogic GmbH, availing itself of the express right reserved in the notarial offer made on December 16, 2019.
On January 2, 2020, Closurelogic GMBH, under insolvency proceedings, formally accepted the proposal made by GCL International S.à r.l. on December 16, 2019.
Consequently, on February 3, 2020, the German subsidiary, Guala Closures Deutschland GmbH, finalised the acquisition of the business by Closurelogic GmbH (of all its assets owned and its personnel, with the exception of the shares of the Turkish subsidiary, the purchase of which will take place after completion of the step-plan identified following the due diligence). In particular, the transaction entailed the acquisition of Closurelogic GmbH's property, plant and equipment and intangible assets, including the building in Worms, for a total consideration of €7.2 million, the purchase of raw materials and finished goods for approximately €5 million and the payment of advances to suppliers for roughly €0.3 million.

The business acquired generated revenue of approximately €45 million in 2019, with sales mainly on the glass-bottle mineral water market, of which about 50% in Germany and the remainder in the rest of Europe. Thanks to this acquisition, the Guala Closures Group now has a significant presence on the German market where, until now, it had had a marginal presence in the mineral water sector. Following this acquisition, the group is also a major player in the world market of glass-bottle beverages and mineral water, opening up new horizons for growth in this sector.

In the period from January 1, 2020 to February 3, 2020, the subsidiary earned revenue amounting to €4.4 million and incurred a loss of €0.1 million. According to management, had the acquisition taken place on January 1, 2020, consolidated revenue and the consolidated net loss for the period would have amounted to approximately €150.3 million and about €6.2 million, respectively. In calculating the above amounts, management assumed that the provisionally-determined fair value adjustments at the acquisition date would have been the same even if the acquisition had taken place on January 1, 2020.

(6.1.2) Consideration transferred

The consideration transferred at the acquisition date amounts to €12,187 thousand. Indeed, no cash and cash equivalents were acquired.

(6.1.3) Transaction costs

The group incurred acquisition-related costs of approximately €0.3 million related to legal and notary fees and due diligence costs. These costs have been mainly included under legal/consultancy expenses in 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.

€'000	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognised at the acquisition date
Property, plant and equipment	6,990	-	6,990
Intangible assets	200	-	200
Inventories	4,997	-	4,997
Right-of-use assets	1,271	-	1,271
Current financial liabilities	(297)	-	(297)
Non-current financial liabilities	(974)	-	(974)
Employee benefits	(2,956)	-	(2,956)
Deferred tax assets	902	-	902
Net identifiable assets and liabilities	**10,133**	-	**10,133**

Fair values were calculated on a provisional basis and at the reporting date.
Leases recognised in accordance IFRS 16 resulted in right-of-use assets of €1,271 thousand and lease liabilities of the same amount broken down into current and non-current financial liabilities of €297 thousand and €974 thousand, respectively.
Defined benefit plans amount to €2,956 thousand and reflect the present value of the estimated final cost of the benefits, calculated using the projected unit credit method by an actuary engaged to calculate this amount at the acquisition date.

(6.1.4) Goodwill

Goodwill arising from the acquisition was recognised as follows:

€'000	Provisional amounts recognised at the acquisition date
Consideration paid at the acquisition date	12,187
less: net identifiable liabilities	(10,133)
Provisional goodwill arising from the acquisition	**2,054**

Goodwill provisionally recognised in these condensed interim consolidated financial statements will not be deductible for income tax purposes.
Due to the longer period of 12 months from the date of the business combination allowed by the applicable legislation, these condensed interim consolidated financial statements provisionally reflect the purchase price allocation (PPA) procedure.

(6.2) Subscription of a non-controlling interest in SharpEnd Partnership Ltd

On February 26, 2020, the Luxembourg subsidiary GCL International S.à r.l. formalised the subscription of 20% of the share capital of SharpEnd Partnership Ltd, an innovative technology services agency based in London.

Founded in 2015 as the first IoT agency, SharpEnd is a pioneering partner in technological creativity. This company was set up to facilitate consumer engagement. Its global customers include AB-InBev, PepsiCo, Nestlé, Unilever and Pernod Ricard.
The agreement between SharpEnd and the Guala Closures Group aims to offer innovative turnkey solutions, integrating hardware and software into connected packaging solutions.

The capital subscribed by converting the £250 thousand loan granted to the company in December 2019 and by paying £750 thousand in 2020, comprises preference shares accounting for 20% of the company's share capital.
Under the agreements reached, the Guala Closures Group can increase its investment by subscribing specific capital increases and can also recover its investment.
The carrying amount of the investment in the associate SharpEnd amounts to €1.3 million.

(6.3) Acceptance of the binding offer by the Bormioli Pharma Group for the sale of 100% of GCL Pharma S.r.l.

On March 18, 2020, the group accepted a binding offer by the Bormioli Pharma Group for the sale of 100% of the GCL Pharma S.r.l. quotas held by the Guala Closures Group through the parent Guala Closures S.p.A..
These condensed interim consolidated financial statements reflect the held-for-sale classification of GCL Pharma's assets and liabilities at March 31, 2020. Since it is not a separate business unit of the group, the investee was not considered a discontinued operation.
From the sale, the Group expects to recognize a consideration of €9.3 million, collected for €7.3 million in April 2020 and for €2.0 million which will be collected within 12 months and which will result in a gain of approximately €2.8 million in the condensed interim consolidated financial statements at June 30, 2020.

(6.4) Acquisition of non-controlling interest in Guala Closures France S.a.s. through capital increase

As a result of the losses incurred in prior years, on January 29, 2020 the share capital of Guala Closures France Sas was zeroed, with a simultaneous resolution to increase the share capital by €2,748 thousand.
As the other non-controlling investors - Les Muselets du Val de Loire M.V.L. S.A.S. and SACI S.à.r.l. - decided not to subscribe the capital increase, the latter was fully subscribed by Guala Closures International B.V., which, to this end, waived part of the amount due from the French company, converting the loan into share capital.
The capital increase was completed in February 2020, resulting in the Dutch subsidiary owning Guala Closures France Sas in full.
Consequently, equity attributable to non-controlling interests recognised in accordance with the group's accounting policies at December 31, 2019 for an amount of €783 thousand was reclassified increasing the group's equity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(7) Net revenue

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

	First quarter of	
€'000	**2019**	**2020**
Europe	85,200	91,211
Asia	18,495	17,163
Americas	24,145	24,296
Oceania	10,120	9,108
Africa	3,858	4,105
Total	**141,817**	**145,882**

The table below illustrates net revenue by product type:

	First quarter of	
€'000	**2019**	**2020**
Safety closures	56,452	54,648
Luxury closures (customised)	6,148	7,731
Wine closures	28,041	28,057
Pharma closures	2,169	2,417
Roll-on closures (standard)	43,111	48,768
PET	1,778	973
Other revenue	4,119	3,287
Total	**141,817**	**145,882**

The table below illustrates net revenue by destination market:

	First quarter of	
€'000	**2019**	**2020**
Spirits closures	91,326	88,843
Wine closures	28,041	28,057
Oil and vinegar closures	2,720	3,339
Pharma closures	2,169	2,417
Closures for other markets	11,666	18,965
PET	1,778	973
Other revenue	4,119	3,287
Total	**141,817**	**145,882**

(8) Other operating income

This caption includes:

€'000	First quarter of 2019	2020
Sundry recoveries/repayments	1,212	657
Gains on sale of non-current assets	2	13
Other	140	502
Total	**1,354**	**1,172**

(9) Internal work capitalised

€'000	First quarter of 2019	2020
Internal work capitalised	994	849
Total	**994**	**849**

(10) Costs for raw materials

This caption includes:

€'000	First quarter of 2019	2020
Raw materials and supplies	64,701	65,358
Packaging	2,931	2,981
Consumables and maintenance	1,859	2,349
Fuels	132	96
Other purchases	726	994
Change in inventories	(1,312)	(6,169)
Total	**69,037**	**65,609**

(11) Costs for services

This caption includes:

	First quarter of	
€'000	**2019**	**2020**
Electricity / heating	7,192	7,195
Transport	6,175	6,865
External processing	2,514	4,489
Maintenance	1,860	2,105
Legal and consulting fees	1,112	1,831
Sundry industrial services	1,558	1,634
Travel	1,249	1,001
Administrative services	834	859
Insurance	1,162	806
External labour / porterage	478	592
Technical assistance	396	478
Commissions	254	381
Cleaning service	323	329
Directors' fees	304	303
Telephone costs	182	168
Entertainment expenses	167	141
Security	119	112
Commercial services	90	107
Expos and trade fairs	42	95
Advertising services	108	80
Other	562	512
Total	**26,683**	**30,083**

In the first quarter of 2020, legal and consulting fees included €12 thousand related to the consultancies provided by Space Holding S.r.l..

Details of fees paid to the key management personnel are provided in note 35) Related party transactions.

(12) Personnel expense

This caption includes:

	First quarter of	
€'000	**2019**	**2020**
Wages and salaries	24,794	27,054
Social security contributions	3,522	3,999
Expense from defined benefit plans	223	401
Other costs	3,095	3,177
Total	**31,634**	**34,631**

Details of fees paid to the key management personnel are provided in note 35) Related party transactions.

At December 31, 2019 and at March 31, 2020, the group had the following number of employees:

Number	December 31, 2019	March 31, 2020
Blue collars	3,476	3,609
White collars	1,029	1,073
Managers	259	255
total	**4,764**	**4,937**

At March 31, 2020, the number included 156 employees related to the change in scope.

(13) Other operating expense

This caption includes:

	First quarter of	
€'000	**2019**	**2020**
Rent and leases	479	323
Taxes and duties	510	474
Other costs for the use of third party assets	180	186
Accruals to loss allowances	869	89
Other charges	495	1,129
Total	**2,534**	**2,202**

Provisions for risks mainly refer to the provision for restructuring and the provision for returns.

The accruals to the loss allowance for trade receivables remain immaterial (€141 thousand).

Rents and leases and other costs for the use of third-party assets relate to short-term contracts (within one year) or contracts of low value (less than €5 thousand).

(14) Financial income

This caption includes:

	First quarter of	
€'000	**2019**	**2020**
Exchange gains	3,410	5,279
Financial income for financial liabilities - non-controlling investors	-	1,186
Fair value Market Warrants	77	583
Interest income	111	166
Fair value gains on derivatives	-	114
Other financial income	451	515
Total	**4,049**	**7,843**

Financial income for financial liabilities to non-controlling investors refers to the recognition of the decrease 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.

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 the first quarter of 2019 and in the first quarter of 2020) since it results in the reduction of the underlying financial liability. Conversely, an upturn in the official price generates expense, since it results in the increase of the underlying financial liability.

(15) Financial expense

This caption includes:

	First quarter of	
€'000	**2019**	**2020**
Exchange losses	2,870	12,299
Interest expense	5,570	5,218
Fair value losses on derivatives	489	32
Financial expense on financial liabilities - non-controlling investors	361	-
Other financial expense	610	877
Total	**9,899**	**18,426**

(16) Income taxes

This caption includes:

	First quarter of	
€'000	**2019**	**2020**
Current taxes	(4,477)	(5,156)
Change in deferred tax assets	1,772	2,327
Total	**(2,705)**	**(2,829)**

(17) Loss per share – basic and diluted

	First quarter of	
€'000	**2019**	**2020**
Loss for the period attributable to the owners of the parent	(4,317)	(8,188)
Weighted average number of shares	66,372,404	66,372,404
Loss per share (in Euro)	**(0.07)**	**(0.12)**

	First quarter of	
€'000	**2019**	**2020**
Loss for the period attributable to the owners of the parent	(4,317)	(8,188)
Weighted average number of shares (including warrants)	78,032,699	78,032,699
Diluted loss per share (in Euro)	**(0.06)**	**(0.10)**

The basic loss per share in the first quarter of 2020 amounted to €0.12 compared to €0.07 in the same period of the previous year.

In the first quarter of 2020, the diluted loss per share amounted to €0.10 (€0.06 in the first quarter 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

At March 31, 2020, cash and cash equivalents amounted to €49,769 thousand (December 31, 2019: €57,056 thousand), net of those related to GCL Pharma S.r.l. which were reclassified to current assets held for sale. The decrease on the previous year balance is mainly due to the change in net working capital which is traditionally negative in the first quarter of the year due to the seasonality effect on this period.

(€'000)	December 31, 2019	March 31, 2020
Cash and cash equivalents	57,056	49,965
Cash and cash equivalents reclassified to current assets held for sale	-	(196)
Closing cash and cash equivalents	**57,056**	**49,769**

(19) Trade receivables

This caption may be analysed as follows:

(€'000)	December 31, 2019	March 31, 2020
Trade receivables	106,022	104,818
Loss allowance	(1,929)	(1,943)
Total	**104,093**	**102,875**

The balance of trade receivables reflects the various group companies' use of reverse without-recourse factoring. This impact at March 31, 2020 was €22.1 million, compared to €28.2 million December 31, 2019.

The loss allowance changed as follows:

(€'000)	March 31, 2020
Opening balance	1,929
Reclassification to current assets held for sale	(13)
Net exchange losses	(95)
Impairment losses	141
Utilisations/releases of the period	(19)
Closing balance	**1,943**

At March 31, 2020, the allowance 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:

(€'000)	**December 31, 2019**	**March 31, 2020**
Raw materials, consumables and supplies	51,843	54,772
Allowance for inventory write-down	(1,536)	(1,494)
Work in progress and semi-finished products	25,300	27,786
Allowance for inventory write-down	(492)	(576)
Finished products and goods	25,942	29,281
Allowance for inventory write-down	(1,030)	(988)
Payments on account	315	162
Total	**100,342**	**108,943**

Changes in the first quarter of 2020 are as follows:

(€'000)	
January 1, 2020	100,342
Exchange losses	(7,822)
Business combination	4,997
Reclassification to current assets held for sale	(2,943)
Change in raw materials, consumables and supplies	6.169
Change in finished goods and semi-finished products	8.352
Change in payments on account	(152)
March 31, 2020	**108.943**

The allowance for inventory write-down changed as follows:

(€'000)	**March 31, 2020**
Opening balance	3,058
Net exchange losses	(100)
Accruals	100
Closing balance	**3,058**

(21) Current assets held for sale

Assets classified as held for sale include GCL Pharma S.r.l.'s assets which were reclassified to this caption following the group's acceptance, on March 18, 2020, of the binding offer for the sale of 100% of the company's quota capital.
Specifically, this caption includes the following assets, net of intragroup items:

(€'000)	GCL Pharma fin. stat. March 31, 2020	Intragroup balances	Assets held for sale March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	196		196
Trade receivables	1,989	(71)	1,918
Contract assets	28		28
Inventories	2,943		2,943
Tax assets	240		240
Other current assets	19		19
Total current assets	**5,413**	(71)	**5,342**
Non-current assets			
Property, plant and equipment	2,407		2,407
Right-of-use assets	259		259
Intangible assets	3,615		3,615
Other non-current assets	276		276
Total non-current assets	**6,557**	0	**6,557**
TOTAL ASSETS	**11,970**	(71)	**11,899**

(22) Investments in associates

This caption is entirely comprised of the investment in SharpEnd Partnership Ltd, an innovative technology services agency based in London (UK).
The capital subscribed by converting the £250 thousand loan granted to the company in December 2019 and by paying £750 thousand in 2020, comprises preference shares accounting for 20% of the company's share capital.
Under the agreements reached, the Guala Closures Group can increase its investment by subscribing specific capital increases and can also recover its investment.

(23) Property, plant and equipment

The following table shows the changes in this caption in the first quarter of 2020:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2019	44,445	206,540	15,830	2,894	10,421	**280,131**
Accumulated depreciation and impairment losses at December 31, 2019	(2,423)	(44,259)	(3,620)	(918)	-	**(51,220)**
Carrying amount at December 31, 2019	**42,022**	**162,282**	**12,210**	**1,976**	**10,421**	**228,911**

Carrying amount at January 1, 2020	**42,022**	**162,282**	**12,210**	**1,976**	**10,421**	**228,911**
Business combinations	3,400	3,590	-	-	-	**6,990**
Net exchange losses	(2,984)	(10,829)	(135)	(45)	(345)	**(14,338)**
Increases	182	776	100	184	7,530	**8,772**
Disposals	-	(212)	-	-	-	**(212)**
Reclassifications	240	2,091	316	36	(2,684)	**0**
Reclassification to current assets held for sale	(44)	(1,759)	(575)	(29)		**(2,407)**
Depreciation	(406)	(8,311)	(647)	(212)	-	**(9,575)**
Historical cost at March 31, 2020	45,392	192,136	15,009	2,968	14,923	**270,428**
Accumulated depreciation and impairment losses at March 31, 2020	(2,983)	(44.507)	(3,740)	(1,057)	-	**(52,287)**
Carrying amount at March 31, 2020	**42,409**	**147,629**	**11,269**	**1,911**	**14,923**	**218,141**

The €10.8 million decrease in property, plant and equipment on the balance at December 31, 2019 is mainly due to the negative translation effect (€14.3 million) (for additional information reference should be made to the note to Equity), the depreciation of the period (approximately €9.6 million), the €2.4 million reclassification of GCL Pharma's assets at March 31, 2020 to net assets held for sale, partly offset by the increase due to the change in scope (€7.0 million) following the acquisition of Closurelogic's assets and capital expenditure (€8.6 million).
Capital expenditure of the period, amounting to €8.6 million, mainly related to plant and machinery and covered, in particular, Europe, specifically the facilities in Italy, Poland and Ukraine, and Asia, notably, India.

At March 31, 2020, the collateral on property, plant and equipment is unchanged from that set out in the relevant note to the 2019 consolidated financial statements.

(24) Right-of-use assets

The following table shows the changes in this caption in the first quarter of 2020:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2019	26,926	2,331	2,367	1,837	**33,460**
Accumulated depreciation and impairment losses at December 31, 2019	(3,524)	(869)	(725)	(712)	**(5,829)**
Carrying amount at December 31, 2019	**23,402**	**1,462**	**1,642**	**1,125**	**27,630**
Carrying amount at January 1, 2020	**23,402**	**1,462**	**1,642**	**1,125**	**27,630**
Business combinations	-	1,271	-	-	**1,271**
Net exchange losses	(892)	(105)	(68)	(45)	**(1,110)**
Increases	908	26	18	183	**1,135**
Disposals	-	-	(3)	(22)	**(25)**
Reclassification to current assets held for sale	(215)	(44)	-	-	**(259)**
Depreciation of right-of-use assets	(903)	(292)	(183)	(180)	**(1,558)**
Historical cost at March 31, 2020	26,541	3,449	2,314	1,953	**34,257**
Accumulated depreciation and impairment losses at March 31, 2020	(4,242)	(1,132)	(907)	(892)	**(7,173)**
Carrying amount at March 31, 2020	**22,299**	**2,317**	**1,407**	**1,062**	**27,084**

The changes of the period in right-of-use assets reflect the capitalisation of right-of-use assets (approximately €1.1 million), the recognition of the right-of-use assets acquired as part of the acquisition of Closurelogic (roughly €1.3 million), net of exchange losses (about €1.1 million) (for additional information reference should be made to the note to Equity), depreciation (approximately €1.6 million) and the reclassification of the right-of-use assets held by GCL Pharma to net assets held for sale (€0.3 million).

(25) Intangible assets

The following table shows the changes in this caption in the first quarter of 2020:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2019	2,985	132,568	504,469	258,692	1,919	**900,633**
Accumulated amortisation and impairment losses at December 31, 2019	(1,072)	(12,444)	-	(15,082)	-	**(28,598)**
Carrying amount at December 31, 2019	**1,913**	**120,124**	**504,469**	**243,610**	**1,919**	**872,035**
Carrying amount at January 1, 2020	**1,913**	**120,124**	**504,469**	**243,610**	**1,919**	**872,035**
Business combinations		200	2,054			**2,254**
Net exchange losses	(62)	(28)	(0)	(16,134)	(56)	**(16,280)**
Increases	169	40	-	0	530	**740**
Disposals	(0)	1	-	-	(10)	**(9)**
Reclassification to current assets held for sale	(54)	(27)		(3,535)		**(3,615)**
Amortisation	(173)	(2,414)	-	(2,546)	-	**(5,133)**
Historical cost at March 31, 2020	3,005	132,735	506,522	237,594	2,384	**882,241**
Accumulated amortisation and impairment losses at March 31, 2020	(1,213)	(14,839)	-	(16,199)	-	**(32,251)**
Carrying amount at March 31, 2020	**1,793**	**117,896**	**506,522**	**221,395**	**2,384**	**849.990**

The decrease in intangible assets compared to 31 December 2019 is mainly attributable to a negative exchange rate effect of €16.3 million (for more details see the comments on equity), to amortization for the period of approximately €5.1 million and the reclassification of €3.6 million to assets held for the sale of the assets held by GCL Pharma on March 31, 2020 in the sale phase.

The value of the licenses and patents item mainly includes the value of the Guala Closures trademark and the patents owned by the Group, while the item "other" mainly includes the value of trade relationships with customers.

Goodwill increased during the period as a result of the goodwill, provisionally recognized, resulting from the Purchase Price Allocation (PPA) process of the business acquired in Germany by the Group. For more details, see paragraph 6.1.

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).

For the previous assessment of the impairment test, please refer to the Annual Financial Report at 31 December 2019.

As already explain, revenue on a like-for-like basis and at constant exchange rates is essentially in line with that for the first quarter of 2019, despite the outbreak of the COVID-19 pandemic in the first three months of 2020.

Profitability in the first three months of 2020 is growing, driven by the Group's ability to constantly adjust prices year on year and by the positive trend in the cost of the main raw materials while considering the dilutive effect of the business of Guala Closures Deutschland, for the which began the integration process within the Group, aimed at achieving levels of margins in line with the reference context.

The group’s facilities in Asia, India and China are among those that were most affected by the policies implemented by their respective governments to contain the spread of the virus: as a result of the lock-down, the Chinese facility suspended operations from January 24 to February 14, while the Indian facility was closed from March 22 to April 27.

During the lock-down period imposed in South Africa from March 26 to April 30, the South African facility remained partially operational, producing only for the Water & Beverage and Pharma markets, as they are included in the essential chain established by the local government. During this period, production destined for the alcohol market was instead suspended.

In Argentina, the plant remained closed in the period between March 20 and April 1, reopening subsequently, as the activity was included in the essential chain.

In Colombia, the lock-down lasted from March 20 to May 11, a period in which the activity was converted into the production of closures for disinfectants.

The impacts on the group’s business were not significant in the first quarter, given that i) the operation of the Chinese facility, which was suspended for just over two weeks, is not significant when compared to the group’s consolidated figures, ii) most of the facilities continued to operate throughout the quarter and, iii) the facilities which had to close suspended operations only at the end of March.

In the second quarter of 2020, the directors expect a decrease in turnover for the countries affected by the closures imposed by local laws (specifically the Indian and South African facilities). Consequently, both revenue and profitability are expected to be lower than projected in the 2020 budget.

In light of the COVID-19 emergency, the directors assessed whether the main financial and valuation parameters underlying the impairment test carried out for the financial statements at December 31, 2019 had changed significantly, in order to determine whether the pandemic could result in a significant change in the recoverable amount of the Group's assets at March 31, 2020.

The directors updated the plan approved in March 2020 to reflect the sale of the subsidiary GCL Pharma and the acquisition of Closurelogic occurred in February 2020. Management also carried out a sensitivity analysis on this plan, based on various scenarios and considering the expected effects which can be estimated at present. These scenarios regard the closure and/or decrease of operations at certain production facilities on the 2020 financial performance, in terms of the reduction in revenue and gross operating performance, in addition to reflecting the partial recovery of production volumes lost during the suspension of operations caused by the COVID-19 precautionary measures, some hypothetical and alternative scenarios concerning the evolution of the order backlog in 2020, as well as the use of the support and stimulus packages implemented in the various countries impacted by COVID-19.

These scenarios are based on the best information currently available in a situation which continues to be subject to significant uncertainties concerning the evolution of the health emergency and its impact on the world economy and the stimulus packages of the various governments.

Management’s assessment reflected in these condensed interim consolidated financial statements at March 31, 2020, updated in accordance with the information available at the date of this document, did not reveal, in the various scenarios, any reasons requiring the recognition of impairment losses on goodwill or other intangible assets, thereby substantially confirming the results and the sensitivity analysis of the impairment test carried out for the purposes of the 2019 annual report.

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

On July 20, 2018, the parent entered into a revolving credit facility agreement governed by the laws of England and Wales with UniCredit Bank AG, Milan Branch, as agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.p.A.) for a maximum amount of €80 million (the "**New RCF**") at the 3M Euribor/GBP LIBOR + 2.5% (zero floor). The New RCF will expire on February 28, 2024.

On October 3, 2018, Guala Closures S.p.A. issued 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 New 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. At March 31, 2020, the facility had been used for more than 40% and the covenant is complied with.
Financial liabilities at December 31, 2019 and March 31, 2020 are shown below:

(€'000)	December 31, 2019	March 31, 2020
Current financial liabilities		
Bonds	3,406	3,362
Bank loans and borrowings	7,763	9,277
Other financial liabilities	10,415	9,157
	21,585	***21,796***
Non-current financial liabilities		
Bonds	443,926	444,552
Bank loans and borrowings	14,360	35,684
Other financial liabilities	40,774	39,669
	499,060	***519,905***
total	**520,645**	**541,701**

The conditions and due dates of the financial liabilities at December 31, 2019 and March 31, 2020 are shown below:

	Nominal amount					
(€'000)	**Total December 31, 2019**	**Within one year**	**Between one and five years**	**More than five years**	**Current**	**Non-current**
Bonds						
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	455,000	-	455,000	-	-	455,000
Interest on bonds	3,406	3,406	-	-	3,406	-
Transaction costs	(11,074)	-	(11,074)	-	-	(11,074)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.	**447,332**	**3,406**	**443,926**	**-**	**3,406**	**443,926**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	12,929	-	12,929	-	-	12,929
Transaction costs	(597)	-	(597)	-	-	(597)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**12,332**	**-**	**12,332**	**-**	**-**	**12,332**
Other accrued expenses - Guala Closures S.p.A.	63	63	-	-	63	-
Yes Bank loan and bank overdraft (India)	1,951	1,951	-	-	1,951	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,410	4,410	-	-	4,410	-
Banco de la Nacion Argentina loan (Chile)	168	168	-	-	168	-
Santander loans and bank overdraft (Brazil)	70	45	25	-	45	25
Advances on loans (Argentina)	2	2	(0)	-	2	(0)
Bancomer loan (Mexico)	3,129	1,126	2,003	-	1,126	2,003
TOTAL bank loans and borrowings	**22,123**	**7,763**	**14,360**	**-**	**7,763**	**14,360**
Other financial liabilities:						
Market warrants	3,873	3,873	-	-	3,873	-
Leases (IFRS 16)	20,358	6,542	13,816	-	6,542	13,816
Financial liabilities - non-controlling investors	26,958	-	-	26,958	-	26,958
TOTAL other financial liabilities	**51,190**	**10,415**	**13,816**	**26,958**	**10,415**	**40,774**
TOTAL	**520,645**	**21,585**	**472,102**	**26,958**	**21,585**	**499,060**

	Nominal amount					
(€'000)	**Total March 31, 2020**	**Within one year**	**Between one and five years**	**More than five years**	**Current**	**Non-current**
Bonds						
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	455,000	-	455,000	-	-	455,000
Interest on bonds	3,362	3,362	-	-	3,362	-
Transaction costs	(10,448)	-	(10,448)	-	-	(10,448)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.	**447,914**	**3,362**	**444,552**	**-**	**3,362**	**444,552**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	34,409	-	34,409	-	-	34,409
Transaction costs	(561)	-	(561)	-	-	(561)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**33,848**	**-**	**33,848**	**-**	**-**	**33,848**
Other accrued expenses - Guala Closures S.p.A.	146	146	-	-	146	-
Yes Bank loan and bank overdraft (India)	1,542	1,542	-	-	1,542	-
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,363	4,363	-	-	4,363	-
Banco de la Nacion Argentina loan (Chile)	113	113	0	-	113	0
Santander loans and bank overdraft (Brazil)	47	36	11	-	36	11
Advances on loans (Argentina)	8	8	(0)	-	8	(0)
Bancomer / Banamex loans (Mexico)	4,895	3,069	1,825	-	3,069	1,825
TOTAL bank loans and borrowings	**44,961**	**9,277**	**35,684**	**-**	**9,277**	**35,684**
Other financial liabilities:						
Market warrants	3,291	3,291	-	-	3,291	-
Leases (IFRS 16)	19,763	5,867	13,897	-	5,867	13,897
Financial liabilities - non-controlling investors	25,772	-	-	25,772	-	25,772
TOTAL other financial liabilities	**48,826**	**9,157**	**13,897**	**25,772**	**9,157**	**39,669**
TOTAL	**541,701**	**21,796**	**494,133**	**25,772**	**21,796**	**519,905**

Other financial liabilities include the fair value of the market warrants at March 31, 2020 and December 31, 2019 (€3,291 thousand and €3,873 thousand, respectively). The difference between the fair value at March 31, 2020 and that at December 31, 2019 was recognised in the statement of profit or loss and comprehensive income for the period, under financial expense (€583 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 €0.20 at December 31, 2019 to €0.17 at March 31, 2020.

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 30) 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.
Based on the market warrant regulation, the warrant holders may decide to exercise them in whole or in part at any time and to subscribe the exchange shares at the subscription price, as long as the average monthly price is higher than the strike price (€10 per share). The subscription price of €0.10 per exchange share was approved by the shareholders on September 26, 2017 based on the amendments introduced on October 26, 2017. The parent will publish the acceleration communication should the average monthly price be the same as or higher than €13 per share.

As a result, the holders of the market warrants will be assigned exchange shares based on the following exchange ratio:

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

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

Financial liabilities - non-controlling investors relate 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 33) Fair value of financial instruments and sensitivity analysis for further details.

The interest rates and maturity dates of the financial liabilities at December 31, 2019 and March 31, 2020 are shown below:

€'000	Currency	Nominal interest rate	Maturity date	Total December 31, 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.	2020	3,406
Transaction costs	€	n.a.	2024	(11,074)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.				**447,332**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.50%	2024	12,929
Transaction costs	€	n.a.	2024	(597)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**12,332**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2020	63
Yes Bank loan and bank overdraft (India)	INR	9.70%	2020	1,951
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	1M Wibor (*)	n.a.	4,410
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	168
Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	70
Advances on loans (Argentina)	ARS	n.a.	n.a.	2
Bancomer loan (Mexico)	USD	n.a.	2023	3,129
TOTAL bank loans and borrowings				**22,123**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	3,873
Leases (IFRS 16)	€	n.a.	n.a.	20,358
Financial liabilities - non-controlling investors	€	n.a.	n.a.	26,958
TOTAL other financial liabilities				**51,190**
TOTAL				**520,645**

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

€'000	Currency	Nominal interest rate	Maturity date	Total March 31, 2020
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.	2020	3,362
Transaction costs	€	n.a.	2024	(10,448)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.				**447,914**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.50%	2024	34,409
Transaction costs	€	n.a.	2024	(561)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**33,848**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2020	146
Yes Bank loan and bank overdraft (India)	INR	9.70%	2020	1,542
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	1M Wibor (*)	n.a.	4,363
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	113
Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	47
Advances on loans (Argentina)	ARS	n.a.	n.a.	8
Bancomer / Banamex loans (Mexico)	USD	n.a.	2023	4,895
TOTAL bank loans and borrowings				**44,961**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	3,291
Leases (IFRS 16)	€	n.a.	n.a.	19,763
Financial liabilities - non-controlling investors	€	n.a.	n.a.	25,772
TOTAL other financial liabilities				**48,826**
TOTAL				**541,701**

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

The Senior Revolving Credit Facility's availability at March 31, 2020 is shown in the table below:

Finanziamento	Available amount (€'000)	Amount used at March 31, 2020	Residual available amount at March 31, 2020	Repayment date
Revolving Credit Facility due 2024	80,000	34,409	45,591	final repayment 02/28/2024
Total	**80,000**	**34,409**	**45,591**	

(27) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2019	March 31, 2020
Suppliers	76,111	73,822
Payments on account	445	481
Total	**76,556**	**74,303**

(28) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2019	March 31, 2020
Provision for contingencies	167	0
Provision for returns	1,020	825
Provision for restructuring	677	357
Other provisions	115	(0)
Total current provisions	**1,980**	**1,182**

The provision for restructuring relates for €350 thousand to 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. The provision was used only marginally in the first quarter of 2020.

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

Changes in the current provisions are as follows:

(€'000)	March 31, 2020
Opening balance	1,980
Reclassification to liabilities held for sale	(30)
Exchange gains	1
Accruals	88
Utilisations	(857)
Closing balance	**1,182**

The provisions for risks were used mainly in connection with the reorganisation of Guala Closures France, commenced in March 2019, the provisions accrued by Guala Closures UCP as part of the PPA procedure and the provision for returns accrued in 2019 by Guala Closures S.p.A. due to one-off qualitative issues it encountered in 2019.

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2019	March 31, 2020
Provision for legal disputes	201	146
Provision for agents' termination indemnity	147	149
Total non-current provisions	**348**	**295**

Changes in the non-current provisions are as follows:

(€ '000)	March 31, 2020
Opening balance	348
Exchange losses	(1)
Accruals	1
Utilisations	(54)
Closing balance	**295**

(29) Liabilities held for sale

Liabilities held for sale include GCL Pharma S.r.l.'s liabilities which were reclassified to this caption following the group's acceptance, on March 18, 2020, of the binding offer for the sale of 100% of the company's quota capital.
Specifically, this caption includes the following liabilities, net of intragroup items:

(€'000)	GCL Pharma fin. stat. March 31, 2020	Intragroup balances	Assets held for sale March 31, 2020
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	177		177
Trade payables	2,700	(998)	1,702
Tax liabilities	60		60
Current provisions	30		30
Other current liabilities	385		385
Total current liabilities	**3,353**	**(998)**	**2,355**
Non-current liabilities			
Non-current financial liabilities	88		88
Employee benefits	863		863
Deferred tax liabilities	1,108		1,108
Total non-current liabilities	**2,059**	-	**2,059**
Total liabilities	**5,411**	**(998)**	**4,413**

(30) Equity attributable to the owners of the parent

At March 31, 2020, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario) organised 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 December 31, 2020, 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 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 March 31, 2020, the parent's main shareholders are as follows:

- GCL Holdings S.C.A. holding 24.276% of the voting rights;
- PII G S.à r.l. holding 8.816% of the voting rights;
- Alantra EQMC Asset Management SGIIC, SA holding 5.911% of the voting rights

Specifically, in March 2020, the Euro appreciated considerably against most of the group's functional currencies.
Therefore, the statement of financial position balances at March 31, 2020, translated using the closing spot rate, are significantly affected by the translation effect arising during the consolidation process following the translation of the assets and liabilities of the foreign operations which prepare their financial statements in a functional currency other than that of the consolidated financial statements.
The impact on the group's condensed interim consolidated financial statements at March 31, 2020 is a general decrease in the group's assets and liabilities in a functional currency other than the Euro, affecting, in particular, non-monetary assets and liabilities.

Repurchase of own shares

On February 14, 2019, during their ordinary meeting, the shareholders of Guala Closures S.p.A. resolved to 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.
No repurchases had taken place at the reporting date.

(31) Equity attributable to non-controlling interests

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

	Non-controlling interests (%) at December 31, 2019	Non-controlling interests (%) at March 31, 2020	Balance at December 31, 2019	Balance at March 31, 2020
Guala Closures Ukraine LLC	30.0%	30.0%	16,987	14,554
Guala Closures India pvt Ltd.	5.0%	5.0%	3,745	3,667
Guala Closures de Colombia Ltda	6.8%	6.8%	782	513
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,651	2,345
Guala Closures DGS Poland S.A.	30.0%	30.0%	16,570	14,944
Guala Closures France SAS	30.0%	-	783	-
Guala Closures BY LLC	30.0%	30.0%	161	83
Total			**41,680**	**36,106**

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

In February 2020, the non-controlling interest in Guala Closures France SAS was acquired. Therefore, the company is now wholly owned by the group.

(32) Net financial indebtedness

Net financial indebtedness at December 31, 2019 and March 31, 2020, is analysed below, calculated in accordance with ESMA/2013/319 recommendations:

	(€'000)	December 31, 2019	March 31, 2020
A	Cash	-	-
B	Cash equivalents	57,056	49,769
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**57,056**	**49,769**
E	**Current loan assets**	**627**	**69**
F	Current bank loans and borrowings	6,598	8,069
G	Current portion of non-current indebtedness	4,571	4,570
H	Other current loans and borrowings	6,542	5,867
I	**Current financial indebtedness (F+G+H)**	**17,711**	**18,506**
J	**Net current financial indebtedness (I-E-D)**	**(39,971)**	**(31,333)**
K	Non-current bank loans and borrowings	14,360	35,684
L	Bonds issued	443,926	444,552
M	Other non-current liabilities	40,774	39,669
N	**Non-current financial indebtedness (K+L+M)**	**499,060**	**519,905**
O	**Net financial indebtedness as per the ESMA's recommendation (J+N)**	**459,089**	**488,572**

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 A) to the directors' report and the structure of net financial indebtedness as per the ESMA's recommendation:

	(€'000)	December 31, 2019	March 31, 2020
O	Net financial indebtedness as per the ESMA's recommendation	459,089	488,572
P	Non-current financial assets	(451)	(1,764)
Q	Market warrants	3,873	3,290
R	**Total net financial indebtedness (O-P+Q)**	**462,511**	**490,098**

OTHER INFORMATION

(33) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2019 and March 31, 2020. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in the reporting period. The “Accounting policies” section in the 2019 consolidated financial statements provides information about the fair value hierarchy.

December 31, 2019		Carrying amount					Fair value			
€'000	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading		10				**10**		10		**10**
		10	-	-	-	**10**	-	**10**	-	**10**
Financial assets not measured at fair value (*)										
Trade receivables	19			104,093		**104,093**				-
Financial assets				1,077		**1,077**				-
Cash and cash equivalents	18			57,056		**57,056**				-
		-	-	**162,226**	-	**162,226**	-	-	-	-
Financial liabilities measured at fair value										
Currency derivatives held for trading		(172)	-			**(172)**		-		-
Market warrants	26				(3,873)	**(3,873)**	(3,873)			**(3,873)**
Financial liabilities non-controlling investors	26	(26,958)				**(26,958)**			(26,958)	**(26,958)**
		(27,130)	-	-	**(3,873)**	**(31,003)**	**(3,873)**	-	**(26,958)**	**(30,831)**
Financial liabilities not recognised at fair value (*)										
Bank overdraft	26				(6,361)	**(6,361)**		(6,361)		**(6,361)**
Secured bank loans	26				(15,525)	**(15,525)**		(15,712)		**(15,712)**
Unsecured bank loans	26				(238)	**(238)**		(238)		**(238)**
Secured bond issues	26				(447,332)	**(447,332)**		(462,674)		**(462,674)**
Lease liabilities (IFRS 16)	26				(20,358)	**(20,358)**				-
Trade payables	27				(76,556)	**(76,556)**				-
		-	-	-	**(566,369)**	**(566,369)**	-	**(484,984)**	-	**(484,984)**

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

March 31, 2020		Carrying amount					Fair value			
€'000	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		94				**94**		94		**94**
		94	-	-	-	**94**	-	**94**	-	**94**
Financial assets not measured at fair value (*)										
Trade receivables	19			102,875		**102,875**				-
Financial assets				559		**559**				-
Cash and cash equivalents	18			49,769		**49,769**				-
		-	-	**153,202**	-	**153,202**	-	-	-	-
Financial liabilities measured at fair value										
Currency derivatives held for trading		(172)				**(172)**		-		-
Market warrants	26				(3,291)	**(3,291)**	(3,291)			**(3,291)**
Aluminium derivatives held for trading		(28)	(433)			**(461)**		(461)		**(461)**
Financial liabilities - non-controlling investors	26	(25,772)				**(25,772)**			(25,772)	**(25,772)**
		(25,971)	**(433)**	-	**(3,291)**	**(29,695)**	**(3,291)**	**(461)**	**(25,772)**	**(29,523)**
Financial assets not measured at fair value (*)										
Bank overdraft	26				(5,905)	**(5,905)**		(5,905)		**(5,905)**
Secured bank loans	26				(38,896)	**(38,896)**		(38,741)		**(38,741)**
Unsecured bank loans	26				(160)	**(160)**		(160)		**(160)**
Secured bond issues	26				(447,914)	**(447,914)**		(467,826)		**(467,826)**
Lease liabilities (IFRS 16)	26				(19,763)	**(19,763)**				-
Trade payables	27				(74,303)	**(74,303)**				-
		-	-	-	**(586,942)**	**(586,942)**	-	**(512,632)**	-	**(512,632)**

(*) 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 options 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 gross operating profit (loss) in the 2019 forecast and 2020-2024 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, Bulgaria, Poland and the USA, used to calculate risk-free rates; • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk; • expected date of put option exercise	The estimated fair value would increase if: • the gross operating profit (loss) 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, Poland, Bulgaria and the USA increases the discount rate adjusted by the group's lower credit risk • 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, 2019 and at the reporting date are shown below.

€'000	
December 31, 2019	26,958
Profit included in "(financial income) / financial expense" - Net fair value gain/loss (unrealised)	(1,186)
March 31, 2020	**25,772**

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at March 31, 2020 to one of the significant unobservable inputs, while assuming other inputs remain constant, would have had the following effects:

€'000	Increase/(decrease) in input data not directly observable	Favourable/ (unfavourable) effect on the profit (loss) for the period
Risk-adjusted discount rate	1%	2,031
	(1%)	(2,429)
Growth rate	1%	(1,233)
	(1%)	940
Expected date of put option exercise	+ 1 year	1,432
	- 1 year	(1,539)

(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.
For additional information, reference should be made to the 2019 annual report.

(34) Commitments and guarantees

In the first quarter of 2020, there were no significant changes.

(35) 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).

Transactions with the key management personnel are set out below:

	Costs recognised in the period									
€'000	**Fees for position held**	**Incentives**	**Remuneration for employment**	**Accrual for post-employment benefits and other supplementary pension funds**	**Non-cash benefits**	**Other benefits**	**Total**	**Accrual for post-employment benefits at March 31, 2020**	**Other liabilities at March 31, 2020**	**Cash flows for the period**
Total directors/key managers	128	562	592	5	3	77	**1,366**	1	635	758

GCL Holdings S.à r.l. is a related party of Guala Closures S.p.A..
The transactions and relationships between this company and the group at March 31, 2020 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.r.l.;
- it has two standing members and a substitute member of the board of statutory auditors of Guala Closures S.p.A. since September 10, 2018, who were appointed on the indication of GCL Holdings S.à r.l.;
- GCL Holdings S.à r.l. 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.
- There was a €135 thousand loan granted by GCL International S.à r.l. to GCL Holdings S.à r.l. and a trade receivable due to GCL International S.à r.l. from GCL Holdings S.à r.l. related to the reorganisation of the Luxembourg company which took place in 2018, whereby all GCL Holdings S.à r.l.'assets were transferred to GCL International S.à r.l.. These debit/credit positions were settled in March 2020 since the related amounts were paid by GCL Holdings S.à r.l..
- the transactions with GCL Holdings S.à r.l. took place on an arm's length basis.

Space Holding S.r.l. can also be considered a related party.
The transactions and relationships between this company and the group at March 31, 2020 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.à r.l.;
- 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.r.l.;
- Space Holding S.r.l. 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.r.l. took place on an arm's length basis.

Peninsula Capital II sarl (as general partner of Peninsula Investments II S.C.A., which controls PII G S.à r.l.) can be considered a related party.
The transactions and relationships between this company and the group at March 31, 2020 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 8.82% of the voting rights since July 31, 2018;
- transactions with Peninsula took place on an arm's length basis.

TAN Advisory S.r.l., which is indirectly owned by Filippo Giovannini (17.43%), who is also the sole director, can be considered a related party.

Pursuant to Consob communication no. 6064293 of July 28, 2006, the financial impacts of trading and financial transactions carried out with related parties and recognised in 2020 are described below. In the first quarter of 2020, there were no transactions with Space Holding S.r.l. and TAN Advisory S.r.l.. Interest income of approximately €1 thousand was recognised in relation to GCL Holdings S.à r.l..

Related parties also include the 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 31) Employee benefits of the 2019 consolidated financial statements for additional information.

Some Guala Closures S.p.A. managers also hold GCL Holdings S.à r.l. (formerly 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 this report or in the notes to the condensed interim consolidated financial statements.

(36) Atypical and/or unusual transactions

Pursuant to the Consob communication dated July 28, 2006, it is noted that, during the first quarter of 2020, 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.

(37) Events after the reporting period

Approval of the 2019 annual report

In their ordinary meeting of April 30, 2020, the shareholders approved the 2019 annual report and the allocation of the profit for the year to reserves.

Sale of 100% of GCL Pharma S.r.l.

The group sold 100% of GCL Pharma S.r.l., a company operating in the pharma packaging sector, on April 15, 2020.

The consideration, based on an enterprise value of the company of €10.0 million at Decemebr 31, 2019, amounted to €9.3 million.
The first instalment of the transferred consideration (€7.3 million) was collected on April 15, 2020 when the sale agreement was signed. The second and final instalment will be collected within twelve months.

OPA Special Packaging Solutions Investments S.à r.l.

On April 16, 2020 Special Packaging Solutions Investment S.à r.l. communicated pursuant to art. 102 of Legislative Decree 24 February 1998, n. 58 (the "TUF") and art. 37 of the Regulation adopted by CONSOB with resolution no. 11971 of May 14, 1999 (the “Regolamento Emittenti”), its decision to promote a partial voluntary public tender offer concerning n. 15,166,000 ordinary shares of Guala Closures S.p.A. (equal to 22.57% of the share capital and 22% of the voting rights), at the price of € 6.00 per share.
The offer document was formally filed with the National Commission for Companies and the Stock Exchange (Consob) on May 6, 2020 pursuant to and for the purposes of article 102, paragraph 3, of the TUF and article 37 ter. of the Issuers Regulation.
This offer indicates, among other things, among the reasons and future plans that: "in its position as a minority shareholder, the Offeror intends to support the growth process of Guala Closures, based on the strategy presented by the current management, supporting the Issuer in seizing future development and growth opportunities, including through external lines, which should arise, taking into consideration the current context of the global market, characterized by profound and sudden mutations and evolutions "
Guala Closures S.p.A. has appointed Rothschild & Co as financial advisor to the Company's Board of Directors which, in line with market practice for similar operations, will provide technical and financial assistance and support in relation to the activities and assessments that the Board of Directors will be required to carry out on the Offer pursuant to art. 103, paragraph 3, of the TUF and art. 39 of the Issuers Regulation

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

May 12, 2020

Annexes to the condensed interim consolidated financial statements:

Annex 1)
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 1)

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 Anibal Diaz Diaz, manager in charge of financial reporting, state that pursuant to article 154-bis.2 of the Consolidated finance act, the accounting figures included in this 2020 First quarter report are consistent with the accounting records, books and entries.

May 12, 2020

Anibal Diaz Diaz

Manager in charge of

financial reporting

(signed on the original)