

MARCH 31, 2021



2021 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



COMPANY OFFICERS

in office at March 31, 2021

BOARD OF DIRECTORS

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

CONTROL AND RISK COMMITTEE

President	Francesco Caio
Independent director	Lucrezia Reichlin
Director	Nicola Colavito

REMUNERATION COMMITTEE

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

BOARD OF STATUTORY AUDITORS

President	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.

COMPANY OFFICERS

in office since April 30, 2021

BOARD OF DIRECTORS

Chairman and CEO

Director

Director

Director

Director

Director

Lead independent director

Independent director

Independent director

Gabriele Del Torchio

Dante Razzano

Roberto Maestroni

Francisco Javier De Juan Uriarte

Chiara Arisi

Marco Giovannini

Marina Brogi

Chiara Palmieri

Raffaella Viscardi

CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

President

Independent director

Independent director

Marina Brogi

Chiara Palmieri

Raffaella Viscardi

REMUNERATION AND NOMINATION COMMITTEE

President

Independent director

Director

Chiara Palmieri

Marina Brogi

Dante Razzano

BOARD OF STATUTORY AUDITORS

President

Standing auditor

Standing auditor

Substitute auditor

Substitute auditor

Benedetta Navarra

Fioranna Vittoria Negri

Massimo Gallina

Mariateresa Salerno

Ugo Marco Luca Maria Pollice

INDEPENDENT AUDITORS

KPMG S.p.A.

Contents

1. Directors' report

Guala Closures Group

- 1.1 Introduction
- 1.2 The group structure
- 1.3 Product lines and destination markets
- 1.4 Product and process research and innovation
- 1.5 Strategy

Financial performance

- 2.1 Group performance
 - Key figures
 - Key events of the quarter 2021
 - The Covid-19 emergency
 - Financial performance
 - Reclassified statement of financial position
 - Group alternative performance indicators and methodology underlying revenues and adjusted gross operating profit bridges

Annexes to the directors' report

2. Condensed interim consolidated financial statements at March 31, 2021

- Statement of profit or loss for the three months ended March 31, 2021
- Statement of profit or loss and other comprehensive income for the three months ended March 31, 2021
- Statement of financial position as at March 31, 2021
- Statement of cash flows for the three months ended March 31, 2021
- Statement of changes in equity for the three months ended March 31, 2021
- Note to the condensed interim consolidated financial statements at March 31, 2021

GENERAL INFORMATION

- (1) General information
- (2) Accounting policies
- (3) Changes to standards
- (4) Operating segments
- (5) Acquisitions of subsidiaries, business units and non-controlling interests

STATEMENT OF PROFIT OR LOSS

- (6) Net revenue
- (7) Other operating income
- (8) Internal work capitalised

- (9) Costs for raw materials
- (10) Costs for services
- (11) Personnel expense
- (12) Other operating expense
- (13) Financial income
- (14) Financial expense
- (15) Income taxes
- (16) Loss per share – basic and diluted

STATEMENT OF FINANCIAL POSITION

- (17) Cash and cash equivalents
- (18) Trade receivables
- (19) Inventories
- (20) Investments in associates
- (21) Property, plant and equipment
- (22) Right-of-use assets
- (23) Intangible assets
- (24) Current and non-current financial liabilities
- (25) Trade payables
- (26) Provisions
- (27) Equity attributable to the owners of the parent
- (28) Equity attributable to non-controlling interests
- (29) Net financial indebtedness

OTHER INFORMATION

- (30) Fair value of financial instruments and sensitivity analysis
- (31) Commitments and guarantees
- (32) Related party transactions
- (33) Atypical and/or unusual transactions
- (34) Events after the reporting period

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”)

1. Directors' report





Guala Closures Group

1.1 Introduction



€ 572.0 MLN
2020 NET REVENUE

The Guala Closures Group is a leading multinational group manufacturing closures for spirits, wine, mineral water and beverages, olive oil and other condiments. The group is also active on a marginal basis in the field of production of closures for PET plastic preforms and bottles (polyethylene terephthalate).



**SALES NETWORK
IN OVER 100
COUNTRIES**

The Group is a global leader in the safety closures segment. Safety closures are an indispensable tool against the adulteration and counterfeiting of beverages.



**OVER 17.3 BILLION
CLOSURES
PRODUCED IN 2020**

In 2020, the group produced and sold over 17 billion closures in four product lines (safety, luxury, roll-on for wine, roll-on) and across four destination markets (spirits, wine, water & beverages, olive oil & condiments).



**4 PRODUCT
CATEGORIES**

Thanks to its policy of continuous product and process development, the group has designed solutions that protect the quality and reputation of the most important international brands, by means of tamper-evident and non-refillable valve systems.



**OVER
170 PATENTS AND
INTELLECTUAL RIGHTS**

The group also invests in production and decoration processes, both to enhance customers' brands through the design and production of high value-added closures and to make replication and, therefore possible counterfeiting, difficult.



**30 FACILITIES
&
3 SALES OFFICES**

In addition to traditional materials such as plastic and aluminium, the group uses materials from renewable sources such as wood. All raw materials comply with food contact regulations in Europe, the United States (FDA) and the countries where closures are produced and sold.



**4,873
EMPLOYEES
AROUND THE WORLD**

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 FTSE Italy Mid Cap index.

Vision and mission

Throughout every group company, Guala Closures promotes continuous sustainable development at all times to strengthen its leadership in the production of closures for the market segments where it operates. This is achieved through full customer satisfaction, a focus on consumers, the enhancement of human resources, continuous product and process innovation, investor satisfaction and a focus on the environment and local communities.

The mission of the Sustainability plan reflects Guala Closures' commitment:

Working together for sustainable growth

Values

Transparency: clarity, completeness and correctness of information in our business activities and in our interpersonal relations

Professionalism: personnel training and growth in the pursuit of continuous and ongoing development;

Protection and well-being of the environment: occupational health and safety, for products and the impact on local communities;

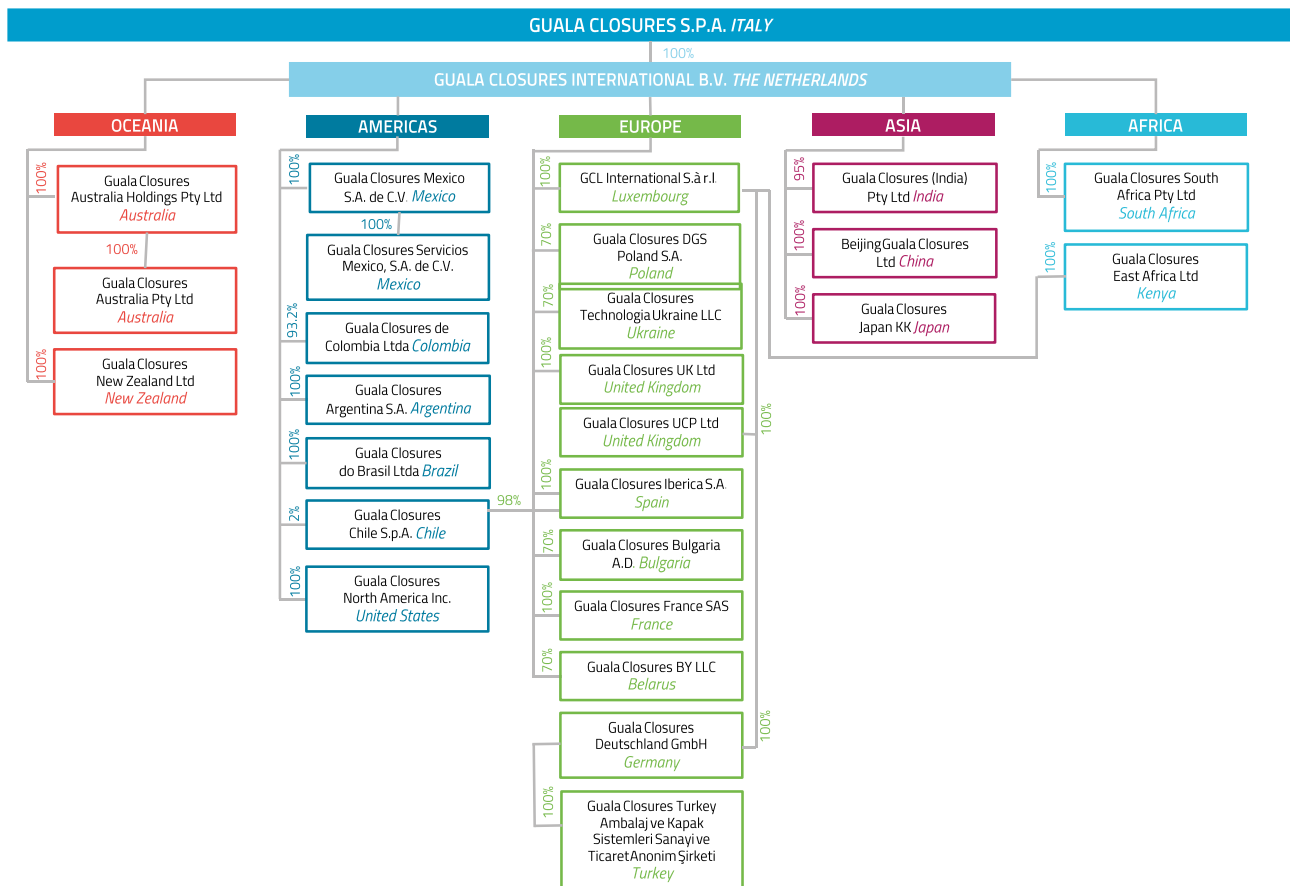
Acknowledging and rewarding results: full disclosure of the goals and the evaluation criteria applied in relation thereto to recognise and reward our human resources.

1.2 The group structure

The Guala Closures Group, owned by the operational holding company Guala Closures S.p.A., operates on five continents.

The following charts illustrate the group structure at March 31, 2021, December 31, 2020 and March 31, 2020:

Chart at March 31, 2021 and December 31, 2020 (companies consolidated on a line-by-line basis):



The group structure changed in the first three months of 2021 as follows:

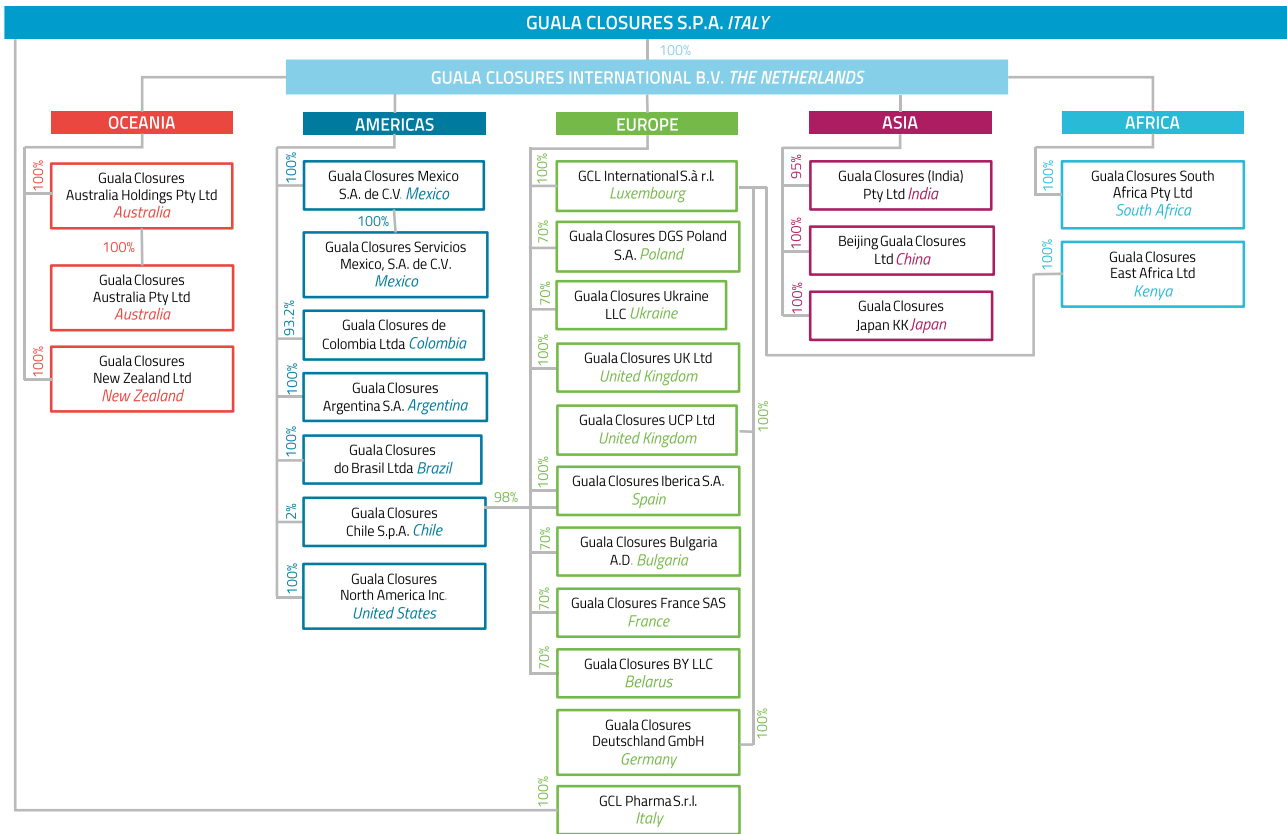
- In February 2021, the Luxembourg subsidiary GCL International S.à.r.l. subscribed a capital increase of SharpEnd Partnership Ltd., an innovative technology services agency based in London, increasing its investment to 30% of the associate's fully diluted capital. As this is an associate, it is not included in the consolidation scope.

The following changes have taken place since March 31, 2020:

- The investment in GCL Pharma S.r.l. was sold in April 2020;
- In September 2020, the German company Guala Closures Deutschland formalised the acquisition of the investment in Guala Closures Turkey, which is part of the Closurelogic business, following the fulfilment of some previously agreed conditions.



Chart at March 31, 2020:



1.3 Product lines and destination markets

Product lines



Safety closures



Luxury closures



Roll-on for wine closures



Roll-on closures

Destination markets



Spirits



Wine



Water & beverages



Olive oil & condiments

1.4 Product and process research and innovation

The trend seen in 2020 to develop innovative and sustainable products continued and gained momentum in the first quarter of 2021. Innovation, large re-packs and sustainability are increasingly interconnected and concurrently present in all projects and the group's current and future customers' requests.

The R&D teams are currently developing tailored products for the individual brands for their launch between 2021 and 2023. They are designed to refresh the group's existing products and to carve out new market share and volumes, and they are all characterised by technological innovation, sophisticated design and protection which go together with the deployment of sustainable solutions, developed by the group with carefully selected partners.

Alongside the large luxury brands are a plethora of small brands with strong customisation requests for reduced volumes. This segment is becoming a larger part of the market to which the group's R&D projects are tailored and these requests require dedicated high-quality designs with a tight budget.

To make production and the related checks more efficient, improve quality, reduce waste and increase energy and water savings, the group has implemented an entirely in-house developed software, Iris, at its Spinetta Marengo facility able to connect 150 machines. Thanks to its sensors and data analyses, the software makes recommendations to the facility's operators to improve product quality, achieve energy and water savings as well as avoid waste, in line with the group's key sustainability principles. The group's next project will be to introduce the software at its Termoli and Magenta facilities in Italy as well as the 27 international facilities to ensure excellent product quality.

The R&D team is also working on technologically challenging projects which should be ready for production in the medium term.

These R&D activities cover both research into innovative sustainable materials and technical solutions to reduce the environmental impact of packaging over its life cycle. The related analyses scrutinise all the various phases of a product's life, from the production of the selected raw materials to the end-of-life treatment of the product, using tools developed by the group with its selected partners.

These methods will become the norm to develop new products and will allow the group to assess the environmental impact of all the solutions under development in the immediate future, enabling each designer to best channel their work.

NĚSTGATE – NFC e-closures and other technologies

The group commitment will continue to test its new digital technologies in 2021. Its range of e-closures continues to grow for their utilisation in various sectors such as spirits, wine, water and vegetable oils. The NĚSTGATE closures have added additional technologies. Especially:

- NFC, which deploys a technology based on the insertion of a special microchip inside the capsule, which can be read by all compatible smartphones without having to download a special app;
- QR - after the market's renewed interest (including in the western hemisphere) in this connectivity method, the group has developed various solutions ranging from the traditional print-outs (with unique codes on liners) to digital and laser printing of codes that the consumer can read before their purchase;
- series numbers (liners): this is the cheapest solution for an e-closure and is the entry-level solution for many companies or customers entering the digital packaging sector.

Although in very different ways, the above systems allow consumers to confirm the authenticity certification and receive product information, through direct engagement thus increasing their brand loyalty. The group has also tested the E-Divinum NĚSTGATE with the NFC e-closure, which it expects to be very successful, and is completing



its validation. Finally, it has designed an electronic tamper evidence closure based on capacitive sensing with its partner/supplier NXP and plans to launch this novel product in the next few months.

With respect to process innovation, the group gave new impetus to its important **multi-injection** project to develop a closure made of different plastics in the same mould. This will eliminate the subsequent assembly stages and provide additional significant anti-counterfeiting protection (technological barrier).

The group is also continuing a wide-scale **flexible automation** project for its production processes to automate those processes for small or medium sized production batches that would not normally justify traditional automation.

1.5 Strategy

The group's mission is to retain its market leadership, improve profitability and develop its business through organic growth and targeted acquisitions to consolidate and build up its market share. Management has a clear vision for sustainability growth, including:

- 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;
- increased **digitalisation of packaging** with the launch of new closures equipped with near-field communication (NFC) microchips or QR codes;
- **optimised production and supply chain processes** by sharing best practices within the group to improve the production facilities' profitability: this includes flexible automation and the multi-injection systems;
- **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 group's strategic priorities can be summarised in the following four points:

#1 Confirm leadership as a large-scale producer of the related packaging



#2 Ramp up the CSR commitment in all business segments



#3 Maintain leadership in safety closures for spirits



#4 Increase leadership in aluminium closures, including water



The ongoing development projects have focused on the fact that the two major current market trends continue to gain strength:

- **sustainability**
- **development of new packaging for existing brands**



2.1 Group performance

Key figures

	Reported figures			Like-for-like basis ¹		
	First quarter of 2020	First quarter of 2021		First quarter of 2020	First quarter of 2021	
(€ mln)		Current exchange rates	Constant exchange rate ²		Current exchange rates	Constant exchange rate ²
Revenue ²	145.9	138.3	147.2	145.9	138.4	147.2
% variation		(5.2%)	0.9%		(5.2%)	0.9%
Adjusted gross operating profit ²	24.1	24.3	26.6	24.1	24.9	27.2
% variation		0.8%	10.4%		3.3%	13.0%
Adjusted gross operating profit margin	16.5%	17.5%	18.1%	16.5%	18.0%	18.5%
Net financial indebtedness ³		December 31, 2020	March 31, 2021			
		464.2	474.7			
		March 31, 2020				
		491.4				
Employees						4,873
Facilities					30 production facilities and 3 sales offices in 25 countries on 5 continents	
Patents and intellectual property rights						over 170

Notes:

- (1) The like-for-like figures exclude the acquisition of the Closurelogic business and the figures of GCL Pharma sold in April 2020.
- (2) With reference to alternative performance indicators, such as adjusted gross operating profit (Adjusted EBITDA) and three months 2021 sales at constant exchange rates, see the paragraph 'Group alternative performance indicators and methodology underlying revenues and adjusted gross operating profit bridges' of this report.
- (3) Net financial indebtedness consists of financial liabilities minus cash and cash equivalents, as well as financial assets. The comparative figures as at March 31 2020 have been restated to be consistent with the classification used as at 31 March 2021.

The main economic and financial indicators of the Group in the first three months of 2021 show a positive quarter with revenues at constant exchange rates up compared to the first quarter of 2020 and a margin at the level of Adjusted EBITDA which achieved a value equal to 18.5% at constant exchange rates and constant perimeter, a marked improvement compared to the 16.5% of the same period of previous year. Net financial indebtedness at March 31, 2021 (€474.7 million) is higher than at December 31, 2020 (€464.2 million) due to the increase in net working capital mainly due to the business seasonality. It is, however, better than the figure at March 31, 2020 (€491.4 million).

Revenue's growth was driven by the higher sales volumes in the Americas (spirits and wine markets), the Asian markets' recovery and the continued growth of the group's business in East Africa. These positive trends more than offset the drop in volumes in the European water & beverages market, which has been more affected by the ongoing restrictions in the HORECA sector, and the smaller sales volumes on the wine market in Oceania.

At constant exchange rates, revenue in the Americas and Asia was significantly affected by the local currencies' strong depreciation against the Euro starting from the second quarter of 2020.

The increase in adjusted gross operating profit for the quarter, both at constant and current exchange rates, was achieved thanks to the group's ability to offset the negative effects of the Covid-19 triggered reduction in sales, mainly in those markets most affected by the ongoing restrictions imposed on the HORECA sector and, especially, the water & beverage sector, and the higher purchase prices of strategic raw materials, together with the larger sales volumes in the Americas, an increase in average sales prices in Europe, South America and Africa, the profitable management of strategic raw materials procurement and especially aluminium purchases and the achievement of economies of scale in the UK, Asia and Latin America as a result of the greater efficiency or reorganisation of production factors.

At March 31, 2021, net financial indebtedness amounts to €474.7 million, which is a significant improvement on the €491.4 million at March 31, 2020.

The €10.5 million increase in net financial indebtedness during the first quarter of 2021 compared to December 31, 2020 was significantly better than the €28.9 million increase at March 31, 2020, thanks to the cash flows generated by operating activities and investments in M&A transactions, which were limited to the subscription of another stake in the associate SharpEnd (-€1.6 million) compared to the corresponding period of 2020 when the group acquired the Closurelogic business in Germany (-€12.2 million) and subscribed a first stake of the Share Capital of the associated company SharpEnd (-€0.9 million).

The cash inflows from operating activities highlight the large reduction in the change in net working capital compared to the first quarter of 2020 due both to the measures taken to contain net working capital and to the exceptional events of those three months when the group's German business activities was included in the consolidation scope for the first time.

The change in net financial indebtedness due to financing activities is due to negative translation impact and the adverse effect of the fair value losses on the listed market warrants.

Key events of the quarter

The key events which affected the Guala Closures Group during the first quarter of 2021 are summarised below:

MERGERS & ACQUISITIONS:

Subscription of SharpEnd Partnership Ltd. capital

On February 26, 2021, the Luxembourg subsidiary GCL International S.à.r.l. subscribed a capital increase of the associate SharpEnd Partnership Ltd. for the equivalent of 1.4 million pounds (€1.6 million) increasing the group's investment to 30% of the associate's fully diluted capital (including the option for the issue of stock options).



STOCK EXCHANGE:

Special Packaging Solutions Investments S.à r.l. public tender offer

On December 8, 2020, Special Packaging Solutions Investments S.à r.l. ("SPSI") announced to the market that it had signed binding agreements for the acquisition of an equity investment in Guala Closures which, together with the shares that it already held, would constitute an interest of 48.9% of the parent's fully diluted¹ share capital. SPSI also announced it had:

- acquired 16,271,624 ordinary Guala Closures shares, without any attached conditions precedent, equal to 23.2% of the parent's fully diluted share capital, giving it 20.7% of the fully diluted voting rights that can be exercised at shareholders' meetings;
- signed co-investment agreements (the "co-investment agreements") pursuant to which SPSI would have purchased, upon the occurrence of certain conditions, additional no. 11,593,237 Guala Closures ordinary shares representing 16.6% of the fully diluted share capital and 14.7% of the voting rights exercisable at the fully diluted Guala Closures shareholders' meeting. These co-investment agreements also provide that certain of Guala Closures shareholders would reinvest part or all of the proceeds from the sale of their shares in SPSI; and
- signed commitments (the "commitments") to accept the mandatory public tender offer that SPSI is required to make as a result of the execution of the co-investment agreements (the effectiveness of which is linked to the presentation of the bid) for 3,656,250 ordinary Guala Closures shares, equal to 5.2% of the parent's fully diluted share capital and 4.6% of the fully diluted voting rights.

On March 25, 2021, SPSI informed the market (as required by article 102.1 of Legislative decree no. 58 of February 24, 1998, the Consolidated finance act) that it had executed the co-investment agreements, which implies that the conditions for the presentation of the mandatory public tender offer for the parent's remaining shares (the "mandatory bid") had been met. It also noted that it intends to make a voluntary tender offer for the "Market Warrant Guala Closures S.p.A." (the "voluntary offer", together with the mandatory bid, the "offers"). On the same date, the commitments became effective.

SPSI's press release of March 25, 2021 stated that, after executing the co-investment agreements, it held 33,493,940 ordinary shares, equal to 49.9% of the parent's share capital (at this date) and 44.6% of the voting rights that can be exercised at the parent's shareholders' meetings (again at the date of this press release).

SPSI also confirmed that it intends to apply for the delisting of Guala Closure's ordinary shares after the mandatory public tender offer. Should the outcome of such mandatory public tender offer not make it possible to delist the shares, SPSI noted in its press release that it reserves the right to request delisting using other methods, including the merger of Guala Closures into SPSI, an unlisted company, or another unlisted company controlled by it.

More information is available in note 34) Events after the reporting period.

¹ Based on the information released by SPSI, "fully diluted" refers to the percentage of voting rights and Guala Closures share capital calculated based on the number and categories of shares that would be issued in the event of the (i) complete conversion of class C shares into ordinary shares and (ii) non-conversion of class B shares into ordinary shares.

BUSINESS:

Reorganisation of Guala Closures Australia

On 29 March 2021, Guala Closures Australia informed its employees that it intends to reorganise its business to align its costs with the changed market conditions that have had an adverse effect on its sales volumes. This trend was caused by the slowdown in the domestic wine market, the steady increase in exports of bulk wine and the more recent reduction in exports of wine to China. These latter factors have curtailed demand leading to a glut in supply with the follow-on effects of greater competition and the related pressure on sales prices.

At the date of this report, the ongoing reorganisation includes the elimination of some positions, which has been agreed with the trade unions. This project's estimated cost is approximately €0.3 million, which has been provided for at March 31, 2021.



Financial performance

ANALYSIS OF THE FINANCIAL PERFORMANCE

The table below summarises the financial performance of the Guala Closures Group for the first three months of 2020 and 2021. It should be noted that for the purposes of comparing the results between the two periods, it must be considered that the results relating to the first three months of 2020 do not fully include the effect of the consolidation of Closurelogic's business (as Closurelogic's activities in Germany were acquired starting from February 2020 and those in Turkey starting from September 2020), while they include the results of the Italian company GCL Pharma, sold in the second quarter of 2020.

Statement of profit or loss	First quarter of 2020 restated (*)		First quarter of 2021	
	(€'000)	% of net revenue	(€'000)	% of net revenue
Net revenue	145,882	100.0%	138,335	100.0%
Change in finished goods and semi-finished products	8,079	5.5%	6,871	5.0%
Other operating income	1,172	0.8%	1,282	0.9%
Internal work capitalised	849	0.6%	1,233	0.9%
Costs for raw materials	(65,609)	(45.0%)	(61,471)	(44.4%)
Costs for services	(30,063)	(20.6%)	(26,837)	(19.4%)
Personnel expense	(34,563)	(23.7%)	(33,894)	(24.5%)
Other operating expense	(2,344)	(1.6%)	(1,958)	(1.4%)
Gross operating profit	23,404	16.0%	23,561	17.0%
Amortisation and depreciation	(16,272)	(11.2%)	(15,679)	(11.3%)
Operating profit	7,132	4.9%	7,882	5.7%
Financial income	7,843	5.4%	3,996	2.9%
Financial expense	(18,426)	(12.6%)	(11,052)	(8.0%)
Net financial expense	(10,582)	(7.3%)	(7,055)	(5.1%)
Profit (loss) before taxation	(3,450)	(2.4%)	827	0.6%
Income taxes	(2,828)	(1.9%)	(1,372)	(1.0%)
Loss for the period	(6,278)	(4.3%)	(546)	(0.4%)
Attributable to:				
- the owners of the parent	(8,378)	(5.7%)	(2,635)	(1.9%)
- non-controlling interests	2,099	1.4%	2,089	1.5%
Adjusted gross operating profit	24,070	16.5%	24,261	17.5%

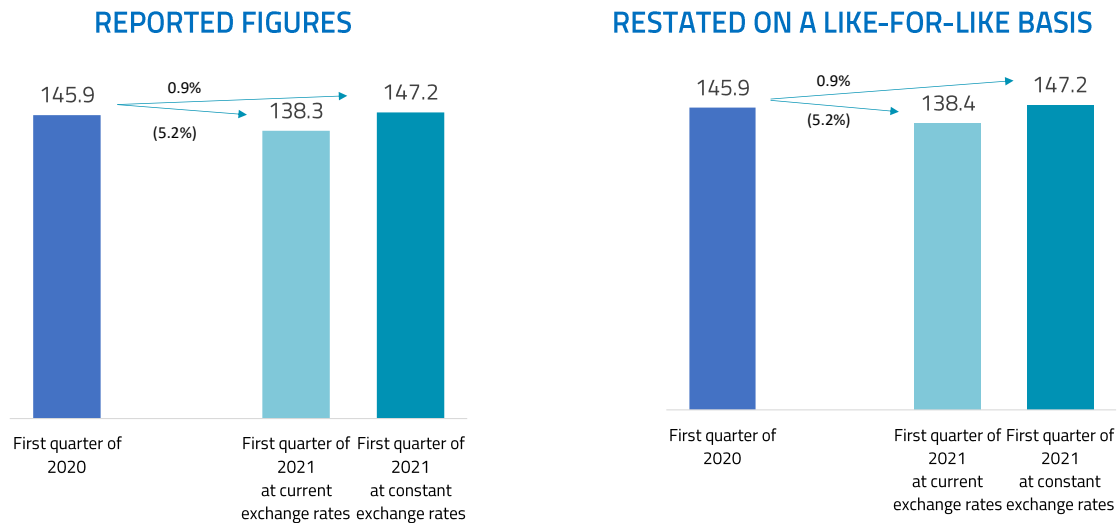
Note:

- Please refer to the paragraph 'Group alternative performance indicators and methodology underlying revenues and adjusted gross operating profit bridges' for the calculation of the adjusted gross operating result (Adjusted EBITDA) and for the details of the construction of the sales and adjusted EBITDA bridges.
- The figures for the first three months of 2020 have been restated to recognize the effects of the PPA for Guala Closures Deutschland GmbH.

NET REVENUE

The following charts illustrate the trend in revenue in the first three months of 2021 compared to the corresponding period of 2020.

The restated like-for-like figures do not show significant changes with respect to the data reported as a result of the offsetting of consolidation of Closurelogic's assets (+€2.1 million) acquired in February 2020 in Germany and in September 2020 in Turkey net of the sale of GCL Pharma which took place in April 2020 (-€2.2 million).



In the first three months of 2021, net revenue totalled €138.3 million, down €7.5 million (-5.2%) on the first three months of 2020 at current exchange rates and up €1.3 million (+0.9%) at constant exchange rates.

The negative translation impact on revenue for the first three months of 2021 came to €8.9 million following the appreciation of the Euro against almost all currencies with which the group operates.

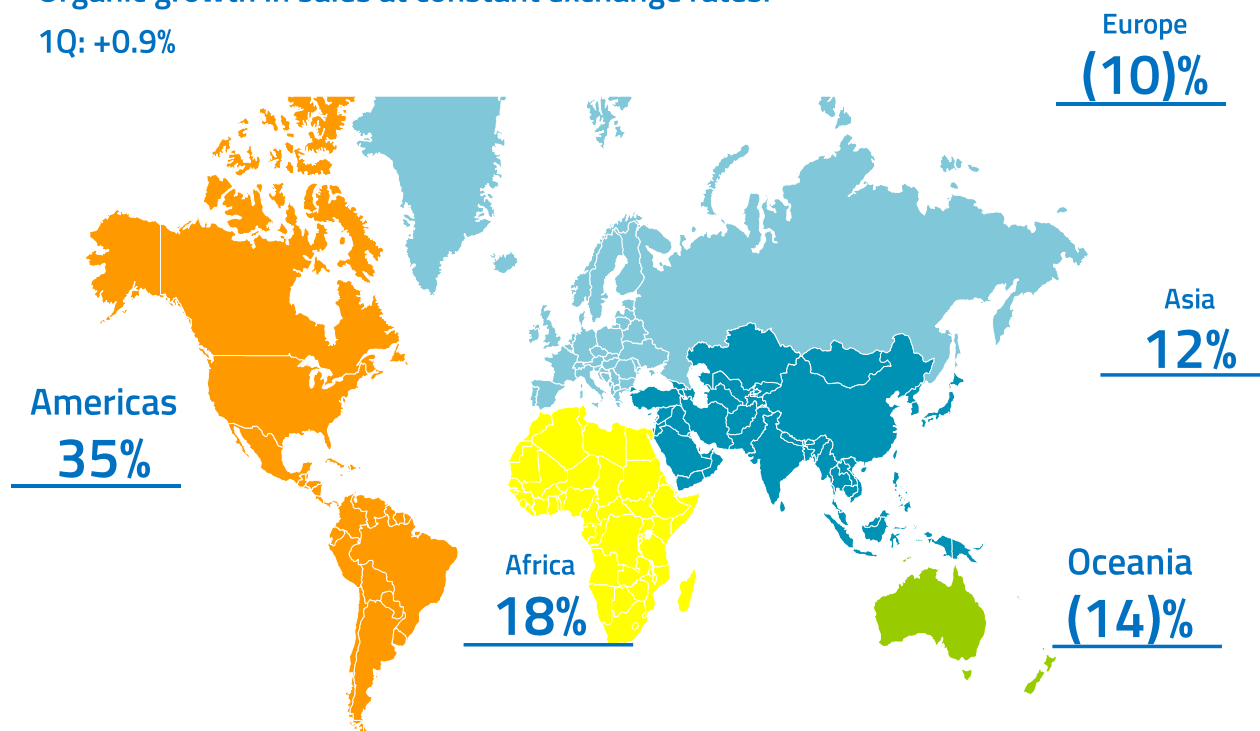
The contribution on turnover coming from the change in the consolidation scope compared to the first three months 2020 is immaterial.



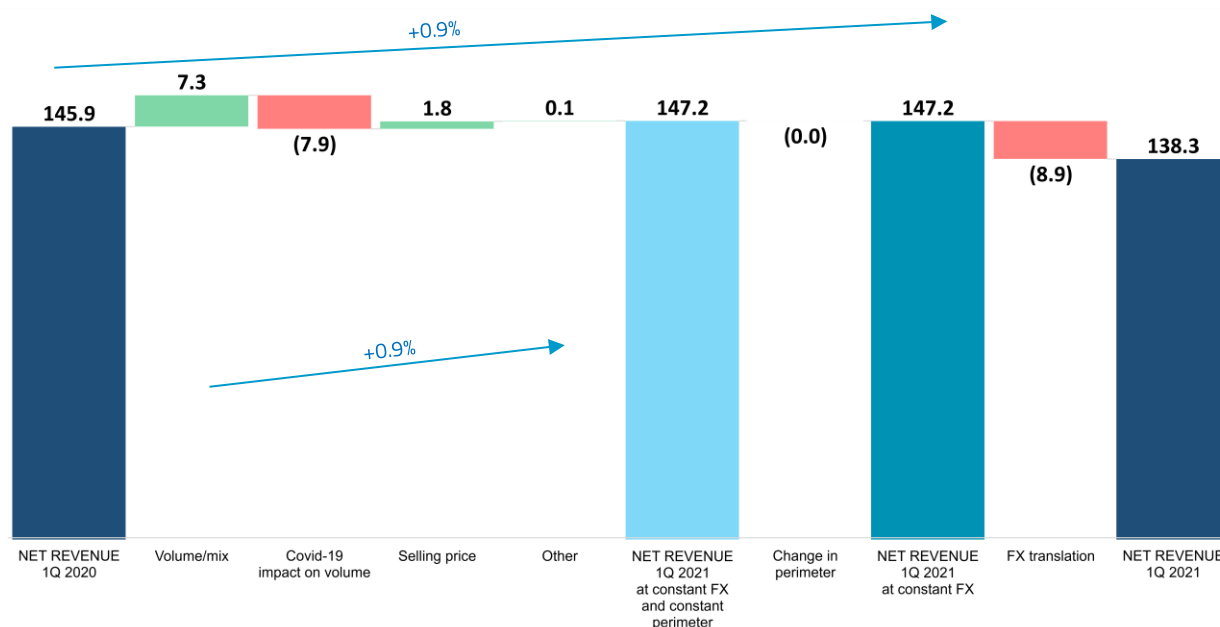
On a like-for-like basis and constant exchange rates, the group would have earned net revenue of €147.2 million, up €1.3 million (+0.9%) on the corresponding period of 2020.

Organic growth in sales at constant exchange rates:

1Q: +0.9%



The chart below shows the difference between net revenue for the first three months of 2020 and 2021:



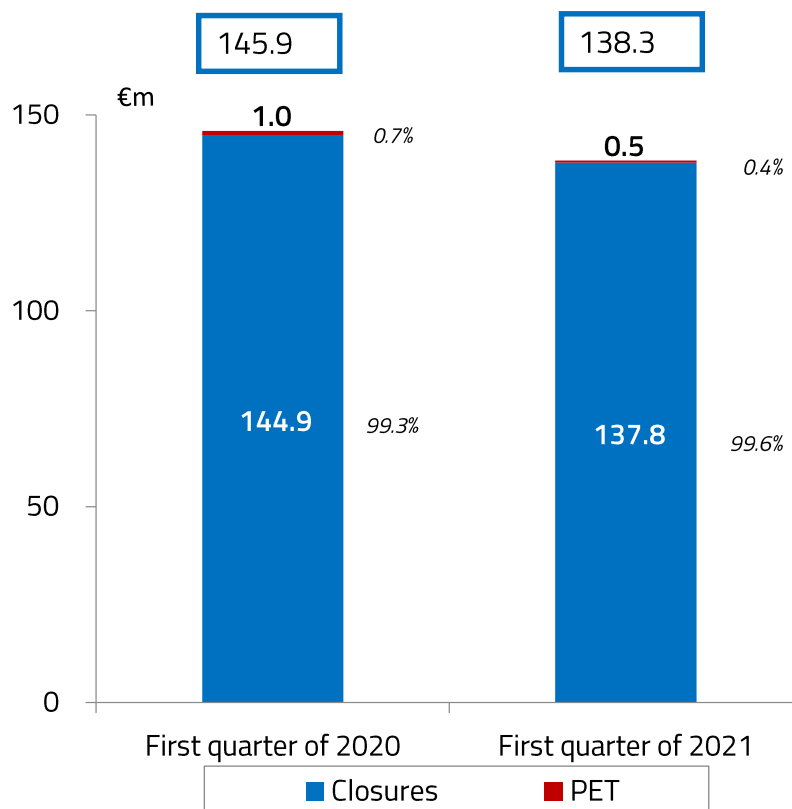
The Group reported an increase in volumes of €7.3 million in the first three months of 2021 and a benefit of €1.8 million deriving from the price increase policy. However, these positive effects were partly offset by the estimated impact of a loss in sale volumes (approximately -€7.9 million) due to Covid-19.

The increase in volumes is concentrate in the Americas, where revenue grew steadily in the spirits and wine markets, and Asia, with revenues growing compared to the first quarter of 2020 as they were already partially impacted by Covid-19 in the first quarter of 2020.

The largest loss in sales volumes caused by the pandemic was seen in the European water & beverages sector, which does most of its business through on-premises consumption and, therefore, has been heavily affected by the restrictions still imposed on the HORECA sector. This effect was mostly concentrated in Italy, Spain and Germany and in particular on the closures production for the water market.

NET REVENUE BY DIVISION

The following chart gives a breakdown of net revenue by division:



As the group's core business, the "Closures" division accounts for over 99% of net revenue in the first quarter of 2021. It is specialised in the production of safety closures, customised luxury closures, aluminium roll-on closures for wine, standard roll-on closures and other revenue.

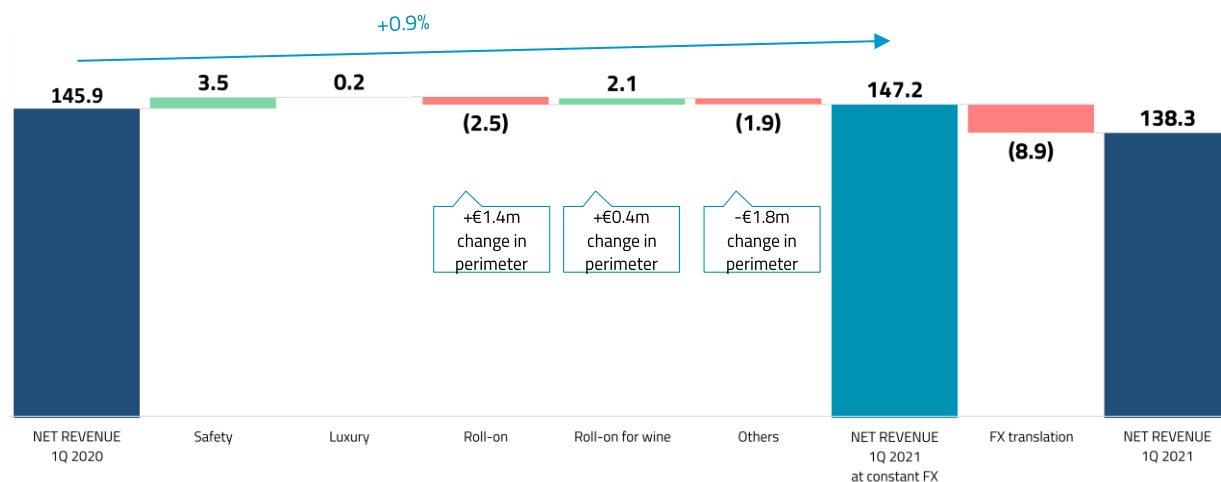
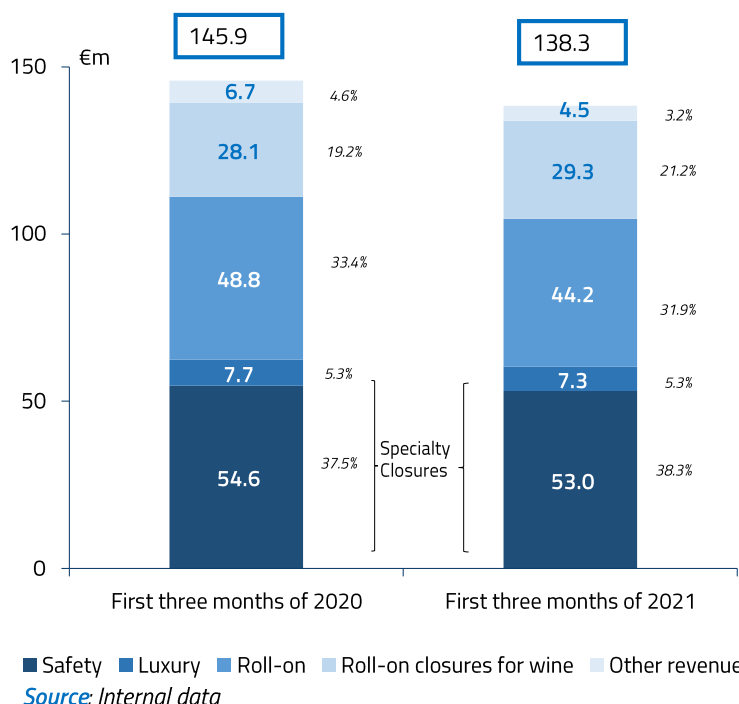
The net revenue of the Closures division decreased by €7.1 million (-4.9%) from €144.9 million in the first quarter of 2020 to €137.8 million in the same period of 2021.

The "PET" division, active in the production of PET bottles and miniatures, is no longer considered a core business for the group. As the PET division is not considered 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:



€ mln	First quarter of 2020	First quarter of 2021	diff.		% variation	
			Current exchange rates	Constant exchange rates	Current exchange rates	Constant exchange rates
Safety	54.6	53.0	(1.6)	3.5	(2.9%)	6.4%
Luxury	7.7	7.3	(0.4)	0.2	(5.7%)	2.5%
Roll-on	48.8	44.2	(4.6)	(2.5)	(9.4%)	(5.2%)
Roll-on closures for wine	28.1	29.3	1.3	2.1	4.6%	7.4%
Other revenue	6.7	4.5	(2.2)	(1.9)	(32.8%)	(29.0%)
Total net revenue	145.9	138.3	(7.5)	1.3	(5.2%)	0.9%

Revenue from **safety** closures decreased by €1.6 million from €54.6 million in the first quarter of 2020 (37.5% of net revenue) to €53.0 million in the first quarter of 2021 (38.3%), with a negative translation impact of €5.1 million. At constant exchange rates, net revenue would have increased by €3.5 million or 6.4% compared to the first three months of 2020.

Revenue from **luxury** closures decreased by €0.4 million from €7.7 million in the first quarter of 2020 (5.3% of net revenue) to €7.3 million in the first quarter of 2021 (5.3%), with a negative translation impact of €0.6 million. At constant exchange rates, net revenue would have increased by €0.2 million, or 2.5%, on the first quarter of 2020.

Revenue from **roll-on** closures decreased by €4.6 million from €48.8 million in the first quarter of 2020 (33.4% of net revenue) to €44.2 million in the first quarter of 2021 (31.9%), with a negative translation impact of €2.1 million. At constant exchange rates, net revenue would have decreased by €2.5 million or 5.2% on the first three months of 2020 mainly as a consequence of the lower sales following the Covid-19 outbreak, which mostly impacted the water & beverages market.

Revenue from **roll-on closures for wine** increased by €1.3 million from €28.1 million in the first quarter of 2020 (19.2% of net revenue) to €29.3 million in the first quarter of 2021 (21.2%), despite the negative translation impact of €0.8 million. At constant exchange rates, net revenue would have increased by €2.1 million, or 7.4%, on the first quarter of 2020.

Other revenue decreased by €2.2 million from €6.7 million in the first quarter of 2020 (4.6% of net revenue) to €4.5 million in the first three months of 2021 (3.2%), with a negative translation impact of €0.3 million.

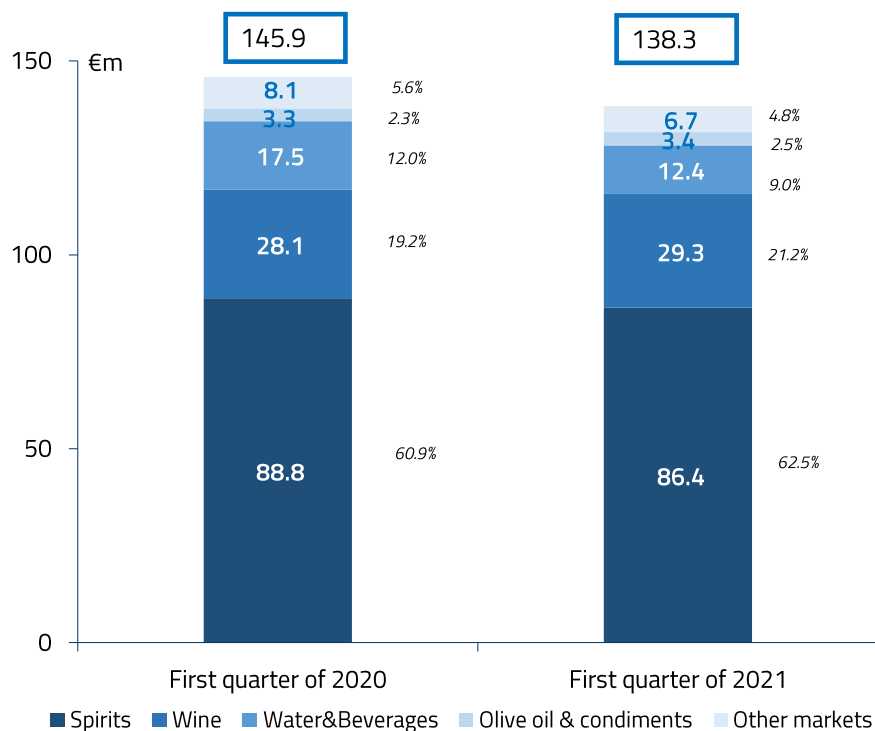
At constant exchange rates, other revenue would have decreased by € 1.9 million.

Other revenue includes that realised from the sale of closures for the pharmaceutical sector, PET and other revenue not included in the previous categories. The reduction is mainly due to the sale of GCL Pharma in April 2020.

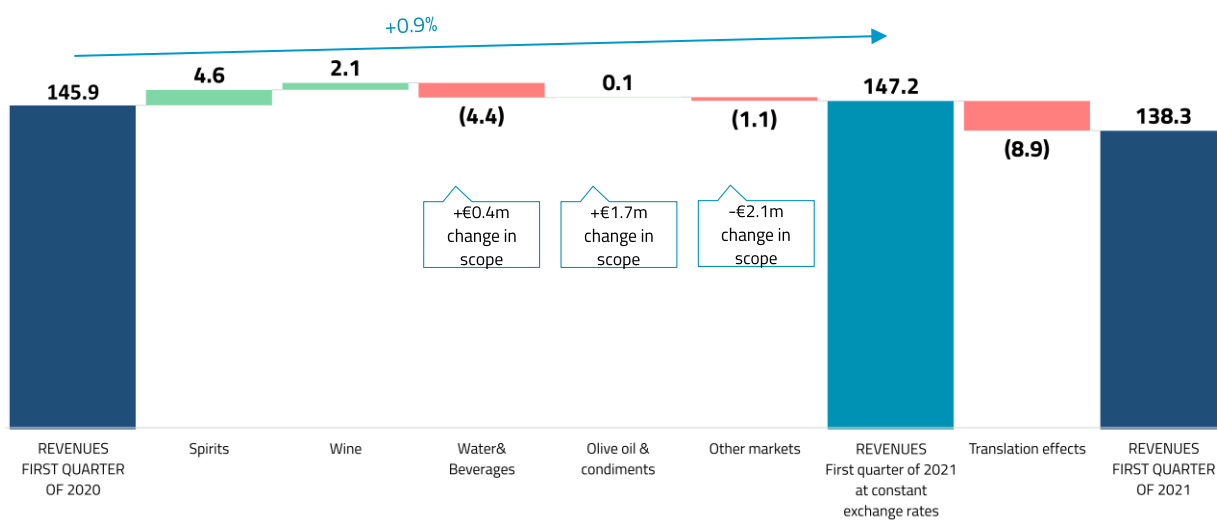


NET REVENUE BY DESTINATION MARKET

The chart and table below indicate the trend in revenue by destination market:



Source: Internal data



(€ mln)	First quarter of 2020	First quarter of 2021	diff.		% variation	
			Current exchange rates	Constant exchange rates	Current exchange rates	Constant exchange rates
Spirits	88.8	86.4	(2.4)	4.6	(2.7%)	5.2%
Wine	28.1	29.3	1.3	2.1	4.6%	7.4%
Water & beverages	17.5	12.4	(5.1)	(4.4)	(29.0%)	(25.1%)
Olive oil & condiments	3.3	3.4	0.1	0.1	3.1%	4.3%
Other markets	8.1	6.7	(1.4)	(1.1)	(17.4%)	(13.7%)
Total net revenue	145.9	138.3	(7.5)	1.3	(5.2%)	0.9%

Net revenue related to the [spirits market](#) decreased by €2.4 million from €88.8 million in the first quarter of 2020 (60.9% of net revenue) to €86.4 million in the first quarter of 2021 (62.5%), with a negative translation impact of €7.0 million.

At constant exchange rates, the net revenue of this segment would have increased by €4.6 million (5.2%) compared to the same period of 2020.

The [wine market](#) is the group's second largest destination market and generated 21.2% of net revenue in the first quarter of 2021.

Revenue from the sale of wine closures rose €1.3 million from €28.1 million in the first quarter of 2020 (19.2% of net revenue) to €29.3 million in the first quarter of 2021 (21.2%), despite being penalised by the negative translation effect (€0.8 million).

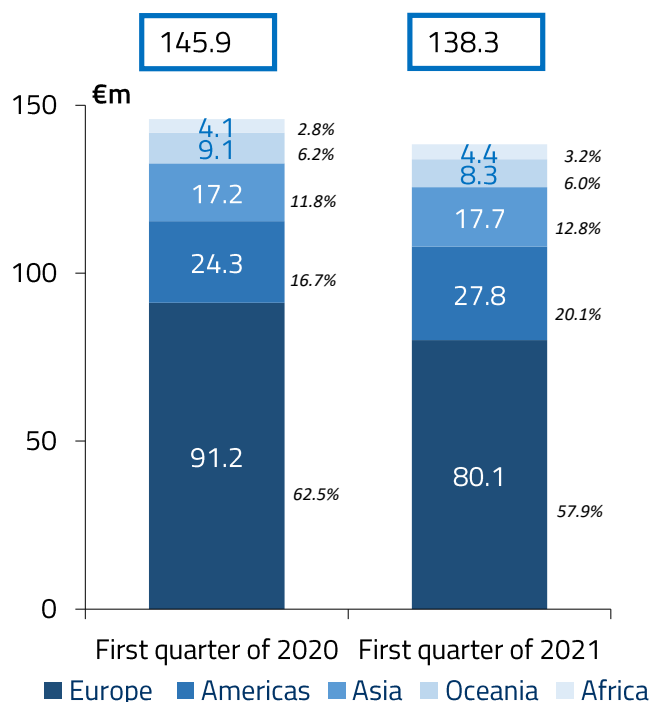
At constant exchange rates, net revenue from the sale of wine closures would have increased by €2.1 million, or 7.4%, on the first quarter of 2020.

The [water & beverages market](#) decreased by €5.1 million from €17.5 million in the first quarter of 2020 (12.0% of net revenue) to €12.4 million in the first quarter of 2021 (9.0%), with a negative translation impact of €0.7 million. At constant exchange rates, this segment's net revenue would have decreased by €4.4 million (-25.1%) compared to the first quarter of 2020. Its market has been the most affected by the shuttering of commercial activities caused by the Covid-19 pandemic.

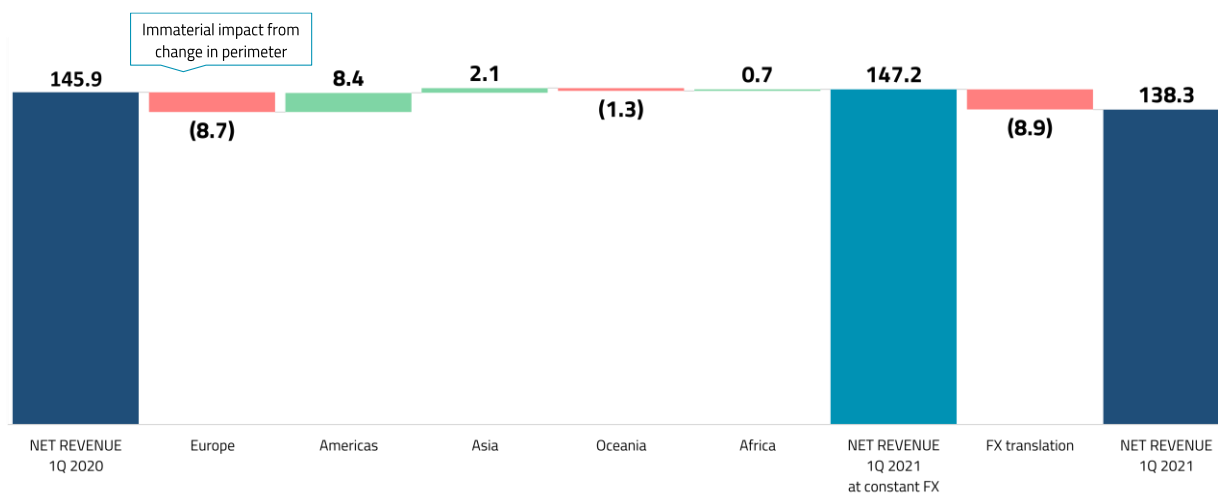


NET REVENUE BY GEOGRAPHICAL SEGMENT

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



The chart and table below indicate the trend in revenue by geographical segment:



(<i>€ mln</i>)	First quarter of 2020	First quarter of 2021	diff.		% variation	
			Current exchange rates	Constant exchange rates	Current exchange rates	Constant exchange rates
Europe	91.2	80.1	(11.1)	(8.7)	(12.2%)	(9.6%)
Americas	24.3	27.8	3.5	8.4	14.5%	34.6%
Asia	17.2	17.7	0.5	2.1	2.9%	12.5%
Oceania	9.1	8.3	(0.8)	(1.3)	(8.5%)	(13.8%)
Africa	4.1	4.4	0.3	0.7	8.0%	17.8%
Total net revenue	145.9	138.3	(7.5)	1.3	(5.2%)	0.9%

Net revenue from operations in Europe decreased by €11.1 million from €91.2 million in the first three months of 2020 (62.5% of net revenue) to €80.1 million in the first three months of 2021 (57.9%), with a negative translation impact of €2.4 million.

At constant exchange rates, the net revenues of this area would have decreased by € 8.7 million (-9.6%) compared to the first three months of 2020.

The downturn in sales is mostly due to the Covid-19 outbreak, especially in Spain, Italy and Germany (the pandemic's total effect on these countries is a reduction of €8.8 million).

Net revenue from operations in the Americas increased by €3.5 million from €24.3 million in the first three months of 2020 to €27.8 million in the same period of 2021 (16.7% and 20.1% of net revenue, respectively), despite the negative translation impact of €4.9 million recorded mainly in Mexico, Argentina and Brazil.

At constant exchange rates, the net revenue of this region would have increased by €8.4 million (+34.6%) compared to the first quarter of 2020.

The estimated net impact of Covid-19 on sales volumes in the Americas is an increase of €0.7 million.

Net revenue from operations in Asia went from €17.2 million in the first quarter of 2020 (11.8% of net revenue) to €17.7 million in the first three months of 2021 (12.8%), an increase of €0.5 million, despite the negative translation impact of €1.6 million.

At constant exchange rates, this region's net revenue would have increased by €2.1 million (+12.5%) compared to the first quarter of 2020.

The estimated net impact of Covid-19 on sales volumes in Asia is not material.

Net revenue from operations in Oceania decreased by €0.8 million from €9.1 million in the first quarter of 2020 (6.2% of net revenue) to €8.3 million in the first quarter of 2021 (6.0%), with a positive translation impact of €0.5 million. At constant exchange rates, the net revenue of this region would have decreased by €1.3 million (-13.8%) compared to the same period of 2020.

Sales in this region have been affected by the drop in volumes after the slow-down of the domestic wine market, the steady increase in exports of bulk wine and the more recent reduction in wine exports to China.

Net revenue from operations in Africa increased by €0.3 million from €4.1 million in the first quarter of 2020 (2.8% of net revenue) to €4.4 million in the first three months of 2021 (3.2%), despite the negative translation impact of €0.4 million.

At constant exchange rates, the net revenue of this region would have increased by €0.7 million (+17.8%) compared to the corresponding period of 2020.

The estimated net impact of Covid-19 on sales volumes in Africa is an increase of €0.5 million.

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



OTHER OPERATING INCOME

Other operating income increased by €0.1 million, from €1.2 million in the first quarter of 2020 (0.8% of net revenue) to €1.3 million in the first quarter of 2021 (0.9%).

INTERNAL WORK CAPITALISED

This caption increased by €0.4 million from €0.8 million in the first quarter of 2020 (0.6% of net revenue) to €1.2 million in the first quarter of 2021 (0.9%). Internal work capitalised includes capitalised development expenditure and internal personnel expense for extraordinary maintenance on property, plant and equipment.

COSTS FOR RAW MATERIALS

Costs for raw materials decreased by €4.1 million from €65.6 million in the first three months of 2020 (45.0% of net revenue) to €61.5 million in the first quarter of 2021 (44.4%), confirming their percentage of net revenue despite the upwards trend in the cost of strategic raw materials (plastic and aluminium). The increase in aluminium costs was mitigated in the first quarter of 2021 by the positive contribution of hedges entered into in 2020.

COSTS FOR SERVICES

Costs for services decreased by €3.2 million from €30.1 million in the first quarter of 2020 (20.6% of net revenue) to €26.8 million in the first quarter of 2021 (19.4%). Compared to the corresponding period of the previous year, travel expenses dropped sharply as a result of Covid-19, as did energy costs, due to the smaller volumes and lower energy costs, and the costs of subcontracting.

PERSONNEL EXPENSE

Personnel expense decreased by €0.7 million from €34.6 million in the first quarter of 2020 (23.7% of net revenue) to €33.9 million in 2021 (24.5%), due to the reduction in the cost of direct production personnel and, especially, the cost of temporary workers.

OTHER OPERATING EXPENSE

The table below breaks down and compares other operating expense in the two years:

(€'000)	First quarter of 2020	First quarter of 2021	diff.
Accruals to provisions	89	604	514
Taxes and duties	474	345	(129)
Use of third-party assets	821	430	(391)
Impairment losses on trade receivables and contract assets	142	23	(119)
Other charges	817	555	(262)
Total	2,344	1,958	(386)

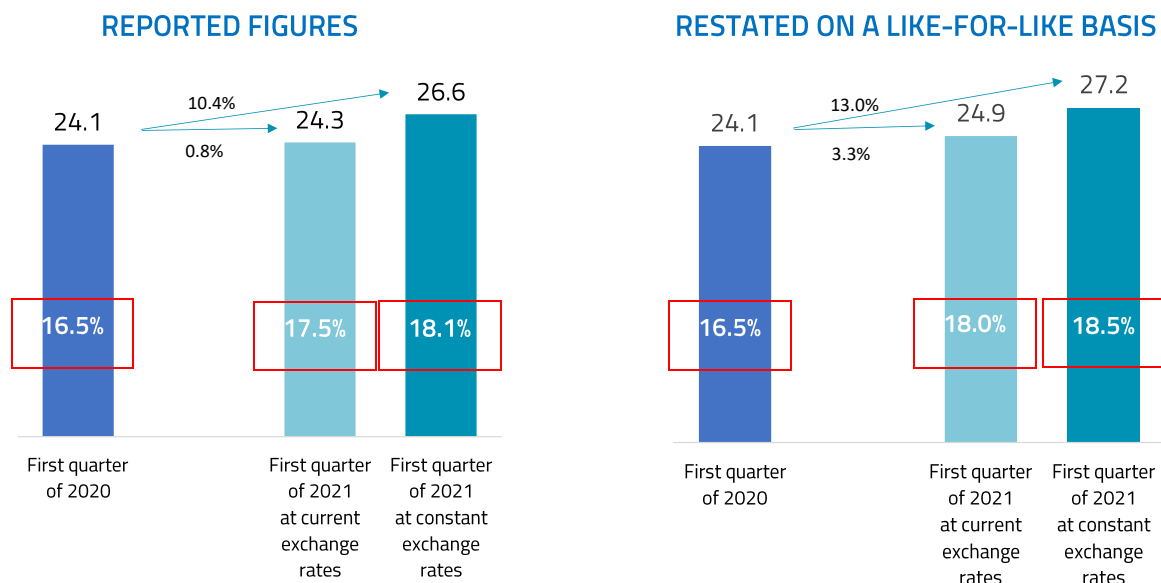
Other operating expense decreased by €0.4 million, from €2.3 million in the first quarter of 2020 (1.6% of net revenue) to €2.0 million (1.4%) in the first quarter of 2021.

The accruals to provisions mostly relate to the provision for company reorganisations where the highest balance refers to the group's ongoing reorganisation in Australia (€0.3 million) and the accrual to the provision for returns.

ADJUSTED GROSS OPERATING PROFIT

In the first three months of 2021, the adjusted gross operating profit (EBITDA) totals €24.3 million, up €0.2 million (0.8%) on the first three months of 2020 (€24.1 million), despite the €2.3 million decrease due to the negative translation impact following the appreciation of the Euro against almost all currencies with which the group operates. At constant exchange rates, the adjusted gross operating profit would have been €26.6 million, up by € 2.5 million (+ 10.4%) compared to the first three months of 2020.

The following charts show the trend in the adjusted gross operating profit for the first quarter of 2021 compared to the corresponding period of 2020. The figures restated on a like-for-like basis exclude the -€0.6 million effect of the change in scope.

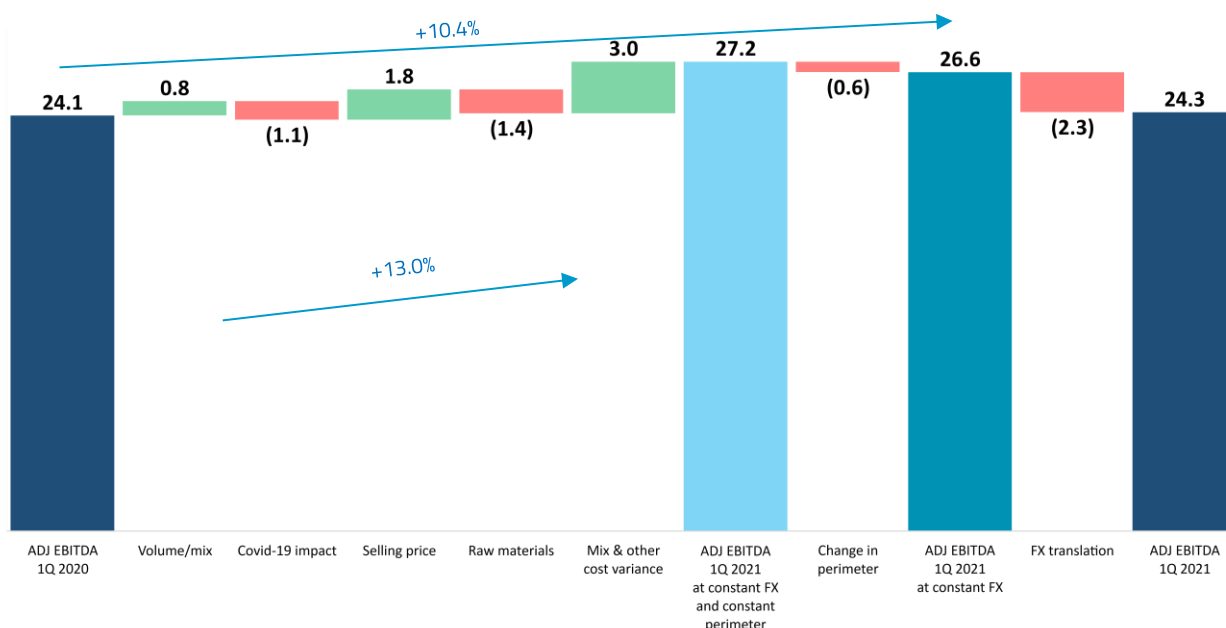


Note: The percentages shown in the boxes indicate the adjusted gross operating profit as a percentage of sales.

As a percentage of net revenue, the adjusted gross operating profit for the first quarter of 2021 is 17.5%, compared to 16.5% in the corresponding period of 2020. On a like-for-like basis and at constant exchange rates, it would have been 18.5%.



The graph below shows the difference between adjusted gross operating profit in the first quarters of 2020 and 2021.



The increase in adjusted gross operating profit (EBITDA) in the first quarter of 2021 compared to the first quarter of 2020 was equal to 10.4% at constant exchange rates and 13.0% at constant exchange rates and perimeter.

The positive impacts deriving from the sales volume / mix (€ 0.8 million), the increase in sales prices (€ 1.8 million) and other changes in costs / mix (€ 3.0 million) were partially offset by the increase in raw material costs (-€ 1.4 million) and the estimated impact deriving from Covid (-€ 1.1 million).

The effect of the change in the perimeter refers to the consolidation of the Closurelogic activities acquired in February 2020 in Germany and in September 2020 in Turkey, net of the effect deriving from the sale of GCL Pharma in April 2020.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation decreased by €0.6 million from €16.3 million in the first quarter of 2020 (11.2% of net revenue) to €15.7 million in the same period of 2021 (11.3%).

FINANCIAL INCOME AND EXPENSE

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

(€'000)	First quarter of 2020	First quarter of 2021	diff.
Net interest expense	(5,051)	(4,830)	221
Net exchange losses	(7,020)	(480)	6,540
Net fair value gains (losses) on market warrants	583	(1,780)	(2,363)
Net fair value gains on currency derivatives	82	-	(82)
Net fair value gains on non-controlling investors' put options	1,186	348	(838)
Other net financial expense	(362)	(314)	48
Net financial expense	(10,582)	(7,055)	3,527

Net financial expense decreased by €3.5 million, from €10.6 million in the first quarter of 2020 to €7.1 million in the first quarter of 2021.

This reduction is mostly due to the significant reduction in net exchange losses (€6.5 million), following the Euro's strong appreciation in the first quarter of 2020 compared to many of the currencies with which the group operates, and the decrease in net interest expense (€0.2 million), partially offset by the following negative factors:

- a. the €2.4 million increase in the net fair value losses on market warrants;
- b. the €0.8 million reduction in the net fair value gains on non-controlling investors' put options;
- c. the €0.1 million decrease in the net fair value gains on currency hedges, which were nil in the first quarter of 2021 as the group did not agree any such hedges during the reporting period.

INCOME TAXES

The following table compares the income taxes for the two years:

(€'000)	First quarter of 2020	First quarter of 2021	diff.
Current taxes	(5,156)	(4,031)	1,125
Deferred taxes	2,328	2,659	331
Total income taxes	(2,828)	(1,372)	1,456

Income taxes decreased by €1.5 million from €2.8 million in the first quarter of 2020 to €1.4 million in the same period of 2021.

This reduction is attributable for € 1.1 million to the reduction in current taxes and for € 0.3 million to the reduction in deferred tax assets.

The reduction in current taxes in the first quarter of 2021 compared to the first quarter of 2020, despite the increase in the pre-tax result, is mainly attributable to the reduction in taxes in the Group companies in Eastern Europe and India due to the lower profitability of the period, while the increase in the pre-tax result is attributable to some countries, including Italy, which benefit from the use of previous losses.



LOSS FOR THE PERIOD

The loss for the first three months of 2021 amounts to €0.5 million, which is an improvement of €5.7 million on the loss of €6.3 million for the corresponding period of 2020.

This improvement is due to the larger gross operating profit (+€0.2 million), the smaller net financial expense (+€3.5 million), the smaller amortisation and depreciation (+€0.6 million) and lower taxes (€1.5 million).

Reclassified statement of financial position

The following table shows the reclassified financial position as at March 31, 2021 of the Guala Closures Group with comparative figures as at December 31, 2020:

<i>(€'000)</i>	December 31, 2020	March 31, 2021
Intangible assets	830,239	830,192
Property, plant and equipment	220,793	222,399
Right-of-use assets	16,516	17,059
Net working capital	123,806	134,312
Investments in associates	1,028	2,644
Derivative assets	634	109
Employee benefits	(9,631)	(9,535)
Other net liabilities	(103,215)	(104,032)
Net invested capital	1,080,170	1,093,148
<i>Financed by:</i>		
Net financial liabilities to third parties	476,109	474,465
Lease liabilities	16,986	17,454
Non-controlling investors' put options	29,032	28,684
Market warrants	5,965	7,745
Cash and cash equivalents	(63,882)	(53,623)
Net financial indebtedness	464,210	474,726
Equity	615,959	618,422
Sources of financing	1,080,170	1,093,148

INTANGIBLE ASSETS

This caption is substantially unchanged from December 31, 2020 as the amortisation of approximately €4.7 million for the period is offset by the positive translation effect of roughly €4.3 million and the increase of the period (€0.4 million).

PROPERTY, PLANT AND EQUIPMENT

The €1.6 million increase in property, plant and equipment compared to December 31, 2020 mainly refers to net investments for the period (€7.6 million) and the positive translation effect (€3.7 million) partly offset by the depreciation for the period (€9.7 million).

Net capital expenditure of the first three month of 2021, amounting to €7.6 million, mainly relates to plant and machinery and was made on all five continents where the group operates and, specifically, in Europe (Poland, Italy and Ukraine), Asia (chiefly in India) and Africa, in Kenya plant.



RIGHT-OF-USE ASSETS

At March 31, 2021, right-of-use assets amount to €17.1 million and mainly relate to the leases of the facilities where the group operates.

The €1.7 million increase for the period refers to land and buildings and specifically the buildings of Guala Closures East Africa Ltd, Guala Closures S.p.A. and Guala Closures Technologia Ukraine LLC used for their operations.

NET WORKING CAPITAL

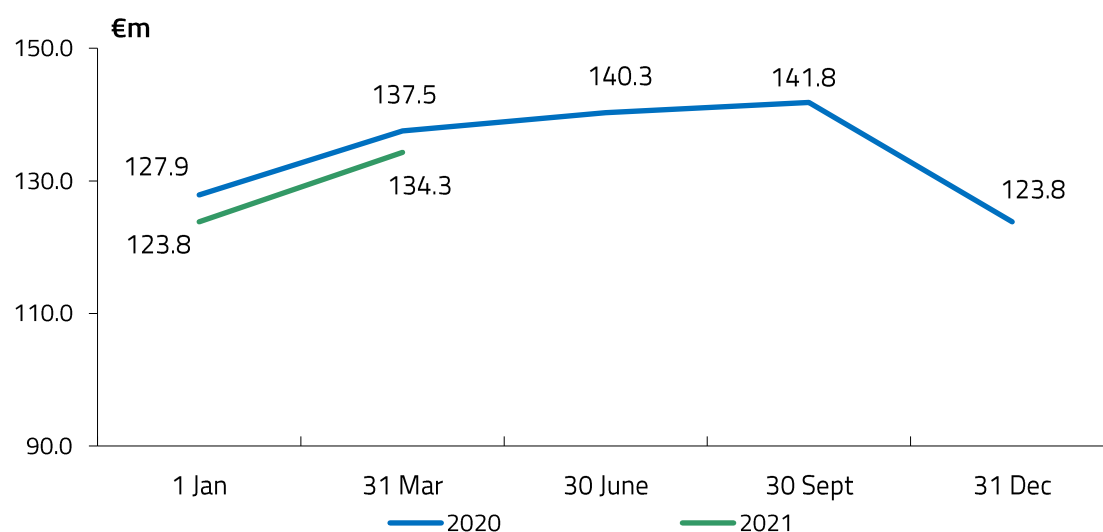
The table below provides a breakdown of net working capital:

(€'000)	March 31, 2020	December 31, 2020	March 31, 2021
Inventories	108,943	100,021	116,589
Trade receivables	102,875	92,620	97,237
Trade payables	(74,303)	(68,835)	(79,514)
Net working capital (*)	137,515	123,806	134,312

(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable periods 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 presentation in the condensed interim consolidated financial statements. A reconciliation schedule is attached as Annex A) to this report.

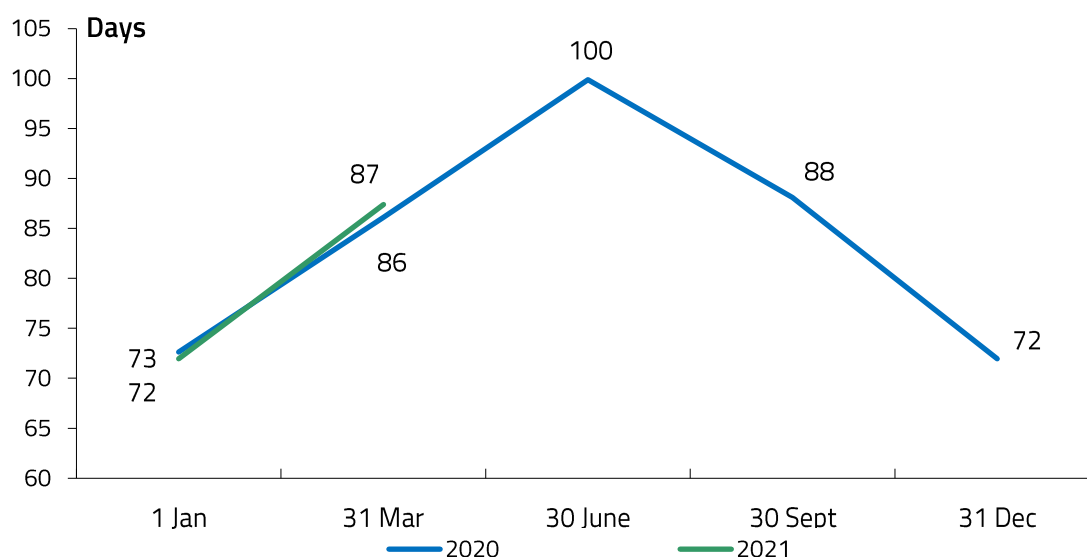
The chart below refers to the historical trend in net working capital:



Net working capital at March 31, 2021 of €134.3 million shows a €10.5 million increase on December 31, 2020 in line with the business' normal seasonal trends.

The table and chart below analyse net working capital days, calculated on the last quarter sales figures:

<i>Days</i>	March 31, 2020	December 31, 2020	March 31, 2021
Inventories	68	58	76
Trade receivables	64	54	63
Trade payables	(47)	(40)	(52)
Net working capital days	86	72	87



Compared to December 31, 2020, net working capital days increased by 15 at the end of the quarter, again in line with the normal seasonal trends of the group's business.

There were no significant payment delays or deferrals on the part of customers because of Covid-19.

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, 2021 amounts to €20.8 million, compared to €26.7 million at December 31, 2020 and €22.1 million at March 31, 2020. The decrease is due to an overall reduction in turnover with customers whose receivables are usually factored.



EMPLOYEE BENEFITS

Employee benefits of €9.5 million at March 31, 2021 show a decrease of €0.1 million compared to December 31, 2020.

OTHER NET LIABILITIES

Other net liabilities amount to €104.0 million at March 31, 2021, compared to €103.2 million at December 31, 2020. At March 31, 2021, this caption mainly consists of deferred tax liabilities of €96.2 million (mostly 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 €24.6 million.

EQUITY

The table below shows a breakdown of equity:

<i>(€'000)</i>	December 31, 2020	March 31, 2021
Equity attributable to the shareholders of the Parent Company	577,817	583,147
Equity attributable to non-controlling interests	38,143	35,274
Equity	615,959	618,422

The increase in equity is mostly due to the utilisation of part of the translation reserve recognised at December 31, 2020 (€25.7 million) and the €8.1 million increase in the reserve (it has a negative balance of €17.6 million at March 31, 2021) due to the partial but generalised appreciation of the foreign currencies with which the group operates compared to the Euro (they had depreciated against the Euro in 2020).

Changes in equity during the three months reflect the loss for the period of approximately €0.5 million and the distribution of dividends of €5.9 million to non-controlling investors.

NET FINANCIAL INDEBTEDNESS

The table below gives a breakdown of net financial indebtedness:

(€'000)	December 31, 2020	March 31, 2021
Net financial liabilities to third parties	476,109	474,465
Financial liabilities - IFRS 16 effects	16,986	17,454
Non-controlling investors' put options	29,032	28,684
Market warrants	5,965	7,745
Cash and cash equivalents	(63,882)	(53,623)
Net financial indebtedness	464,210	474,726

Note:

The above net financial indebtedness includes certain reclassifications compared to the presentation in the condensed interim consolidated financial statements. A reconciliation schedule is attached as Annex A) to this report.

During the three months, net financial indebtedness increased by €10.5 million from €464.2 million at December 31, 2020 to €474.7 million at March 31, 2021 due to the seasonal nature of the business. This change is € 18.4 million lower than the increase recorded in the first quarter of 2020 (€ 28.9 million).

This €10.5 million increase in net financial indebtedness in the first quarter of 2021 was the net effect of cash flows generated by operating activities of €9.6 million, which were more than offset by the cash flows used in investing activities, totalling €10.7 million (including €1.6 million for the acquisition of another 10% interest in the associated UK company SharpEnd) and the cash flows of €9.5 million used in financing activities.

The details of the above are provided in the reclassified statement of changes in net financial indebtedness.



RECLASSIFIED STATEMENT OF CHANGES IN NET FINANCIAL INDEBTEDNESS

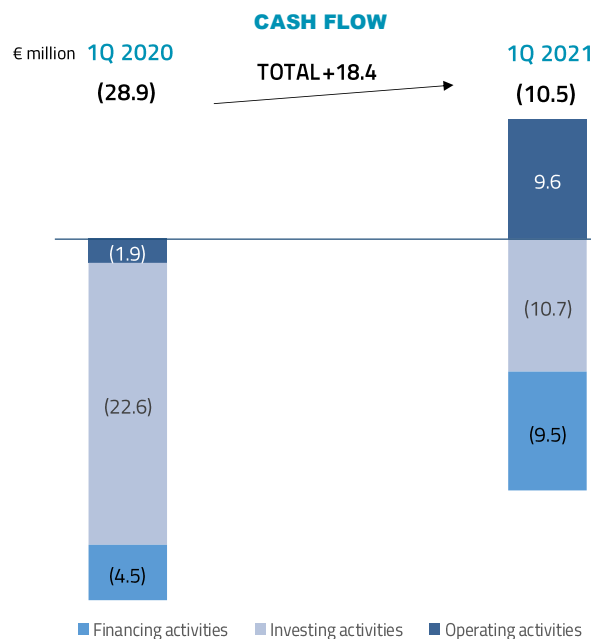
The reclassified statement of changes in net financial indebtedness for the first quarter of 2021, compared to the corresponding period of 2020, is given below.

(€'000)	First quarter of 2020 (*)	First quarter of 2021
A) Opening net financial indebtedness	(462,511)	(464,210)
Gross operating profit	23,404	23,561
Net gains on sale of non-current assets	(13)	(327)
Change in net working capital	(18,992)	(7,865)
Other operating items	24	(129)
Taxes	(6,288)	(5,610)
B) Net cash flows from (used in) operating activities	(1,865)	9,630
Capex	(9,515)	(9,044)
Acquisition of Closurelogic's business (Germany)	(12,187)	-
Acquisition of non-controlling interest in SharpEnd (UK)	(897)	(1,608)
C) Cash flows used in investing activities	(22,598)	(10,653)
Increases in right-of-use assets	(1,110)	(1,675)
Effects of initial application of IFRS 16 FTA on Closurelogic	(1,270)	-
Net interest expense	(5,413)	(5,144)
Dividends paid	(769)	(568)
Change in financial liabilities for put options	1,186	348
Fair value gains (losses) on market warrants	583	(1,780)
Derivatives and other financial items	(480)	109
Effect of exchange fluctuation	2,806	(783)
D) Change in net financial indebtedness due to financing activities	(4,467)	(9,493)
E) Total change in net financial indebtedness (B+C+D)	(28,930)	(10,516)
F) Closing net financial indebtedness (A+E)	(491,441)	(474,726)
G) Reclassification to assets held for sale	69	
H) Closing net financial indebtedness as per the condensed interim financial statements (F+G)	(491,373)	(474,726)

Reference should be made to Annex C) 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.

(*) The comparative figures for the three months of 2020 have been restated to incorporate the effects of the PPA of Guala Closures Deutschland GmbH and to be consistent with the classification used in the three months of 2021.

The following chart gives a breakdown of the various components comprising the changes in net financial indebtedness in the first three months of 2021 compared with the same period of the previous year:



Net cash flows from operating activities

Net cash flows generated by operating activities total €9.6 million, up €11.5 million on the corresponding period of 2020 (-€1.9 million) mainly due to the following:

- a €0.2 million increase in the gross operating profit;
- a €11.1 million reduction in negative changes in net working capital;
- a €0.7 million decrease in taxes.

These positive effects were partly offset by the €0.3 million increase in gains on the sale of non-current assets and the €0.2 million decrease in other operating items.

Cash flows used in investing activities

Cash flows used in investing activities came to €10.7 million in the first quarter of 2021, a €11.9 million decrease on the corresponding period of 2020 (€22.6 million).

This decrease is due to the group's M&A activities: in the first quarter of 2021, it acquired another 10% stake in the associated UK company SharpEnd for €1.6 million while it paid out €13.1 million in the corresponding period of the previous year to acquire Closurelogic's business in Germany and the subscription of the first minority stake of 20% in the British company SharpEnd for € 0.9 million.

Cash outflows for net capex of the period decreased by €0.5 million from €9.5 million for the first three months of 2020 to €9.0 million for the same period of 2021.



Increase in net financial indebtedness due to financing activities

The increase in net financial indebtedness due to financing activities in the first quarter of 2021 amounts to €9.5 million, up €5.0 million compared to the same period of 2020 (€4.5 million).

The following are the main factors behind this increase:

- the negative translation effect of €3.6 million;
- the increase in fair value losses on market warrants (€2.4 million);
- the decrease in fair value gains on non-controlling investors' put options (€0.8 million);
- a larger increase in lease liabilities (€0.6 million).

Partially offset by the following positive factors:

- the effect of the initial application of IFRS 16 by the new German group company in the first three months of 2020 (€1.3 million, compared to nil in the reporting period);
- an increase in changes of other financial items (+€0.6 million)
- lower payments of net interest expense (+€0.3 million);
- lower payment of dividends to non-controlling investors (+€0.2 million).

Group alternative performance indicators and methodology underlying revenues and adjusted gross operating profit bridges

Group alternative performance indicators

In addition to the financial performance indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss), adjusted gross operating profit (loss), operating profit (loss), adjusted operating profit (loss), net financial indebtedness and the same figures for the first quarter of 2021 at constant exchange rates [average exchange rates of the first quarter of 2020]) which, although not required by IFRS, are based on IFRS values.

Management has presented the gross operating profit, adjusted gross operating profit, operating profit and adjusted operating profit because it monitors them at 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.

Gross operating profit is calculated by adjusting the profit (loss) for the period to exclude the impact of taxation, net financial expense and amortisation/depreciation.

Adjusted gross operating profit is calculated by adjusting the result for the period to exclude the effect of taxation, net financial charges, depreciation, the effects of the year of the PPA and related effects on the fair value measurement of inventories and other costs, such as charges related to the SPSI public tender offer, to reorganizational charges, to net charges from mergers and acquisitions activity (M&A) and charges on equity investments.

Operating profit is calculated by adjusting the profit (loss) for the period to exclude the impact of taxation and net financial expense.

Adjusted operating profit is calculated by adjusting the result for the period to exclude the effect of taxation, net financial charges, the effects of the year of the PPA and related effects on the fair value valuation of inventories and other costs, such as charges related to the SPSI public tender offer, to reorganizational charges, to net charges from mergers and acquisitions activity (M&A) and charges on equity investments.

The **gross operating profit**, the adjusted gross operating profit and the adjusted operating profit are not defined performance measures in the IFRS. The group's definition of adjusted gross operating profit and adjusted operating profit may not be comparable with similarly titled performance measures and disclosures by other entities. The table below gives a summary of the gross operating profit:



Adjusted gross operating profit

(€'000)	First quarter of 2020	First quarter of 2021
Loss for the period	(6,278)	(546)
Income taxes	2,828	1,372
Profit (loss) before taxation	(3,450)	827
Net financial expenses	10,582	7,055
Amortisation and depreciation	16,272	15,679
Gross operating profit	23,404	23,561
Adjustments:		
Public tender offer expenses		350
Purchase price allocation - fair value gains on inventories	273	-
Reorganisation costs	108	266
Merger and acquisition expenses	285	
Change in equity-accounted investments		84
Adjusted gross operating profit	24,070	24,261

Adjusted operating profit

(€'000)	First quarter of 2020	First quarter of 2021
Loss for the period	(6,278)	(546)
Income taxes	2,828	1,372
Profit (loss) before taxation	(3,450)	827
Net financial expenses	10,582	7,055
Operating profit	7,132	7,882
Adjustments:		
Public tender offer expenses	-	350
Purchase price allocation - fair value gains on inventories	273	-
Reorganisation costs	108	266
Merger and acquisition expenses	285	-
Change in equity-accounted investments	-	84
Adjusted operating profit	7,797	8,582

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 2021 first quarter amounts (2021 first quarter income and expense of foreign operations are translated into Euros at the average exchange rates of the first quarter of 2021) and the 2021 first quarter amounts recalculated at constant 2020 first quarter average exchange rates (2021 first quarter income and expense of foreign operations are translated into Euros at the average exchange rates of the first quarter of 2020).

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

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

Methodology underlying revenue and adjusted gross operating profit bridges

A description of the effects shown in the net revenue bridge is provided below:

The "**Volume/mix effect**" includes the change in sales due to a change in the volume/mix of products sold and 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 the first three months of 2021 invoiced in a currency other than the local reporting currency and recalculated based on the exchange rates for 2020.

The "**Covid-19 effect on volumes**" specifically determined as the estimated increase/decrease in sale volumes resulting from the impacts of the Covid-19 pandemic. On one hand, this effect consists of the loss of sale volumes due to the shutdown of facilities pursuant to specific local regulations, alcohol sale bans in certain jurisdictions, the reduction in demand as a result of restrictions on travel, with repercussions on the HORECA sector and the related drop in consumption in the on-premises and travel shops/duty free channels, as well as the decrease in sales due to logistics issues in the supply chain. On the other hand, the Covid-19 effect reflects the increases in sale volumes due to customers' increases in their safety stocks and the rise in demand in the off-premises channels (supermarkets and e-commerce).

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 reporting period.

The "**Change in scope**" refers to the additional volumes resulting from the acquisition of Closurelogic's business in February 2020 and the acquisition of Guala Closures Turkey in September 2020, offset, in part, by the sale of GCL Pharma in April 2020. It is calculated as additional net assets due from third parties compared to the previous year.

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

"**Other**" includes non-core sales (e.g., the sale of aluminium scraps) and residual amounts not specified in the aforementioned categories, as well as the "hyperinflation effect" of the revaluation of the Argentine peso following the application of IAS 29 (€0.1 million in the first three months of 2021).

A description of the effects shown in the adjusted gross operating profit bridge is provided below:

The "**Volume/mix effect**" includes the change in adjusted gross operating profit due to the change in the volume/mix of products sold and 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 of the first three months of 2021 accounted for in a currency other than the local reporting currency and recalculated based on the exchange rates for the reporting period.

The "**Covid-19 effect**" is determined considering the effect of Covid-19 on 2021 to 2020 revenue, net of variable costs (raw materials, related costs, utilities, transport and any customs, royalties or commissions) and costs and savings directly attributable to the circumstances that were created by the Covid-19 pandemic.

In terms of costs and savings, the Covid-19 effect includes: i) the estimated lower/higher variable costs linked to the increase/decrease in revenue due to Covid-19, ii) greater costs/savings in personnel expense due to Covid-19 (e.g., greater costs because of absenteeism, savings thanks to the reduction in temporary staffing, savings generated by the use of holidays and paid leave, the curtailment of bonuses, etc.), iii) greater costs and savings in the cost of services and other operating costs related to Covid-19 (e.g., costs to sanitise premises and purchase face masks, the reduction in travel expenses, etc.), and iv) the grants received from the local authorities in connection with Covid-19.



The “**Selling price effect**” is generated by the price effect calculated on sales.

The “**Raw materials effect**” is calculated by each subsidiary as the difference in the average purchase price of the current period versus the corresponding period of the previous year, applied to the production volumes of the reporting 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.

The “**Change in scope**” shows the adjusted gross operating profit from the consolidation of Closurelogic's business acquired in February 2020 in Germany and September 2020 in Turkey, net of the sale of GCL Pharma in April 2020.

The “**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 subsidiaries.

Annexes to the directors' report

Annex A)

Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements - financial income and expense

Annex B)

Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements - statement of financial position

Annex C)

Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements – change in net financial indebtedness versus change in cash and cash equivalents



Annex A)

Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements - financial income and expense

(€'000)

Classification in reclassified financial income and expense	First quarter of 2020	First quarter of 2021	Classification in the notes to the condensed interim consolidated financial statements (notes 13-14)
Net exchange losses	5,279	3,146	Exchange gains
Net exchange losses	(12,299)	(3,625)	Exchange losses
Fair value gains (losses) on market warrants	583	(1,780)	Fair value losses on market warrants
Net fair value gains (losses) on currency derivatives	82	-	Fair value gains (losses) on currency derivatives
Fair value gains (losses) on non-controlling investors' put options	1,186	348	Financial income on non-controlling investors' put option
Net interest expense	166	23	Interest income
Net other financial expense	515	479	Other financial income
Net interest expense	(5,218)	(4,853)	Interest expense
Net other financial expense	(877)	(793)	Other financial expense
Total net financial expense	(10,582)	(7,055)	

Annex B)

Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements - statement of financial position

(€'000)

Classification in the reclassified statement of financial position	December 31, 2020	March 31, 2021	Classification in the condensed interim consolidated financial statements
Net working capital	92,620	97,237	Trade receivables
Net working capital	100,021	116,589	Inventories
Net working capital	(68,835)	(79,514)	Trade payables
Total net working capital	123,806	134,312	
Other net liabilities	4,201	3,396	Current direct tax assets
Other net liabilities	10,992	12,222	Current indirect tax assets
Other net liabilities	6,417	7,643	Other current assets
Other net liabilities	195	155	Contract costs
Other net liabilities	24,501	24,636	Deferred tax assets
Other net liabilities	410	428	Other non-current assets
Other net liabilities	(5,514)	(4,436)	Current direct tax liabilities
Other net liabilities	(11,827)	(11,911)	Current indirect tax liabilities
Other net liabilities	(2,298)	(2,707)	Current provisions
Other net liabilities	(626)	(698)	Contract liabilities
Other net liabilities	(29,267)	(33,655)	Other current liabilities
Other net liabilities	(97,750)	(96,208)	Deferred tax liabilities
Other net liabilities	(241)	(207)	Non-current provisions
Other net liabilities	(2,407)	(2,689)	Other non-current liabilities
Total net other liabilities	(103,215)	(104,032)	
Net financial liabilities to third parties	(74)	(75)	Current financial assets
Net financial liabilities to third parties	(458)	(448)	Non-current financial assets
Net financial liabilities to third parties	9,905	12,906	Current financial liabilities
Market warrants	5,965	7,745	Current financial liabilities
Financial liabilities - IFRS 16 effects	3,645	3,793	Current financial liabilities
Net financial liabilities to third parties	466,711	462,058	Non-current financial liabilities
Non-controlling investors' put options	29,032	28,684	Non-current financial liabilities
Financial liabilities - IFRS 16 effects	13,366	13,687	Non-current financial liabilities
Cash and cash equivalents	(63,882)	(53,623)	Cash and cash equivalents
Total net financial indebtedness	464,210	474,726	



Annex C)

Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements – change in net financial indebtedness versus change in cash and cash equivalents

(€'000)

	March 31, 2020	March 31, 2021
Total change in net financial indebtedness	(28,930)	(10,516)
Increase in right-of-use assets	1,110	1,675
Proceeds from new borrowings and bonds	24,598	876
Repayment of borrowings and bonds	(416)	(3,609)
Repayment of finance leases	(2,687)	(1,257)
Translation effect on foreign currency assets and liabilities	(1,485)	652
Net fair value gains on non-controlling investors' put options	(1,186)	(348)
Change in liabilities for financial expense	1,766	2,260
Change in financial assets	140	9
Total change in financial assets and liabilities	21,839	257
Total change in cash and cash equivalents	(7,091)	(10,259)



Condensed interim consolidated financial statements at March 31, 2021



Statement of profit or loss

	First quarter of 2020 (*)	of which:		First quarter of 2021	of which:		Notes
		Related parties	Non- recurring income (expense)		Related parties	Non- recurring expense	
(€'000)							
Net revenue	145,882			138,335			6
Change in finished goods and semi-finished products	8,079		(273)	6,871			
Other operating income	1,172			1,282		200	7
Internal work capitalised	849			1,233			8
Costs for raw materials	(65,609)			(61,471)			9
Costs for services	(30,063)		(397)	(26,837)	-	(350)	10
Personnel expense	(34,563)		5	(33,894)		(20)	11
Other operating expense	(2,202)			(1,851)		(530)	12
Impairment losses on trade receivables and contract assets	(142)			(23)			
Amortisation and depreciation	(16,272)			(15,679)			21-22-23
Financial income	7,843	1		3,996	-		13
Financial expense	(18,426)			(11,052)			14
Share of loss of equity-accounted investees, net of the tax effect			-	(84)			
Profit (loss) before taxation	(3,450)	1	(665)	827	-	(700)	
Income taxes	(2,828)			(1,372)			15
Loss for the period	(6,278)	1	(665)	(546)	-	(700)	
Attributable to:							
- the owners of the parent	(8,378)			(2,635)			
- non-controlling interests	2,099			2,089			
Basic loss per share (€)	(0.13)			(0.04)			16
Diluted loss per share (€)	(0.11)			(0.03)			16

(*) The comparative figures for the first quarter of 2020 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures Deutschland GmbH.

The notes on pages 56 to 99 are an integral part of the condensed interim consolidated financial statements.

Statement of profit or loss and other comprehensive income

<i>(€'000)</i>	First quarter of 2020 (*)	First quarter of 2021
Loss for the period	(6,278)	(546)
<u>Other comprehensive income (expense):</u>		
Actuarial gains on defined benefit plans	735	341
Taxes on items that will not be reclassified to profit or loss	(224)	(104)
<i>Items that will not be reclassified to profit or loss:</i>	511	237
Foreign currency translation differences for foreign operations	(28,866)	9,017
Hedging reserve	(433)	(961)
Hedging reserve for cash flow hedges reclassified to profit or loss		433
Tax on items that will or may be reclassified subsequently to profit or loss	128	156
<i>Items that will or may be reclassified subsequently to profit or loss:</i>	(29,171)	8,645
Other comprehensive income (expense) for the period, net of tax	(28,660)	8,882
Comprehensive income (expense) for the period	(34,939)	8,336
Attributable to:		
- the owners of the parent	(33,584)	5,331
- non-controlling interests	(1,354)	3,006

(*) The comparative figures for the first quarter of 2020 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures Deutschland GmbH.

The notes on pages 56 to 99 are an integral part of the condensed interim consolidated financial statements.



Statement of financial position - ASSETS

<i>(€'000)</i>	December 31, 2020	<i>of which:</i> Related parties	March 31, 2021	<i>of which:</i> Related parties	Notes
ASSETS					
Current assets					
Cash and cash equivalents	63,882		53,623		17
Current financial assets	74		75		
Trade receivables	92,620		97,237		18
Inventories	100,021		116,589		19
Current direct tax assets	4,201		3,396		
Current indirect tax assets	10,992		12,222		
Derivative assets	634		109		
Other current assets	6,417	151	7,643	-	
Total current assets	278,841	151	290,893	-	
Non-current assets					
Non-current financial assets	458		448		
Investments in associates	1,028		2,644		20
Property, plant and equipment	220,793		222,399		21
Right-of-use assets	16,516		17,059		22
Intangible assets	830,239		830,192		23
Contract costs	195		155		
Deferred tax assets	24,501		24,636		
Other non-current assets	410		428		
Total non-current assets	1,094,139	-	1,097,962	-	
TOTAL ASSETS	1,372,980	151	1,388,854	-	

The notes on pages 56 to 99 are an integral part of the condensed interim consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	December 31, 2020	of which: Related parties	March 31, 2021	of which: Related parties	Notes
LIABILITIES AND EQUITY					
<i>Current liabilities</i>					
Current financial liabilities	19,515		24,444		24
Trade payables	68,835		79,514	-	25
Contract liabilities	626		698		
Current direct tax liabilities	5,514		4,436		
Current indirect tax liabilities	11,827		11,911		
Current provisions	2,298		2,707		26
Other current liabilities	29,267		33,655		
Total current liabilities	137,882	-	157,365	-	
<i>Non-current liabilities</i>					
Non-current financial liabilities	509,109		504,428		24
Employee benefits	9,631		9,535		
Deferred tax liabilities	97,750		96,208		
Non-current provisions	241		207		26
Other non-current liabilities	2,407		2,689	-	
Total non-current liabilities	619,139	-	613,068	-	
Total liabilities	757,021	-	770,432	-	
Share capital and reserves attributable to non-controlling interests	29,515		33,185		
Profit for the period/year attributable to non-controlling interests	8,627		2,089		
Equity attributable to non-controlling interests	38,143	-	35,274	-	28
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Legal reserve	1,266		1,266		
Translation reserve	(25,679)		(17,579)		
Hedging reserve	449		77		
Retained earnings and other reserves	123,583		109,274		
Loss for the period/year	(14,546)		(2,635)		
Equity attributable to the owners of the parent	577,817	-	583,147	-	27
Total equity	615,959		618,422		
TOTAL LIABILITIES AND EQUITY	1,372,980	-	1,388,854	-	

The notes on pages 56 to 99 are an integral part of the condensed interim consolidated financial statements.



Statement of cash flows

(€'000)	First quarter of		
	2020 (*)	2021	Notes
Opening cash and cash equivalents	57,056	63,882	17
A) Cash flows from operating activities			
Profit (loss) before taxation	(3,450)	827	
Adjustments:			
Amortisation and depreciation	16,272	15,679	21-22-23
Financial income	(7,843)	(3,996)	
Financial expense	18,426	11,052	
Share of loss of equity-accounted investees, net of the tax effect		84	
Net gains on sale of non-current assets	(13)	(327)	
Variation:			
Receivables, payables and inventories	(18,992)	(7,865)	18-25-19
Other operating items	24	(213)	
VAT and indirect tax assets/liabilities	(303)	(1,174)	
Income taxes paid	(5,984)	(4,436)	
Net cash flows from (used in) operating activities	(1,865)	9,630	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(9,749)	(9,372)	21-22-23
Proceeds from sale of property, plant and equipment and intangible assets	234	327	21-22-23
Acquisition of Closurelogic GmbH's business (Germany)	(12,187)	-	
Acquisition of non-controlling interest in SharpEnd (UK)	(897)	(1,608)	
Net cash flows used in investing activities	(22,598)	(10,653)	
C) Cash flows from financing activities			
Interest received	682	503	
Interest paid	(5,369)	(5,138)	
Other financial items	(127)	80	
Dividends paid	(769)	(568)	
Proceeds from new borrowings and bonds	24,598	876	24
Repayment of borrowings and bonds	(416)	(3,609)	24
Repayment of leases	(2,687)	(1,257)	
Change in financial assets	140	9	
Net cash flows from (used in) financing activities	16,052	(9,105)	
Net cash flows of the year	(8,411)	(10,128)	
Effect of exchange fluctuations on cash held	1,320	(131)	
Closing cash and cash equivalents	49,965	53,623	17

(*) The comparative figures for the first quarter of 2020 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures Deutschland GmbH.

The notes on pages 56 to 99 are an integral part of the condensed interim consolidated financial statements.

Statement of changes in equity

(€'000)	January 1, 2020 (*)	Allocation of profit for 2019	Profit for the period	Reclassifications	Other comprehensive expense	Comprehensive expense for the period	Dividends	Acquisition of non-controlling interests that result in a change of control	Total transactions with owners	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)
Retained earnings and other reserves	116,249	7,705		783	511	1,294			-	125,247
Loss for the period	7,705	(7,705)	(8,378)			(8,378)			-	(8,378)
Equity	623,381	-	(8,378)	783	(25,206)	(32,801)	-	-	-	590,579
Non-controlling interests:										
Share capital and reserves	34,726	6,954		(783)	(3,454)	(4,237)	(3,436)		(3,436)	34,006
Profit for the period	6,954	(6,954)	2,099			2,099			-	2,099
Equity	41,680	-	2,099	(783)	(3,454)	(2,137)	(3,436)	-	(3,436)	36,106
Total equity	665,060	-	(6,278)	-	(28,660)	(34,939)	(3,436)	-	(3,436)	626,684

(€'000)	January 1, 2021	Allocation of 2020 loss	Loss for the period	Reclassifications	Other comprehensive income	Comprehensive income for the period	Dividends	Acquisition of non-controlling interests that result in a change of control	Total transactions with owners	March 31, 2021
	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	1,266					-			-	1,266
Translation reserve	(25,679)				8,101	8,101			-	(17,579)
Hedging reserve	449				(372)	(372)			-	77
Retained earnings and other reserves	123,583	(14,546)			237	237			-	109,274
Loss for the period	(14,546)	14,546	(2,635)			(2,635)			-	(2,635)
Equity	577,817	-	(2,635)	-	7,966	5,330	-	-	-	583,147
Non-controlling interests:										
Share capital and reserves	29,515	8,627			916	916	(5,874)		(5,874)	33,185
Loss for the period	8,627	(8,627)	2,089			2,089			-	2,089
Equity	38,143	-	2,089	-	916	3,006	(5,874)	-	(5,874)	35,274
Total equity	615,959	-	(546)	-	8,882	8,336	(5,874)	-	(5,874)	618,422

The notes on pages 56 to 99 are an integral part of the condensed interim consolidated financial statements.



Notes to the condensed interim consolidated financial statements at March 31, 2021

General information

(1) General information

Guala Closures S.p.A. is a company limited by shares set up under Italian law and registered with the Alessandria company registrar. Its registered office is in via Rana 12, zona industriale D6, Spinetta Marengo (Alessandria).

The 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 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, customised luxury closures, aluminium closures for wine, standard roll-on closures and other closures;
- the PET division, which produces PET bottles and miniatures. This division is no longer considered a core business.

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

It is also the leading European producer of aluminium closures for spirits bottles.



(2) Accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Except for that set out in the (3) "Changes to standards" section, the accounting policies 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 the Guala Closures Group at December 31, 2020, 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 non-controlling investors' put options) which are measured at fair value and investments in associates which are measured using the equity method. They have been prepared 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 comprise the following schedules:

- statement of profit or loss, whose captions are classified by nature;
- statement of profit or loss and other comprehensive income ;
- statement of financial position, whose asset and liability captions are classified as current or non-current;
- statement of cash flows, prepared using the indirect method;
- the statement of changes in equity, prepared to present changes in equity.

Starting with the condensed interim consolidated financial statements at June 30, 2020, the group has changed the presentation of the statement of comprehensive income, dividing it into two schedules: the statement of profit or loss and the statement of profit or loss and other comprehensive income. Comparative data for the same period of the previous year have been reclassified accordingly.

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 (the Italian commission for listed companies and the stock exchange) resolution no. 15519 of July 27, 2006 on financial statements, significant related party transactions and non-recurring items have been indicated separately in the condensed interim consolidated financial statements.

In preparing the condensed interim consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the carrying amount of 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 their name, registered office, reporting currency, share/quota capital, direct and indirect investments held by the parent and the subsidiaries and associates and the method of consolidation at March 31, 2021.

**List of investments in subsidiaries and associates at March 31, 2021**

	<u>Registered office</u>	<u>Currency</u>	<u>Share/ quota capital</u>	<u>Investment percentage</u>	<u>Type of investment</u>	<u>Method of consolidation</u>
EUROPE						
Guala Closures International B.V.	The Netherlands	€	92,000	100%	Direct	Line-by-line
GCL International SARL	Luxembourg	€	10,140,700	100%	Indirect (*)	Line-by-line
SharpEnd Partnership Ltd.	United Kingdom	GBP	1,519	30%	Indirect (*)	Equity
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	€	9,879,977	100%	Indirect (*)	Line-by-line
Guala Closures France SAS	France	€	2,748,000	100%	Indirect (*)	Line-by-line
Guala Closures Technologia 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	€	500,000	100%	Indirect (*)	Line-by-line
Guala Closures Turkey Ambalaj ve Kapak Sistemleri Sanayi ve Ticaret Anonim Şirketi	Turkey	TRY	11,000,000	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	498,960,489	100%	Indirect (*)	Line-by-line
Guala Closures do Brasil Ltda	Brazil	BRL	10,736,290	100%	Indirect (*)	Line-by-line
Guala Closures de Colombia Ltda	Colombia	COP	8,691,219,554	93.20%	Indirect (*)	Line-by-line
Guala Closures Chile S.p.A.	Chile	CLP	6,504,935,369	100%	Indirect (*)	Line-by-line
Guala Closures North America Inc.	United States	USD	60,000	100%	Indirect (*)	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect (*)	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect (*)	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect (*)	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect (*)	Line-by-line
Guala Closures East Africa Pty Ltd.	Kenya	KES	30,300,000	100%	Indirect (*)	Line-by-line

Note:

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

(**) The share capital reported for Guala Closures Argentina represents the nominal value and does not include the revaluation for inflation

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



€1 = x foreign currency	Average exchange rates		Spot exchange rates	
	First quarter of 2020	First quarter of 2021	December 31, 2020	March 31, 2021
Pound sterling	0.86161	0.87469	0.8990	0.8521
US dollar	1.10227	1.20560	1.2271	1.1725
Indian rupee	79.85113	87.90807	89.6605	85.8130
Mexican peso	22.04463	24.51637	24.4160	24.0506
Colombian peso	3,897.67333	4,284.79333	4,202.3400	4,372.0500
Brazilian real	4.91110	6.59277	6.3735	6.7409
Chinese renmimbi	7.69363	7.81103	8.0225	7.6812
Argentine peso	70.53880	107.81450	103.2494	107.8145
Polish zloty	4.32263	4.54307	4.5597	4.6508
New Zealand dollar	1.73837	1.67707	1.6984	1.6769
Australian dollar	1.67777	1.56043	1.5896	1.5412
Ukrainian hryvnia	27.63623	33.70643	34.7689	32.6337
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	16.9302	18.0403	18.0219	17.3484
Japanese yen	120.0952	127.7270	126.4900	129.9100
Chilean peso	885.5200	872.8233	872.5200	854.9000
Kenyan shilling	112.3221	132.3112	134.0171	128.4052
Belarus ruble	2.4721	3.1276	3.1646	3.0756
Turkish lira	n.a.	8.9048	9.1131	9.7250

Source: Bank of Italy

The average rates are used for the statement of profit or loss and the statement of profit or loss and other comprehensive income captions while the spot rates are used for the statement of financial position captions.

(3) Changes to standards

The new standards and/or amendments thereto applicable to annual reporting periods beginning on or after January 1, 2021 are set out below.

- 
 Amendments to IFRS 4 (deferral of effective date of IFRS 9)
- 
 Interest rate benchmark reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): the amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or the hedging relationships arising from replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to: changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting. The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by the interest rate benchmark reform by updating the effective interest rate of the financial asset or liability.



At March 31, 2021, the group has a partly availed senior revolving credit facility in British pounds (of which it has availed £11 million), accruing interest at the LIBOR and which will be subject to IBOR reform. The group expects that no significant modification gains or losses will arise as a result of applying the amendments to these changes.

The new standards and amendments are not expected to have any significant impacts on the condensed interim consolidated financial statements.

In addition, the IASB has issued the following standards or amendments, approved or not yet approved by the European Union with a deferred application date.

New Standards:

- IFRS 14 - Regulatory deferral accounts
- IFRS 17 - Insurance contracts and Amendments to IFRS 17 Insurance contracts

Amendments:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards (Cycle 2018–2020)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020.

These new documents, having a deferred date of entry into force, were not adopted for the preparation of these interim consolidated financial statements, but will be applied starting from the date of entry into force established as mandatory.

(4) 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 which represents the Group's core business. The group's top management (who are accountable for operating decisions) reviews internal management reports on a monthly basis.

Other operations consist of the PET division which did not meet any of the quantitative thresholds for determining reportable segments under IFRS 8 in the first three months of 2021.

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.

(<i>€'000</i>)	Closures		Other operations		Total	
	First quarter of 2020 (*)	First quarter of 2021	First quarter of 2020 (*)	First quarter of 2021	First quarter of 2020 (*)	First quarter of 2021
Statement of profit or loss						
Net revenue	144,923	137,822	959	513	145,882	138,335
Amortisation and depreciation	(16,211)	(15,618)	(62)	(61)	(16,272)	(15,679)
Profit (loss) before taxation	(3,435)	864	(15)	(38)	(3,450)	827

(<i>€'000</i>)	Closures		Other operations		Total	
	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021
Statement of financial position						
Trade receivables	92,460	97,111	160	126	92,620	97,237
Inventories	99,463	116,020	558	569	100,021	116,589
Trade payables	(68,516)	(79,355)	(319)	(158)	(68,835)	(79,514)
Property, plant and equipment and right-of-use assets	236,127	238,274	1,181	1,184	237,308	239,458

(<i>€'000</i>)	Closures		Other operations		Total	
	First quarter of 2020	First quarter of 2021	First quarter of 2020	First quarter of 2021	First quarter of 2020	First quarter of 2021
Capex						
Capex (net of sales)	9,269	9,044	246	-	9,515	9,044

Reporting 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, India, Italy, Poland, Mexico, North America, Germany, Spain, Ukraine, Australia, South Africa and France.

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



Net revenue

(€'000)	First quarter of 2020	First quarter of 2021
United Kingdom	25,052	23,226
India	16,128	15,970
Italy	16,241	15,682
Poland	14,382	14,867
Mexico	10,695	10,587
North America	5,759	7,601
Germany	6,878	6,978
Spain	10,735	6,564
Ukraine	9,647	5,930
Australia	6,246	5,506
South Africa	3,028	3,443
France	3,565	3,431
Other countries	17,526	18,550
Net revenue	145,882	138,335

(€'000)	Non-current assets other than financial instruments and deferred tax assets: property, plant and equipment, right-of-use assets and intangible assets		Deferred tax assets	
	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021
Italy	581,140	579,281	13,527	13,305
Australia	84,605	86,699	2,255	2,286
India	59,258	60,994	912	754
Poland	48,524	48,228	-	-
Spain	39,993	39,529	520	601
Mexico	33,693	34,019	99	100
Ukraine	30,739	31,828	-	-
South Africa	13,865	14,150	672	503
Germany	10,693	11,175	1,541	1,437
New Zealand	11,057	10,959	189	200
Brazil	9,792	9,150	-	-
Chile	8,501	8,551	1,648	1,834
China	7,329	7,444	132	138
Argentina	3,153	3,420	313	422
Other countries	60,616	61,345	1,776	2,139
Consolidation adjustments	64,591	62,878	918	917
Total	1,067,547	1,069,650	24,501	24,636

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

Information about key customers

In the Closures segment, there are two customers that generated over 10% of revenue each in the first quarter of 2021: the turnover of the first customer amounts to around €21 million for the first quarter of 2021 (roughly 15% of net revenue), while that of the second customer is approximately €15 million for the same period of the previous year (roughly 11% of net revenue).

(5) Acquisitions of subsidiaries, business units and non-controlling interests

During the period, the group finalised its subscription of a second non-controlling interest in SharpEnd Partnership Ltd.

(5.1) Subscription of another non-controlling interest in SharpEnd Partnership Ltd

On February 26, 2020, the Luxembourg subsidiary GCL International S.à r.l. formalised the subscription of a 20% interest in the fully diluted share capital (including the option for the issue of stock options) 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 bridge the gap between products and consumers and 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 fully diluted 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.

On February 26, 2021, the Luxembourg subsidiary GCL International S.à.r.l. subscribed another capital increase of SharpEnd Partnership Ltd., increasing its investment to 30% of the associate's fully diluted capital (including the option for the issue of stock options) by paying £1.4 million. This is the second part of its investment project commenced on 26 February 2020 when it acquired an initial stake of 20% of the associate's fully diluted share capital.

The investment in the associate SharpEnd, with a carrying amount of €2.6 million at the reporting date, is periodically adjusted using the equity method.



STATEMENT OF PROFIT OR LOSS

(6) Net revenue

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

<i>(€'000)</i>	First quarter of	
	2020	2021
Europe	91,211	80,086
Asia	17,163	17,665
Americas	24,296	27,814
Oceania	9,108	8,337
Africa	4,105	4,433
Total	145,882	138,335

The table below illustrates net revenue by product type:

<i>(€'000)</i>	First quarter of	
	2020	2021
Safety closures	54,648	53,048
Luxury closures	7,731	7,288
Roll-on closures for wine	28,057	29,337
Roll-on closures	48,768	44,176
Other revenue	6,678	4,487
Total	145,882	138,335

The table below illustrates net revenue by destination market:

<i>(€'000)</i>	First quarter of	
	2020	2021
Spirits closures	88,843	86,414
Wine closures	28,057	29,337
Water & beverage closures	17,541	12,449
Olive oil & condiment closures	3,339	3,443
Other markets	8,101	6,693
Total	145,882	138,335

(7) Other operating income

This caption includes:

<i>(€'000)</i>	First quarter of	
	2020	2021
Sundry recoveries/repayments	657	401
Government assistance	150	529
Gains on sale of non-current assets	10	327
Other	355	24
Total	1,172	1,282

(8) Internal work capitalised

<i>(€'000)</i>	First quarter of	
	2020	2021
Internal work capitalised	849	1,233
Total	849	1,233

(9) Costs for raw materials

This caption includes:

<i>(€'000)</i>	First quarter of	
	2020	2021
Raw materials and supplies	65,358	63,009
Packaging	2,981	2,930
Consumables and maintenance	2,349	2,346
Fuels	96	86
Other purchases	994	875
Change in inventories	(6,169)	(7,775)
Total	65,609	61,471



(10) Costs for services

This caption includes:

(€'000)	First quarter of	
	2020	2021
Electricity / heating	7,195	6,731
Transport	6,865	6,160
External processing	4,489	3,978
Maintenance	2,105	2,174
Legal and consulting fees	1,831	1,753
Sundry industrial services	1,634	1,439
Administrative services	859	787
Insurance	806	692
Travel	1,001	418
Technical assistance	478	409
Cleaning service	329	388
Commissions	381	303
External labour / porterage	592	277
Directors' fees	303	226
Telephone costs	168	171
Advertising services	80	130
Entertainment expenses	141	108
Security	112	105
Commercial services	107	78
Expos and trade fairs	95	14
Other	492	497
Total	30,063	26,837

Details of fees paid to the key management personnel are provided in note to the condensed interim consolidated financial statements 32) Related party transactions.

(11) Personnel expense

This caption includes:

(€'000)	First quarter of	
	2020	2021
Wages and salaries	27,054	26,777
Social security contributions	3,999	3,865
Expense from defined benefit plans	401	515
Other costs	3,109	2,737
Total	34,563	33,894

Details of fees paid to the key management personnel are provided in note to the condensed interim consolidated financial statements 32) Related party transactions.

At December 31, 2020 and at March 31, 2021, the group had the following number of employees:

	December 31, 2020	March 31, 2021
Blue collars	3,520	3,514
White collars	1,062	1,064
Managers	270	295
Total	4,852	4,873

(12) Other operating expense

This caption includes:

(€'000)	First quarter of	
	2020	2021
Accruals to provisions	89	604
Use of third-party assets	821	430
Taxes and duties	474	345
Other charges	817	472
Total	2,202	1,851

The accruals to provisions mainly refer to the provisions for company reorganisations and returns. Short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value, which have been excluded from the scope of IFRS 16 as per the practical expedient, are recognised in the caption "Use of third-party assets" on a straight-line basis over the lease term.

(13) Financial income

This caption includes:

(€'000)	First quarter of	
	2020	2021
Exchange gains	5,279	3,146
Fair value gains on currency derivatives	114	-
Interest income	166	23
Financial income for financial liabilities - non-controlling investors	1,186	348
Fair value gains on market warrants	583	-
Other financial income	515	479
Total	7,843	3,996



(14) Financial expense

This caption includes:

(€'000)	First quarter of	
	2020	2021
Interest expense	5,218	4,853
Exchange losses	12,299	3,625
Fair value losses on market warrants	-	1,780
Fair value losses on currency derivatives	32	(0)
Other financial expense	877	793
Total	18,426	11,052

Market warrants are listed instruments which are recognised under current financial liabilities. The financial expense related to their fair value refers to the change in the official price of these instruments set by Borsa Italiana during the reporting period. An increase in the official price generates financial expense (as in the first three months of 2021 while it was financial income in the corresponding period of 2020) since it results in an increase of the underlying financial liability.

Financial expense (or financial income) on non-controlling investors' put options refers to the recognition of the increase (or decrease) in the financial liabilities for these investors' right to exercise a put option if certain conditions are met. The liability was determined as the present value of the put option at its expected time of exercise.

Other financial expense for the first quarter of 2021 includes €276 thousand related to the application of IFRS 16 (€277 thousand in the corresponding period of 2020).

(15) Income taxes

This caption includes:

(€'000)	First quarter of	
	2020	2021
Current taxes	(5,156)	(4,031)
Deferred taxes	2,328	2,659
Total	(2,828)	(1,372)

Income taxes decreased by €1.5 million from €2.8 million in the first quarter of 2020 to €1.4 million in the same period of 2021.

This reduction is attributable for € 1.1 million to the reduction in current taxes and for € 0.3 million to the reduction in deferred taxes.

The reduction in current taxes in the first quarter of 2021 compared to the first quarter of 2020, despite the increase in the pre-tax result, is mainly attributable to the reduction in taxes in the Group companies in Eastern Europe and India due to the lower profitability of the period, while the increase in the pre-tax result is attributable to some countries, including Italy, which benefit from the use of previous losses.

The deferred tax assets recognized in the result for the period differ from the change in the corresponding balance sheet items for transactions directly attributed to the other components of the comprehensive income statement (OCI) (+€52 thousand).

(16) Loss per share – basic and diluted

<i>(€'000)</i>	First quarter of	
	2020	2021
Loss for the year attributable to the owners of the parent	(8,378)	(2,635)
Weighted average number of shares	66,372,404	66,372,404
Loss per share (in Euro)	(0.13)	(0.04)

<i>(€'000)</i>	First quarter of	
	2020	2021
Loss for the year attributable to the owners of the parent	(8,378)	(2,635)
Weighted average number of shares (including warrants)	78,032,699	78,032,699
Diluted loss per share (in Euro)	(0.11)	(0.03)

The basic loss per share in the first quarter of 2021 amounted to (€0.04) compared to (€0.13) in the same period of the previous year.

In the first quarter of 2021, the diluted loss per share amounted to (€0.03) compared to (€0.11) in the first quarter of 2020 and it was calculated based on 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

(17) Cash and cash equivalents

Cash and cash equivalents totalled €53,623 thousand at March 31, 2021 (€63,882 thousand at December 31, 2020).

(18) Trade receivables

This caption may be analysed as follows:

<i>(€'000)</i>	December 31, 2020	March 31, 2021
Trade receivables	95,378	99,572
Loss allowance	(2,758)	(2,335)
Total	92,620	97,237

The balance of trade receivables reflects the various group companies' use of without-recourse or reverse factoring. This impact at March 31, 2021 amounts to €20.8 million, compared to €26.7 million at December 31, 2020.

The loss allowance changed as follows:

<i>(€'000)</i>	March 31, 2021
Opening balance	2,758
Net exchange losses	(76)
Impairment losses	23
Utilisations/releases of the year	(370)
Closing balance	2,335

At March 31, 2021, 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.

(19) Inventories

This caption may be analysed as follows:

<i>(€'000)</i>	December 31, 2020	March 31, 2021
Raw materials, consumables and supplies	52,226	61,860
Allowance for inventory write-down	(1,791)	(1,850)
Work in progress and semi-finished products	24,542	26,926
Allowance for inventory write-down	(856)	(1,020)
Finished products and goods	27,130	32,142
Allowance for inventory write-down	(1,409)	(1,634)
Payments on account	180	165
Total	100,021	116,589

Changes in the first quarter of 2021 are as follows:

<i>(€'000)</i>	
January 1, 2021	100,021
Exchange losses	1,937
Change in raw materials, consumables and supplies	7,775
Change in finished goods and semi-finished products	6,871
Change in payments on account	(16)
March 31, 2021	116,589

The allowance for inventory write-down changed as follows:

<i>(€'000)</i>	March 31, 2021
Opening balance	4,057
Net exchange gains	25
Accruals	422
Closing balance	4,504

(20) Investments in associates

This caption amounts to €2.6 million at March 31, 2021 and is entirely comprised of the investment in SharpEnd Partnership Ltd, an innovative technology services agency based in London (UK).

The €1.6 million increase on December 31, 2020 is due to the additional payment of £1,400 thousand made in the reporting period to acquire an additional 10% of the associate's fully diluted share capital in the form of preference shares. As a result, the group's investment increased to 30%.

Under the agreements reached, the Guala Closures Group can increase its investment by subscribing specific capital increases and can also recover its investment.



The group impaired its investment by €0.1 million during the period in line with its share of the associate's loss for the three months.

(21) Property, plant and equipment

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

(€'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, 2020	58,300	203,668	22,295	3,019	13,108	300,391
Accumulated depreciation and impairment losses at December 31, 2020	(5,009)	(65,731)	(7,359)	(1,499)	-	(79,598)
Carrying amount at December 31, 2020	53,290	137,938	14,936	1,520	13,108	220,793
Carrying amount at January 1, 2021	53,290	137,938	14,936	1,520	13,108	220,793
Net exchange gains	402	2,775	77	16	450	3,720
Increases	13	1,494	17	48	6,020	7,593
Disposals	-	-	-	-	(11)	(11)
Reclassifications	2,213	1,467	247	10	(3,938)	-
Depreciation	(534)	(8,124)	(871)	(167)	-	(9,695)
Historical cost at March 31, 2021	60,973	212,737	22,589	3,110	15,631	315,039
Accumulated depreciation and impairment losses at March 31, 2021	(5,588)	(77,186)	(8,184)	(1,682)	-	(92,640)
Carrying amount at March 31, 2021	55,385	135,551	14,405	1,428	15,631	222,399

In the first quarter of 2021, net capex of €7.6 million mainly refers to investments made to increase production capacity, develop new products, perform plant maintenance and make EHS (Environment, Health and Safety) investments.

Capex mainly refers to plant and machinery across all five continents where the group operates, with a specific focus on the group's main European facilities in Poland, Italy, Germany, Ukraine and Bulgaria, in Indian facilities as well as its African facilities based in Kenya.

In Italy, capex was mainly directed at increasing production capacity, new product development and extraordinary plant maintenance.

In Poland, capex mainly consisted of increasing production capacity.

In Ukraine, capex mainly consisted of increasing production capacity, plant safety and extraordinary plant maintenance.

Furthermore, Europe saw capex for new product development at the facilities in Bulgaria and the research centre in Luxembourg and for significant maintenance on plants in the UK and Ukraine.

In Asia, capex targeted, in particular, the Indian facilities for extraordinary plant maintenance and new product development.

In Latam-US, the main capex focused on the Mexican facility with projects mainly for plant safety and extraordinary maintenance. Smaller investments were also made in all the other facilities across the region.

In Africa, capex related to extraordinary maintenance on plants in South Africa and the increase in production capacity at the facility in Kenya.

In Oceania, capex mainly focused on Australia where the group invested in making the production process more efficient.

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

The exchange gains for the period reflect the partial but generalised appreciation of the foreign currencies with which the group operates against the Euro, which was the stronger currency in 2020.

At March 31, 2021, the collateral on property, plant and equipment is unchanged from that set out in the relevant note to the 2020 consolidated financial statements.



(22) Right-of-use assets

The following table shows the changes in this caption in the first quarter of 2021:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
<i>(€'000)</i>					
Historical cost at December 31, 2020	19,083	2,997	2,893	3,155	28,128
Accumulated depreciation and impairment losses at December 31, 2020	(7,037)	(1,669)	(1,423)	(1,485)	(11,613)
Carrying amount at December 31, 2020	12,047	1,329	1,470	1,670	16,515
Carrying amount at January 1, 2021	12,047	1,329	1,470	1,670	16,515
Net exchange gains	56	52	5	16	129
Increases	1,149	64	117	345	1,675
Depreciation of right-of-use assets	(828)	(33)	(189)	(210)	(1,261)
Historical cost at March 31, 2021	20,288	3,114	3,014	3,517	29,932
Accumulated depreciation and impairment losses at March 31, 2021	(7,864)	(1,702)	(1,612)	(1,695)	(12,873)
Carrying amount at March 31, 2021	12,423	1,412	1,402	1,822	17,059

The main increases in right-of-use assets relate to land and buildings, specifically the buildings of Guala Closures East Africa Ltd, Guala Closures S.p.A. and Guala Closures Technologia Ukraine LLC. used for their operations.

(23) Intangible assets

The following table shows the changes in this caption in the first quarter of 2021:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2020	3,809	133,813	505,224	235,505	2,677	881,028
Accumulated amortisation and impairment losses at December 31, 2020	(1,818)	(25,769)	-	(23,201)	-	(50,788)
Carrying amount at December 31, 2020	1,991	108,045	505,224	212,303	2,677	830,239
Carrying amount at January 1, 2021	1,991	108,045	505,224	212,303	2,677	830,239
Net exchange gains (losses)	22	3	(0)	4,227	16	4,268
Increases	71	16	-	-	320	406
Reclassifications	37	-	-	-	(37)	-
Amortisation	(132)	(2,229)	-	(2,361)	-	(4,722)
Historical cost at March 31, 2021	3,957	133,275	505,224	239,558	2,975	884,989
Accumulated amortisation and impairment losses at March 31, 2021	(1,968)	(27,440)	-	(25,389)	-	(54,797)
Carrying amount at March 31, 2021	1,989	105,835	505,224	214,169	2,975	830,192

This caption is substantially unchanged from December 31, 2020 as the amortisation of approximately €4.7 million for the period is offset by the positive translation effect of roughly €4.3 million, due to the partial but generalised appreciation of the foreign currencies with which the group operates against the Euro, and the increase in assets under development and payments on account (€0.4 million).

Licences and patents mainly refer to the Guala Closures trademark and the group's proprietary patents, and Other mostly refers to business relationships with customers.

Goodwill arising on the PPA procedure for the business acquired in Germany is unchanged at March 31, 2021 compared to December 31, 2020.

Goodwill is not amortised but is tested for impairment. Since its recognition on July 31, 2018, goodwill has never been impaired.

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).



Reference should be made to the 2020 annual report for information on the previous impairment test.

The main economic and financial indicators of the Group for the first quarter of the 2021 financial year show a positive quarter for the Group with a gross operating profit, net working capital and net financial position in line with or slightly better than the 2021 budget utilised for the purposes of the impairment test as at December 31, 2020.

The level of net invested capital at March 31, 2021 is consistent and substantially in line with the most recent forecasts at that date and therefore there have been no changes in the value of the net invested capital that could affect the validity of the impairment test carried out with reference to December 31, 2020. With reference to the discount and inflation rate underlying the impairment test carried out with reference to December 31, 2020, there are no events that have substantially impacted them and, therefore, they are still applicable and reasonable with the reference date of this Report.

On the basis of this evidence, the Directors have not identified specific events and / or additional circumstances compared to December 31, 2020 that could lead to believe a reduction in the value of goodwill and, therefore, the need to update the impairment test carried out for the of the financial statements at December 31, 2020.

(24) Current and non-current financial liabilities

This section provides information on the contractual terms governing the group's bank overdrafts, loans and bonds.

Reference should be made to note 30) 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 ("**RCF**") governed by the laws of England and Wales with UniCredit Bank AG, Milan Branch, as agent, and the 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 at the 3M Euribor/GBP Libor + 2.5% (zero floor). The 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 contract governing the RCF and the Indenture of the Bonds provide for change of control clauses. Specifically, the threshold that determines a change of control according to the RCF is 35% of voting rights at Guala Closures shareholders' meetings, while the same threshold under the Bond regulation is 50% of voting rights.

Due to the finalization, in March 2021, of the agreements indicated in the press release issued by Special Packaging Solutions Investments S.à r.l. ("SPSI") on December 8, 2020 it should be noted that the condition envisaged by the "change of control" clause relating to the RCF was met and the right to request for early repayment and extinction of the RCF credit line was exercised by a only bank of the five banks making up the pool of lending banks. The other four banks issued specific waivers, confirming the credit lines in place and the amounts used which therefore remained classified as non-current liabilities.

With reference to the portion attributable to the only bank that did not issue waivers (€13 million), it should be noted that the amount used as of March 31, 2021, equal to €2.7 million, was classified under current liabilities and in full repayment was made on April 26, 2021.

Therefore, following the implementation of the "change of control" clause envisaged by the RCF, the available credit line was reduced from €80 million to €67 million.

SPSI published the offering document on May 8, 2021 and it states that the offering period will open on May 18, 2021 and close on June 7, 2021.

At the date of this Report, the condition provided for by the "change of control" clause with reference to the Indenture that regulates the Bonds has not been fulfilled.

In consideration of the situation that could arise following the outcome of the mandatory bid on Guala Closures ordinary shares, the Company is monitoring the evolution of this scenario to take the appropriate measures where the circumstances provided for by the clauses of "change of control" should occur.

The Parent Company is monitoring developments with respect to the outcome of the mandatory public tender offer for its ordinary shares to take the necessary measures should the conditions provided for in the change of control clause materialise.

The Parent Company has, inter alia, a covenant on the RCF. Failure to comply with it may require the parent to repay the facility earlier, should the RCF be drawn by more than 40% of its total amount (€80 million at March 31, 2021). Under this covenant, the ratio of the parent's indebtedness to consolidated EBITDA, both calculated in accordance with the contractual provisions of the 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 to ensure compliance. At March 31, 2021, not more than 40% of the facility has been used, which is the trigger for the application of the covenant. In any case, the covenant is complied with.

Financial liabilities at December 31, 2020 and March 31, 2021 are shown below:

<i>(€'000)</i>	December 31, 2020	March 31, 2021
Current financial liabilities		
Bonds	3,406	3,318
Bank loans and borrowings	6,497	9,587
Other financial liabilities	9,611	11,540
	<u>19,515</u>	<u>24,444</u>
Non-current financial liabilities		
Bonds	446,454	446,963
Bank loans and borrowings	20,258	15,094
Other financial liabilities	42,398	42,371
	<u>509,109</u>	<u>504,428</u>
Total	528,624	528,872

The interest rates and maturity dates of the financial liabilities at December 31, 2020 and March 31, 2021 are shown below:

(€'000)	Currency	Nominal interest rate	Year of maturity	Nominal amount				
				Total December 31, 2020	Current Within one year	Non-current		
					Between one and five years	More than five years	Total non-current	
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	3M Euribor + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2021	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(8,546)	-	(8,546)	-	(8,546)
TOTAL FRSSN 2024 bonds - Guala Closures S.p.A.				449,860	3,406	446,454	-	446,454
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.5%	2024	19,235	-	19,235	-	19,235
Transaction costs	€	n.a.	2024	(453)	-	(453)	-	(453)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				18,782	-	18,782	-	18,782
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2021	67	67	-	-	-
Yes Bank loan and facilities (India)	INR	8.95%	2021	469	469	-	-	-
Handlowy S.A. / Millennium S.A. facilities (Poland)	PLN	1M Wibor (*)	n.a.	4,064	4,064	-	-	-
Banco Chile loan (Chile)	CLP	3.48%	2023	328	144	183	-	183
Santander loan and facilities (Brazil)	BRL	n.a.	2021	18	16	2	-	2
Bancomer loans (Mexico)	USD	n.a.	2023	3,027	1,736	1,290	-	1,290
TOTAL bank loans and borrowings				26,755	6,497	20,258	-	20,258
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	5,965	5,965	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	17,011	3,645	13,366	-	13,366
Non-controlling investors' put options	€	n.a.	n.a.	29,032	-	-	29,032	29,032
Other liabilities	€	n.a.	n.a.	1	1	-	-	-
TOTAL other financial liabilities				52,009	9,611	13,366	29,032	42,398
TOTAL				528,624	19,515	480,077	29,032	509,109

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



				Nominal amount				
				Total March 31, 2021	Current	Non-current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total March 31, 2021	Within one year	Between one and five years	More than five years	Total non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	3M Euribor + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2021	3,318	3,318	-	-	-
Transaction costs	€	n.a.	2024	(8,037)	-	(8,037)	-	(8,037)
TOTAL FRSSN 2024 bonds - Guala Closures S.p.A.				450,281	3,318	446,963	-	446,963
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.5%	2024	16,909	2,748	14,162	-	14,162
Transaction costs	€	n.a.	2024	(418)	(68)	(350)	-	(350)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				16,491	2,680	13,812	-	13,812
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2021	90	90	-	-	-
Yes Bank loan and facilities (India)	INR	6.80%	2021	157	157	-	-	-
Handlowy S.A. / Millennium S.A. facilities (Poland)	PLN	1M Wibor (*)	n.a.	3,729	3,729	-	-	-
Banco Chile loan (Chile)	CLP	3.48%	2023	313	168	145	-	145
Santander loan and facilities (Brazil)	BRL	n.a.	2021	9	8	1	-	1
Bancomer loans (Mexico)	USD	n.a.	2023	3,891	2,754	1,137	-	1,137
TOTAL bank loans and borrowings				24,681	9,587	15,094	-	15,094
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	7,745	7,745	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	17,479	3,793	13,687	-	13,687
Non-controlling investors' put options	€	n.a.	n.a.	28,684	-	-	28,684	28,684
Other liabilities	€	n.a.	n.a.	2	2	-	-	-
TOTAL other financial liabilities				53,910	11,540	13,687	28,684	42,371
TOTAL				528,872	24,444	475,744	28,684	504,428

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

Other financial liabilities include the Market Warrants, which have a fair value of €7,745 thousand and €5,965 thousand at March 31, 2021 and December 31, 2020 respectively. The fair value loss for the period was recognised as a financial expense in profit or loss (€1,780 thousand). This loss is attributable to the increase in the market price of the Market Warrants, which went from €0.31 at December 31, 2020 to €0.40 at March 31, 2021.

On the date of their first trading, the parent recognised 10,000,000 Market Warrants, traded separately to the shares, for an amount of €6,000,000, by setting up a negative equity reserve of the same amount (described in note 27) Equity attributable to the owners of the parent). Furthermore, on August 6, 2018, the date the merger became effective, another 9,367,393 Market Warrants were assigned for €9,367,393, setting up a negative equity reserve of the same amount. The Warrants were assigned free of charge in the ratio of four Market Warrants to every 10 ordinary shares. They can be exercised against payment as resolved by the shareholders in their extraordinary meetings of September 26, 2017 and November 16, 2017.

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:

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

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.

The caption "Non-controlling investors' put options" it refers to the recognition of the right of some minorities to exercise a put option upon the occurrence of certain conditions.

This liability was calculated as the discounting of the determined value of the put option at the estimated time of exercise of the same (refer to the note to the condensed interim consolidated financial statements no. 30b) for the assumptions underlying the calculation).

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 Guala Closures–Space4 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 30) Fair value of financial instruments and sensitivity analysis for further details.



The Senior Revolving Credit Facility's availability at March 31, 2021 is shown in the table below:

Facility	Available amount (€'000)	Amount used at March 31, 2021	Residual available amount March 31, 2021	Repayment date
Revolving Credit Facility due 2024	80,000	16,909	63,091	final repayment 02/28/2024
Total	80,000	16,909	63,091	

As described earlier, the draw-down amount of the Senior Revolving Credit Facility was decreased to €67 million in April 2021 and the €2.7 million portion was reclassified under current payables at March 31, 2021 following the fulfilment of the condition envisaged by the "change of control" clause of the RCF and of the right to request early repayment and extinction of the credit line exercised by one of the five banks making up the pool of lending banks.

(25) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2020	March 31, 2021
Suppliers	68,278	78,125
Payments on account	557	1,388
TOTAL	68,835	79,514

(26) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2020	March 31, 2021
Provision for company reorganisations	686	1,014
Provision for returns	896	988
Provision for contingencies	701	691
Other provisions	16	15
Total current provisions	2,298	2,707

The provision for company reorganisations includes:

- €317 thousand for the downsizing of Guala Closures UK Ltd's production activities, commenced in 2018, which entails the transfer of plant and machinery from the secondary Broomhill facility to the main facility in Kirkintilloch. The provision has been calculated considering the cost of terminating the existing agreements and the benefits due to employees under the related contracts. The provision is unchanged since the production facility has not yet been definitively discontinued.

- €311 thousand for the reorganisation of Guala Closures Australia Pty Ltd commenced on March 29, 2021. This project includes the elimination of some positions as agreed with the trade unions.
- €250 thousand for Guala Closures Deutschland and, specifically, the early retirement of administration staff.
- €67 thousand for the reorganisation of Guala Closures Turkey and, specifically, the provisional estimate of liabilities for leasehold improvements and onerous contracts assumed with the acquisition of the equity investment.

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:

CURRENT PROVISIONS:

<i>(€'000)</i>	March 31,
Opening balance	2,298
Exchange losses	16
Accruals	602
Utilisations	(209)
Closing balance	2,707

NON-CURRENT PROVISIONS:

<i>(€'000)</i>	December 31, 2020	March 31, 2021
Provision for legal disputes	85	69
Provision for agents' termination indemnity	156	139
Total non-current provisions	241	207

Changes in the non-current provisions are as follows:

NON-CURRENT PROVISIONS:

<i>(€'000)</i>	March 31, 2021
Opening balance	241
Accruals	2
Utilisations	(35)
Closing non-current provisions	207



(27) Equity attributable to the owners of the parent

At March 31, 2021, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A., within the Star Segment, since August 6, 2018.

The paid-up and subscribed share capital of Guala Closures S.p.A. at March 31, 2021 it remained unchanged compared to December 31, 2020, equal to € 68,907 thousand, divided into 67,184,904 shares, of which 62,049,966 class A ordinary shares, no. 4,322,438 special class B shares with multiple votes and n. 812,500 Class C Special shares without voting rights but convertible into ordinary shares with a conversion ratio of 4.5 ordinary shares for each C share (conversion took place in April 2021).

There are also n. 19,367,393 market warrants, n. 2,500,000 Sponsor Warrants and 1,000,000 Management Warrants

At March 31, 2021, 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, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

Based on available information, updated to April 30, 2021, the parent's main shareholders are as follows:

- Investindustrial Advisors Limited, holding 42.573% of the voting rights;
- GCL Holdings S.à r.l., holding 23.148% of the voting rights;
- PII G S.à r.l., holding 8.406% of the voting rights

On December 8, 2020, Special Packaging Solutions Investments S.à r.l. ("**SPSI**") announced to the market that it had signed binding agreements for the acquisition of an equity investment in Guala Closures which, together with the shares that it already held, would constitute an interest of 48.9% of the parent's fully diluted¹ share capital. SPSI also announced it had:

- acquired 16,271,624 ordinary Guala Closures shares, without any attached conditions precedent, equal to 23.2% of the parent's fully diluted share capital, giving it 20.7% of the fully diluted voting rights that can be exercised at shareholders' meetings;

¹ Based on the information released by SPSI, "fully diluted" refers to the percentage of voting rights and Guala Closures share capital calculated based on the number and categories of shares that would be issued in the event of the (i) complete conversion of class C shares into ordinary shares and (ii) non-conversion of class B shares into ordinary shares.

- signed co-investment agreements (the “**co-investment agreements**”) under which it would acquire another 11,593,237 ordinary Guala Closures shares, representing 16.6% of the parent’s fully diluted share capital and 14.7% of the fully diluted voting rights, upon the occurrence of certain conditions. These co-investment agreements also provide that certain of Guala Closures shareholders would reinvest part or all of the proceeds from the sale of their shares in SPSI; and
- signed commitments (the “**commitments**”) to accept the mandatory public tender offer that SPSI is required to make as a result of the execution of the co-investment agreements (the effectiveness of which is linked to the presentation of the bid) for 3,656,250 ordinary Guala Closures shares, equal to 5.2% of the parent’s fully diluted share capital and 4.6% of the fully diluted voting rights.

On March 25, 2021, SPSI informed the market (as required by article 102.1 of Legislative decree no. 58 of February 24, 1998, the Consolidated finance act) that it had executed the co-investment agreements, which implies that the conditions for the presentation of the mandatory public tender offer for the parent’s remaining shares (the “**mandatory bid**”) had been met. It also noted that it intends to make a voluntary tender offer for the “Market Warrant Guala Closures S.p.A.” (the “**voluntary offer**”, together with the mandatory bid, the “**offers**”). On the same date, the commitments became effective.

SPSI’s press release of March 25, 2021 stated that, after executing the co-investment agreements, it held 33,493,940 ordinary shares, equal to 49.9% of the parent’s share capital (at this date) and 44.6% of the voting rights that can be exercised at the parent’s shareholders’ meetings (again at the date of this press release).

SPSI also confirmed that it intends to apply for the delisting of Guala Closure’s ordinary shares after the mandatory public tender offer. Should the outcome of such mandatory public tender offer not make it possible to delist the shares, SPSI noted in its press release that it reserves the right to request delisting using other methods, including the merger of Guala Closures into SPSI, an unlisted company, or another unlisted company controlled by it.

More information is available in note 34) Events after the reporting period.



(28) Equity attributable to non-controlling interests

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

(€'000)	Non-controlling interests (%) at December 31, 2020	Non-controlling interests (%) at March 31, 2021	Balance at December 31, 2020	Balance at March 31, 2021
Guala Closures Ukraine LLC	30.0%	30.0%	13,441	12,054
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,043	3,192
Guala Closures de Colombia Ltda	6.8%	6.8%	628	513
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,895	3,017
Guala Closures DGS Poland S.A.	30.0%	30.0%	17,948	16,331
Guala Closures BY LLC	30.0%	30.0%	186	167
Total			38,143	35,274

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

(29) Net financial indebtedness

Net financial indebtedness at December 31, 2020 and March 31, 2021 is analysed below, calculated in accordance with ESMA/2013/319 recommendations:

(€'000)	December 31, 2020	March 31, 2021
A Cash	-	-
B Cash equivalents	63,882	53,623
C Securities held for trading	-	-
D Cash and cash equivalents (A+B+C)	63,882	53,623
E Current loan assets	74	75
F Current bank loans and borrowings	5,455	5,787
G Current portion of non-current indebtedness	4,448	7,117
H Other current loans and borrowings	3,646	3,795
I Current financial indebtedness (F+G+H)	13,550	16,699
J Net current financial indebtedness (I-E-D)	(50,406)	(36,999)
K Non-current bank loans and borrowings	20,258	15,094
L Bonds issued	446,454	446,963
M Other non-current liabilities	42,398	42,371
N Non-current financial indebtedness (K+L+M)	509,109	504,428
O Net financial indebtedness as per the ESMA's recommendation (J+N)	458,703	467,429

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.

The annex to the directors' report provides a breakdown of net financial indebtedness, including non-current financial assets and the fair value of the market warrants, recognised under current financial liabilities.

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

<i>(€'000)</i>	December 31, 2020	March 31, 2021
O Net financial indebtedness as per the ESMA's recommendation	458,703	467,429
P Non-current financial assets	(458)	(448)
Q Market warrants	5,965	7,745
R Total net financial indebtedness (O-P+Q)	464,210	474,726



OTHER INFORMATION

(30) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2020 and March 31, 2021. It does not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in the reporting period. The "Accounting policies" section provides information about the fair value hierarchy.

December 31, 2020		Carrying amount					Fair value			
	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
<i>(€'000)</i>										
Financial assets measured at fair value										
Aluminium derivatives held for trading			634			634		634		634
		-	634	-	-	634	-	634	-	634
Financial assets not measured at fair value (*)										
Trade receivables	18			92,620		92,620				-
Financial assets				532		532				-
Investments in associates	20			1,028		1,028		-		-
Cash and cash equivalents	17			63,882		63,882				-
		-	-	158,062	-	158,062	-	-	-	-
Financial liabilities measured at fair value										
Currency derivatives held for trading			-			-		-		-
Market warrants	24	(5,965)				(5,965)	(5,965)			(5,965)
Non-controlling investors' put options	24	(29,032)				(29,032)			(29,032)	(29,032)
		(34,997)	-	-	-	(34,997)	(5,965)	-	(29,032)	(34,997)
Financial liabilities not measured at fair value (*)										
Bank overdraft	24				(4,534)	(4,534)		(4,534)		(4,534)
Secured bank loans	24				(21,876)	(21,876)		(22,001)		(22,001)
Unsecured bank loans	24				(345)	(345)		(345)		(345)
Secured bond issues	24				(449,860)	(449,860)		(469,328)		(469,328)
Lease liabilities (IFRS 16)	24				(17,011)	(17,011)				-
Trade payables	25				(68,835)	(68,835)				-
Other financial liabilities	24				(1)	(1)				-
		-	-	-	(562,462)	(562,462)	-	(496,208)	-	(496,208)

(*) 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, 2021		Carrying amount					Fair value			
	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
<i>(€'000)</i>										
Financial assets measured at fair value										
Aluminium derivatives held for trading		-	109			109		109		109
		-	109			109		109		109
Financial assets not measured at fair value (*)										
Trade receivables	18			97,237		97,237				-
Financial assets				523		523				-
Investments in associates	20			2,644		2,644		-		-
Cash and cash equivalents	17			53,623		53,623				-
		-	-	154,027		154,027				-
Financial liabilities measured at fair value										
Currency derivatives held for trading						-				-
Market warrants	24	(7,745)				(7,745)	(7,745)			(7,745)
Non-controlling investors' put options	24	(28,684)				(28,684)			(28,684)	(28,684)
		(36,429)				(36,429)	(7,745)		(28,684)	(36,429)
Financial liabilities not measured at fair value (*)										
Bank overdraft	24				(3,887)	(3,887)		(3,887)		(3,887)
Secured bank loans	24				(20,472)	(20,472)		(19,933)		(19,933)
Unsecured bank loans	24				(322)	(322)		(322)		(322)
Secured bond issues	24				(450,281)	(450,281)		(468,017)		(468,017)
Lease liabilities (IFRS 16)	24				(17,479)	(17,479)				-
Trade payables	25				(79,514)	(79,514)				-
Other financial liabilities	24				(2)	(2)				-
		-	-	-	(571,957)	(571,957)		(492,158)		(492,158)

(*) 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
Non-controlling investors' put options	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.	<ul style="list-style-type: none"> Estimated gross operating profit (loss) in the 2021 first quarter forecast and 2021-2025 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 based on demographical assumptions and any change of control clauses. 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> the gross operating profit was higher; the net financial position was better; the risk-free rate of the country decreased; the expected dividend yield decreased; the inflation rate differential between Ukraine and the USA increased the discount rate adjusted by the group's credit risk; the expected inflation rate of the country in which the subsidiary is domiciled increased in the last year of the plan; the expected exercise date for the put option was earlier due to the bringing forward of the pensionable or mortality date and/or exercise of the change of control clauses of Guala Closures Group and local administrators.
Forward interest rate swaps, currency forwards and aluminium derivatives	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions of similar instruments.	Not applicable.	Not applicable.

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

Financial instruments not measured at fair value

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

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

Level 3 fair values at December 31, 2020 and at the reporting date are shown below:

<i>(€'000)</i>	
December 31, 2020	29,032
Included in "financial income"	(348)
Net fair value loss (unrealised)	
Balance at March 31, 2021	28,684

Sensitivity analysis

Reasonably possible changes at March 31, 2021 to one of the significant inputs that is not directly observable, while assuming other inputs remain constant, would have had the following effects on the fair value of the non-controlling investors' put options:

<i>(€'000)</i>	Increase/(decrease) in input data not directly observable	Favourable/ (unfavourable) effect on the profit (loss) for the period
Risk-adjusted discount rate	1% (1%)	2,413 (3,009)
Growth rate	1% (1%)	(1,507) 843
Expected date of put option exercise	+ 1 year - 1 year	1,931 (2,124)



(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 2020 annual report.

(31) Commitments and guarantees

In the first three months of 2021, there were no significant changes.

(32) Related party transactions

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

Pursuant to Consob communication no. 6064293 of July 28, 2006, the following paragraphs summarise the financial impacts of trade and financial transactions carried out with related parties in the reporting period. No transactions with related parties took place in the first quarter of 2021.

Transactions with the key management personnel are set out below:

(€'000)	Costs recognised in the period						Accrual for post-employment benefits at March 31, 2021	Other liabilities at March 31, 2021	Cash flows for the period
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Total			
Total key management personnel	121	503	673	5	85	1,386	1	2,962	1,642

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, 2021 are summarised below:

- it appointed four members to the board of directors of Guala Closures S.p.A. on August 6, 2018, as well as two independent members, whom it appointed jointly with Space Holding S.r.l.;
- it has two standing members and a substitute member on the board of statutory auditors of Guala Closures S.p.A. appointed on September 10, 2018, whom it appointed on the indication of GCL Holdings S.à r.l.;
- with effect from 31 July 2018 GCL Holdings S.à r.l. is a shareholder of Guala Closures S.p.A.;
- it purchased Guala Closures S.p.A. bonds listed on the Luxembourg stock exchange and totalling €998,207 on August 4, 2020;
- the transactions with GCL Holdings S.à r.l. took place on an arm's length basis.

Space Holding S.r.l. can be considered a related party.

The transactions and relationships between this company and the group at March 31, 2021 are summarised below:

- it has two members (one of whom is independent) who it appointed to the board of directors of Guala Closures S.p.A. on August 6, 2018, as well as two independent members who it appointed jointly with GCL Holdings S.à r.l.;
- it has one standing member and a substitute member on the board of statutory auditors appointed on September 10, 2018, who it appointed on the indication of Space Holding S.r.l.;
- Space Holding S.r.l. holds shares of Guala Closures S.p.A.;
- no transactions were carried out with Space Holding S.r.l. in the period.

Peninsula Capital II S.à r.l. (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, 2021 are summarised below:

- it has one member who it appointed to the board of directors of Guala Closures S.p.A. on August 6, 2018 (the date the merger became effective);
- it holds Guala Closures S.p.A.'s shares;
- no transactions were carried out with Peninsula in the reporting period.

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 34) Employee benefits of the 2020 consolidated financial statements for additional information.

Some Guala Closures S.p.A. managers also hold GCL Holdings S.à r.l. shares (see the Report on corporate governance and ownership structure 2020 on Investor Relations section of the company'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.

(33) Atypical and/or unusual transactions

Pursuant to Consob communication dated July 28, 2006, it is noted that, during the first quarter of 2021, 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 counterparties, 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.

(34) Events after the reporting period

Conversion of special class C shares into ordinary shares

As provided for in the parent's by-laws and in accordance with the commitments, all the 812,500 class C shares, which do not have voting rights, have been converted into 3,656,250 ordinary shares using a ratio of one class C share to 4.5 ordinary shares.

Following the application dated March 29, 2021, the stock brokers confirmed the cancellation of the class C shares on the MTX platform on April 6, 2021 (necessary to be able to issue the related ordinary shares for the conversion). On April 7, 2021, the ordinary shares were placed on the MTX platform. The parent filed the related information with the company registrar and Consob as well as making it available to the market on April 12, 2021.

As a result of this conversion, the parent's subscribed and paid-in share capital is unchanged at €68,907 thousand, consisting of 70,028,654 shares, of which 65,706,216 ordinary shares and 4,322,438 class B multiple-vote shares.

Collection of the second instalment of the consideration for the sale of GCL Pharma S.r.l.

After the sale of 100% of GCL Pharma S.r.l. finalised on April 15, 2020, the group collected the second and last instalment of €2.0 million of the agreed consideration of €9.3 million on April 16, 2021.

Partial repayment of the Revolving Credit Facility

On April 26, 2021, the group repaid €2.7 million to the bank that requested it to comply with the conditions of the change of control clause of the New RCF, which decreased from €80 million to €67 million.

Tax payment

On April 29, 2021, the parent paid €0.5 million to the tax authorities using its provision for tax risks set up at December 31, 2020.

Approval of the 2020 annual report

In their ordinary meeting of April 30, 2021, the shareholders approved the 2020 separate financial statements and the allocation of the profit for the year to the reserves. They also appointed new directors and statutory auditors who will remain in office until the shareholders' meeting called to approve the separate financial statements as at and for the year ending December 31, 2023.

Public tender offer

On April 13, 2021, SPSI informed the market that it had filed its offering document (the “**offering document**”) in accordance with article 102.3 of the Consolidated finance act and article 37-ter.3 of the regulation adopted by Consob with resolution no. 11971 of May 14, 1999, as subsequently amended and integrated (the “**Issuer Regulation**”).

Consob completed its administrative procedures to approve the offering document on May 6, 2021 and the approved offering document was published on May 8, 2021.

The offering document states that the offering period will open on May 18, 2021 and close on June 7, 2021 and that it may be re-opened on June 15, 16, 17, 18 and 21, 2021 while the consideration for the shares offered will be paid, unless deferred, on June 14, 2021 and June 28, 2021, should the period be re-opened.

On behalf of the board of directors
Chairman and CEO
Mr. Gabriele Del Torchio
(signed on the original)

May 12, 2021



Annex

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

ANNEX 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 2021 first quarter report are consistent with the accounting records, books and entries.

May 12, 2021

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

