JUNE 30, 2020

INTERIM FINANCIAL REPORT

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

Guala Closures Group

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

GUALA CLOSURES GROUP

INTERIM FINANCIAL REPORT

JUNE 30, 2020

September 7, 2020

MESSAGE FROM THE CHAIRMAN AND CEO

While COVID-19 has demonstrated how all the certainties that underpin the world in which we operate can be fleeting, Guala's careful, continuous and stringent health PREVENTION at all 29 of the group's facilities enabled operations to continue seamlessly, where possible, in line with local measures, in a safe and reasonably efficient manner.

This has garnered Guala the RESPECT of all our stakeholders, first and foremost our employees, local authorities, our customers which were not affected by delays or inconveniences, and the financial community with which we operate, as no extraordinary financing was necessary.

Our business model's strength and RESILIENCE was thus once again confirmed and together with our global market leadership enabled the group to withstand the repercussions of a months-long lockdown.

The first half of 2020 saw a continuation of research and innovation activities, both in the field of research into sustainable products, and in the response to the requests of many customers, who have begun preparing the repacks of the major world brands for the years 2021 and 2022.

Internal cost control, production performance, cash flows and liquidity management will continue to be major focal points for our group in the second half of the year.

This FOCUS will enabled us to continue to invest in our SUSTAINABLE DEVELOPMENT. I use the term "development" rather than "growth", as our aim is to recover production volumes that we unfortunately lost due to the pandemic.

Sustainability will be one of our main drivers to boost the INNOVATION of products and processes, a core driver of our company'resilience and success.

Over the past few months, numerous brands have decided to work with the Group to launch new products as early as the third and fourth quarters of 2020, a sign of confidence in market recovery as well as in the speed and effectiveness of Guala Closures' solutions.

Towards the end of the second quarter of 2020, various local Governments, especially in the countries that were first hit by Covid-19 (Europe, Asia and Oceania) relaxed their restrictive measures and the HORECA segment gradually started to reopen.

Based on current figures, from the third quarter, the performance of the businesses that were most affected in the second quarter by the spread of Covid-19, are on the road to recovery, with a marked improvement in volumes.

Marco Giovannini

Chairman and CEO

(signed on the original)

COMPANY OFFICERS

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

RISK AND CONTROL COMMITTEE

Chairman	Francesco Caio
Independent director	Lucrezia Reichlin
Director	Nicola Colavito

REMUNERATION COMMITTEE

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

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITORS

KPMG S.p.A.

CONTENTS

1. DIRECTORS' REPORT

Alternative performance indicators

In addition to the financial performance indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss) (EBITDA), adjusted gross operating profit (loss) (adjusted EBITDA), operating profit (loss) (EBIT), adjusted operating profit (loss) (adjusted EBIT), net financial indebtedness and revenue and adjusted EBITDA for the first six months of 2020 at constant exchange rates) which, although not required by IFRS, are based on IFRS values. Indeed, management monitors these performance indicators on a consolidated basis and considers them significant for the purposes of understanding the group's performance of operations (the "Alternative performance indicators" section of this report provides more information about these indicators and their calculation).

1.1 Guala Closures Group

BUSINESS

The Guala Closures Group is a global leader in the production of safety closures for spirits and aluminium closures for wine, as well as one of the top players worldwide in the production and sale of aluminium closures for beverage industry. The Group has more than 4,700 employees and operates on five continents through 29 production sites at the date of this report and markets its products in over 100 countries. The Group sells over 20 billion closures each year.

Its leadership is underpinned by continuous product and process innovation at the group's five different research and development centres, two of which are focused on finding unique, ground-breaking solutions for products and processes and three of which work on product development for the different macro regions.

Since **August 2018**, the parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange. In **September 2019**, it was admitted to the **FTSE Italy Mid Cap** index.
At the date of this report, the parent has a significant float (over 85%).

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

STRATEGY

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

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

- ongoing revenue growth through entry into markets in emerging countries with specific focus on safety closures and the value added of safety and luxury closures;
- the optimisation of production processes and the supply chain by sharing best practices within the group in order to improve the profitability of the group's production facilities;
- continued optimisation of the new product range by driving innovative, high-tech products and focusing increasingly on aesthetics to promote the brand with customers;
- careful assessment of potential related to acquisitions to expand the group's presence in new geographical segments and/or markets;
- the packaging digitalisation process which began in 2019 with the launch of the new NFC (near field communications) closures.

RESEARCH – INNOVATION – DEVELOPMENT OF NEW PRODUCTS

Research and development activities continued in the first half of 2020, both in the field of research into sustainable products and in response to requests from several customers which have begun preparations for the repackaging of key brands in 2021 and 2022.

In terms of **sustainability**, testing continues for the fine tuning of a new range of products for all market segments of the group, offering solutions consistent with consumer habits and end-of-life packaging treatment systems, which vary from country to country.

Growing customer numbers view the group as a partner in achieving those milestones that will enable them to offer their own customers increasingly sustainable closures, in line with legislative deadlines and the roll out of the necessary recycling systems.

These activities encompass myriad possibilities and involve all of the group's R&D centres which are specialising in different areas and pooling their expertise.

The network of global strategic partners that the group has cultivated is equally important to offering its customers solutions at the cutting edge, and the group also collaborates with some of its key customers' product innovation teams.

Demand for **luxury** closures continues for new boutique brands or brands wanting to upgrade their products through repackaging, involving Guala Closures Group in the product styling.

In recent months numerous brands have chosen to work with the group, with a view to unveiling new products as early as the third and fourth quarters of 2020. This is indicative of confidence in the recovery of the market but also of the speed and validity of Guala Closures solutions.

Several repackaging projects for large global brands commenced during the first half of 2020 with this early stage usually involving general requests for integrated solutions that offer efficiency while retaining or emphasising the package styling as a luxury feature. In addition to the technical capabilities of its R&D centres in this area, Guala Closures Group can deploy its in-depth knowledge of what is trending in closures today.

With respect to the **development of new technologies**, the main focus areas were as follows:

EMF (Electromagnetic forming): work on prototype moulding and magnetoforming for a leading global brand gathered pace in the first half of 2020, in response to the customer's renewed urgency.

NFC (Near field communication): in the first half of 2020, the focus was on the production of the 30x44 product for Jameson, both in terms of production and the IOT (Internet of Things), where major improvements were made.
Work is basically complete on the RFID (radio-frequency identification) technology (the optimisation of tags, through the prototyping of new tags with enhanced performance (with detuning at a frequency of 12.5mhz) inside aluminium closures), as the goal has been achieved and the end result can now be offered to those companies that have already used our NFC technology. Development continues in relation to both the proprietary IoT platform and the related SharpEnd and Compellio platforms.

Automation: this mainly comprised extensive robot programming activities and the design of handling and vision systems (quality control and QR and digital readers), particularly in the period from April to June.

Digital Printing: testing of these technologies was intensive, with some customers asking us to work on projects incorporating laser marking/coding and ink jet technologies.

3D printing: work related to 3D printing of components for our production companies and third-party customers continues to garner growing interest, despite the dip linked to the COVID-19 emergency.

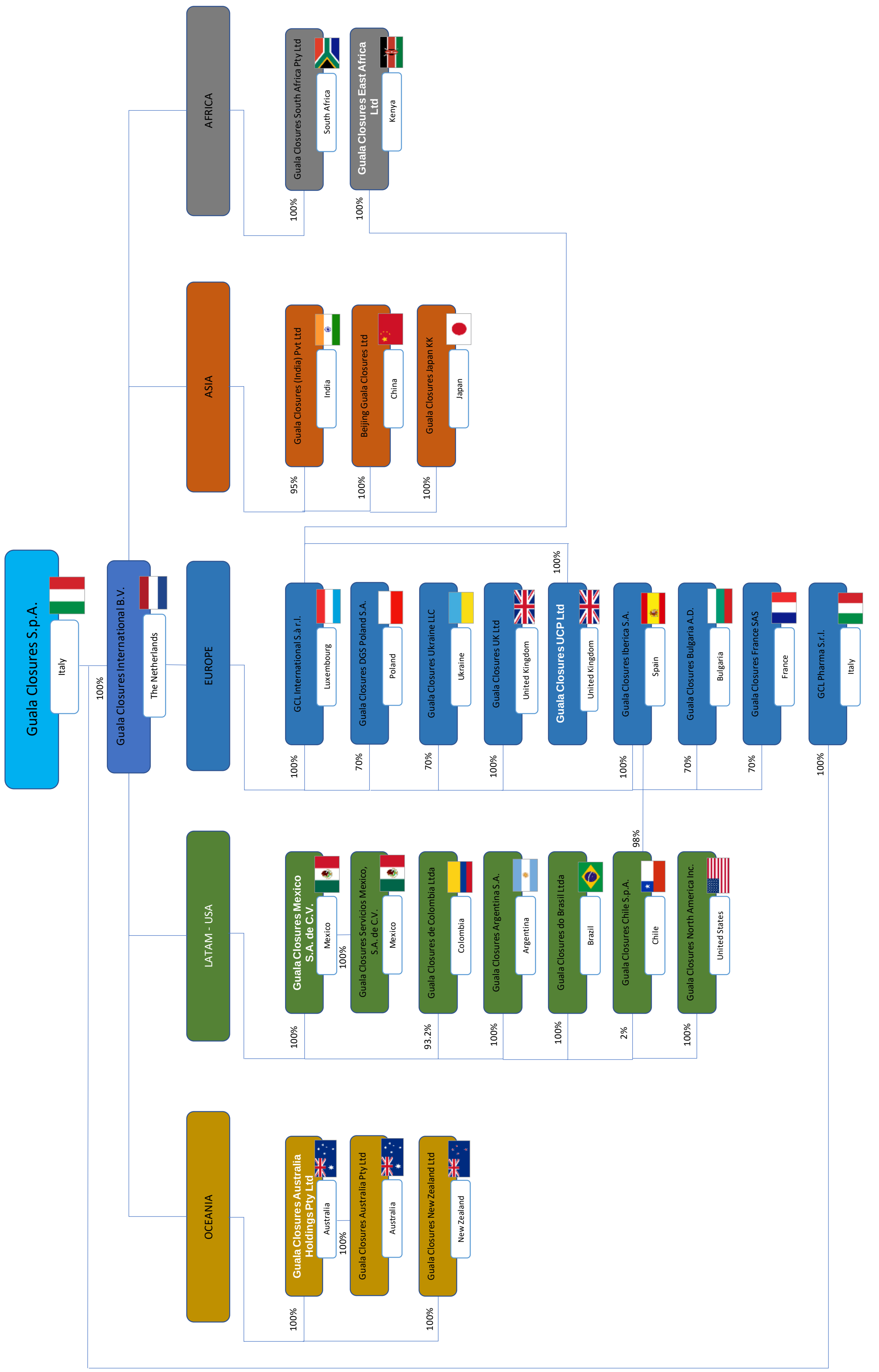
Face shields: Face shields were designed and produced in response to the COVID-19 emergency. From materials testing through pilot production and production roll-out, the project was completed in approximately one month (between March 23 and April 27), initially using 3D printing and then using a mould.

Group structure at June 30, 2020

Group structure at December 31, 2019

The investment in Guala Closures Deutschland was acquired in December 2019, while Closurelogic’ s assets were purchased and consolidated starting from February 2020

Group structure at June 30, 2019



1.2 PERFORMANCE

Key figures

(€ mln)	Reported figures H1 2019	Reported figures H1 2020 Spot exchange rates	Reported figures H1 2020 Constant exchange rates [2]	Like-for-like consolidation scope [1] H1 2019	Like-for-like H1 2020 Spot exchange rates	Like-for-like H1 2020 Constant exchange rates [2]
Revenue	**291.1**	**272.3**	**281.8**	**291.1**	**260.6**	**270.1**
Growth %		*(6.4%)*	*(3.2%)*		*(10.5%)*	*(7.2%)*
Adjusted gross operating profit	**50.4**	**44.2**	**45.5**	**50.4**	**45.3**	**46.6**
Growth %		*(12.2%)*	*(9.8%)*		*(10.1%)*	*(7.6%)*
Adjusted gross operating profit margin	***17.3%***	***16.2%***	***16.1%***	***17.3%***	***17.4%***	***17.2%***

(€ mln)	June 30, 2019	June 30, 2020
Net financial indebtedness [3]	486.2	483.3
	December 31, 2019	
	462.5	

Employees	4,842
Facilities	29 production facilities and 3 sales offices in 24 countries on 5 continents
Patents and intellectual property rights	over 170

Notes:

(1) *The like-for-like scope figures exclude the effect of the acquisition of Closurelogic's assets, the figures of GCL Pharma sold in April 2020 and the normalisation of the effects of the sale of part of the Spanish assets of the PET division to third parties in second half 2019.*

(2) *With reference to alternative performance indicators, such as adjusted gross operating profit (loss) and sales in 2020 at constant exchange rates, reference should be made to the section Alternative performance indicators - Guala Closures Group in this report.*

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

After a positive start to 2020 in terms of revenue growth and profitability, Guala Closures Group was hit by the effects of the spread of the COVID-19 pandemic in the second quarter of the year.
The figures for the first half of the year nevertheless show the degree of resilience of the group's business, with a limited 3.2% drop in **revenue** at constant exchange rates thanks to the diversification of the business in terms of geography, products and the customer portfolio, and to the positive contribution of the business acquired in Germany in February. On a like-for-like basis and exchange rates, there would have been a 7.2% decline in revenue. Diversification was key to the group being able to counter the decrease in turnover on the Asian markets (particularly India, where the government imposed a lockdown for almost the entire month of April) and for the UK market, which is mostly focused on global brands and the duty free market.
Group's **adjusted gross operating profit** was down 7.6% on a like-for-like basis and at constant exchange rates, while the adjusted gross operating profit margin was substantially in line with that of the corresponding period of the previous year (17.2%).
Net of the effects of the normalisation of the consolidation scope, the profit margin is affected by the dilution effect caused by Guala Closures Deutschland's business, whose integration into the group has commenced in order to achieve profit margins in line with the reference context.

Net financial indebtedness amounts to €483.3 million at June 30, 2020. This figure is down on the €490.1 million at March 31, 2020 and on the €486.2 million at June 30, 2019, reflecting management's commitment to cash generation via the careful management of working capital and investments.
Net financial indebtedness rose €20.8 million on the €462.5 million at December 31, 2019, mainly due to the acquisition of Closurelogic's assets (€13.5 million, of which €12.2 million representing the consideration transferred and €1.3 million related to the recognition of the liabilities assumed at the transaction date as part of the acquired leases) and to the increase in net working capital due to the combined effect of the increase in group assets following the aforesaid acquisition in Germany and to the normal seasonality of the business which saw an increase in the first part of the year, partly offset by the sale of 100% of GCL Pharma S.r.l. to Bormioli Pharma Group (impact of €7.4 million, of which €7.3 million collected in April 2020 and €0.1 million being the net effect of the transfer of the lease liabilities net of the cash transferred following the sale of the company).

Key events of the half year

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

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

On January 2, 2020, Closurelogic GmbH, a German manufacturer specialising in aluminium closures, mainly intended for the glass-bottle beverage and mineral water sector, under insolvency proceedings, formally accepted the proposal to purchase Closurelogic GmbH's assets made by GCL International S.à r.l. on December 16, 2019.
In December, the Luxembourg subsidiary GCL International S.à r.l. purchased a shelf-company, Waterside XLII, which subsequently took on the name of Guala Closures Deutschland GmbH. This company was subsequently identified as the buyer of the Closurelogic GmbH business, availing itself of the express right reserved in the notary-certified offer made on December 16, 2019.

Consequently, on February 3, 2020, the German subsidiary, Guala Closures Deutschland GmbH, finalised the acquisition of the Closurelogic GmbH business (all owned assets and its personnel, with the exception of the shares of the Turkish subsidiary, the purchase of which will take place after completion of the step-plan identified following the due diligence). The transaction entailed the acquisition of Closurelogic GmbH's property, plant and equipment and intangible assets, including the building in Worms, for a total consideration of €7.2 million, the purchase of raw materials and finished goods for approximately €5.0 million and the payment of advances to suppliers for roughly €0.3 million.

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

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

As a result of the losses incurred in prior years, on January 29, 2020 the shareholders decided to zero the share capital of Guala Closures France S.a.s., with a simultaneous resolution to increase the share capital by €2,748 thousand.

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

Subscription of SharpEnd Partnership Ltd. capital

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

Founded in 2015 as the first IoT agency, SharpEnd is a pioneering partner in technological creativity. This company was set up to 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.

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

As part of the strategy of focusing on the group's core business and, specifically, the development of closures with higher added value and greater growth prospects, the consolidation of the integration of the Scottish assets acquired with UCP in December 2018 and the integration of the German ones acquired by Closurelogic in February 2020, on April 9, 2020 the group finalised the agreement for the sale to Bormioli Pharma Group of 100% of GCL Pharma S.r.l. held by the Guala Closures Group through its parent Guala Closures S.p.A..

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

This sale generated a gain of €2.8 million for the group.

Termination of the liquidity provider agreement

On May 18, 2020, Guala Closures S.p.A. terminated the liquidity provider agreement dated July 31, 2019 with the broker Mediobanca Banca di Credito Finanziaria S.p.A., following the enactment of the new market practice related to liquidity providing.

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

On April 16, 2020, Special Packaging Solutions Investment S.à r.l. communicated pursuant to article 103.3/3-bis of the Consolidated finance act and article 39 of the Issuers' Regulation, its decision to promote a partial voluntary tender offer for 15,166,000 ordinary shares of Guala Closures S.p.A. at a price of €6.00 per share (the 15,166,000 ordinary shares correspond with 22.57% of the share capital and 20.22% of the voting rights at shareholders' meetings at the date of the issuer's notice).

Having met on June 4 and 5, 2020 to examine the offer and approve the issuer's notice prepared pursuant to article 103.3/3-bis of the Consolidated finance act and article 39 of the Issuers' Regulation, the board of directors issued a notice on June 5, 2020 containing all information necessary to assess and evaluate the offer, and to evaluate the effects a successful offer would have on the company's interests and on the workforce and the location of the production facilities. In evaluating the fairness of the financial consideration, the board of directors took into account the contents of the offer document approved by CONSOB (the Italian commission for listed companies and the stock exchange) with resolution no. 21392 dated May 29, 2020, and published by the offeror on May 30, 2020 pursuant to article 102 of the Consolidated finance act and article 38 of the Issuers' Regulation, and the contents of the fairness opinion issued by the independent advisor Rothschild & Co, which assessed the methods, assumptions and conclusions. Specifically, the board took into consideration the fact that the valuation expressed by the independent advisor in the fairness opinion (i) related to a non-controlling interest in the share capital of Guala Closures (the interest subject to the offer) and (ii) took into account, based on the independent assessment of Rothschild & Co, the risks and uncertainties linked to the COVID-19 pandemic.

After its examination and to the best of its knowledge, the board of directors deemed the methodological approaches contained in the fairness opinion issued by the independent advisor to be consistent with market practice and suitable for the valuation, considering the specific characteristics of the offer.

In line with the outcomes of the independent advisor's fairness opinion, the board of directors did not deem the financial consideration offered by the offeror to be appropriate.

The transaction was concluded in the early days of July and for more details on the conclusion of the process, see note 35) "Events after the reporting period" of the note to the condensed interim consolidated financial statements.

COVID-19

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

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

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

China was the first to sound the alarm at the beginning of the year, and the virus is now present worldwide at differing levels of intensities in the various countries. The World Health Organisation (WHO) declared COVID-19 a pandemic on March 11, 2020 after a steadily growing number of countries reported cases. To contain the spread, the governments of the various countries introduced increasingly restrictive measures aimed at limiting movement and contact between people, as well as shutting down - sometimes entirely - production activities in sectors classed as non-essential, allowing only essential activities and production to continue, including those of the food, drinks and pharmaceuticals sector in which the group operates, along with logistics services and transport.

The Guala Closures Group's priority is and will remain ensuring the safety of its employees and business continuity. The group quickly and responsibly took all steps and safety measures identified by the authorities in the various markets, introducing new protocols, work practices and safety precautions.

All 29 group production facilities are operational at the date of this document.

Most of them continued to operate during the entire lockdown period - where imposed - in compliance with the regulations for each country, as the type of activity carried out was classified among those that, except for temporary bans imposed by local governments, could continue despite the restrictions.

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

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

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

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

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

The impacts on the group's business were largely concentrated in the second quarter of 2020 and were mainly linked to operations in India, where the government imposed a full lockdown of the country between March 22 and April 27; those of the United Kingdom, which mainly focus on global brands and the duty free market; those of South Africa, where the partial closure of the facilities between March 26 and April 30 meant that it was only possible to produce limited quantities for small niches of the mineral water and beverage markets and the pharmaceutical sector; and to operations in Spain and Italy, two of the European countries hit the hardest by COVID-19.

The impact of COVID-19 was felt most heavily in the spirits market, being the sector with the greatest exposure to consumption in the distribution channel represented by bars and restaurants, which generally led to the formation of groups of people, given their function as public places for socialising (revenue of €187.8 million in the first half of 2019 compared to €157.9 million in the first half of 2020, a 15.9% decrease equal to €29.9 million). The severe restrictions aimed at containing and slowing the spread of the virus by limiting social contact and social gatherings resulted in the almost complete closure of the on-premises channel in the second quarter of 2020 and sales through the duty free ("Global Travel Retail") channel were also impacted by the heavy limitations on people's movements.

With reference to the subsequent quarters, the group's priorities are to ensure the safety of its employees and business continuity.
The safety and prevention measures introduced at the onset of the emergency are still in place and are continuously updated to comply with the new directives issued by the competent authorities. Constant liaising with key business partners such as suppliers and customers has been further ramped up with the aim of ensuring business continuity.
In addition to the measures taken to prevent the spread of COVID-19, such as the distribution of disposable masks and gloves, social distancing between workers, measuring body temperature when entering the workplace and the sanitisation of all premises every two weeks, the group entered into a COVID-19 insurance policy with AON, a leading insurance company, covering all its workers worldwide.
Furthermore, the group's focus on the communities in which it operates has seen it begin production of polycarbonate face shields in Luxembourg which are sold to businesses in order to finance the free supply of such face shields to healthcare structures in Italy, Spain, France and Luxembourg.

In the first half of 2020, the Guala Closures Group has felt the consequences of COVID-19 both in terms of decreased sales volumes and in terms of additional costs to ensure the safety of facilities and employees and lower production efficiency as a result of ensuring compliance with safety and social distancing requirements. These were partly offset by measures to contain personnel expense, lower travel expenses and government assistance.
The costs directly attributable to COVID-19 mainly relate to personal protective equipment for employees, sanitisation and the adaptation of work areas to comply with social distancing requirements.

In response to the decrease in sales volumes, the group began introducing measures to contain personnel expense in the second quarter of 2020 in order to limit the effect on the profit margin.
This resulted in a decrease in personnel expense, mainly in those European countries hit the hardest by the COVID-19 pandemic, particularly the United Kingdom, where the social shock absorbers introduced by the UK government (furlough) meant production could be reduced commensurate with the lower sales volumes using this income support measure, and in Spain and in Italy, where production was optimised by scheduling holiday leave for employees, concentrating production on the weekdays, avoiding production during the weekend and curtailing bonuses.
In India and South Africa, where the extremely stringent lockdowns imposed by the respective governments resulted in a shutdown of around one month, personnel expense was not significantly lower than that of the corresponding period of the previous year as the group also bore the personnel expense during the shutdown period, pursuant to local regulations. There were, however, some savings on personnel expense in these countries, mainly linked to the lower use of temporary workers in India and to the smaller number of overtime hours worked, the greater use of holiday leave and the decrease in employee numbers (from 198 to 175) in South Africa.
In China, where the group suspended production between January 24 and February 14, personnel expense fell as a result of the government's reduction in social security contributions and the smaller workforce as seven employees left.
Colombia was the country where group operations were impacted the most in the South American region, producing only disinfectant closures between March 20 and May 11. Personnel expense savings were achieved thanks to the use of holiday leave and the relief granted by the Colombian government which suspended social security contributions for two months. In the rest of South America, where the impact of COVID-19 was more contained than in areas of Europe and Asia in which the group operates, personnel expense was stable in all countries.
The group received assistance to decrease personnel expense in the United Kingdom and Argentina, reductions in social security contributions in China and liquidity support measures, particularly the postponement of the deadline for payment of indirect taxes such as VAT in the United Kingdom and the reduction of the VAT rate from 19% to 16% in Germany from July to December 2020.

In financial terms, the group's liquidity, both current and prospective, is monitored constantly. At the preparation date of this document, there were no significant impacts on collection or payment activities directly or indirectly related to the COVID-19 health emergency. The available liquidity is adequate to cover current and prospective operating needs with ample headroom available in the event of exceptional and unforeseeable circumstances.

As regards the business trend for this year, the restrictive measures were eased towards the end of the second quarter of 2020 and the HORECA sector was gradually reopened by the various governments, particularly in those countries hit the earliest by COVID-19 (Europe, Asia and Oceania), albeit with different dynamics and, in certain cases, with the reintroduction of restrictions limited to hotspots and/or clusters.
Based on the current outlook, business performance, which was most heavily impacted by the spread of COVID-19 in the second quarter of 2020, has embarked to pick up as from the third quarter of 2020, markedly recovering volumes.

Launch of the first e-closures in Europe

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

The inaugural Food & Wine Italia Awards recognising talent, innovation and social responsibility in the Italian food and wine sector was held on February 19, 2020. Six professionals under 35 years of age and cutting-edge companies and projects in the food, wine and catering sectors received awards during the event.
Guala Closures and Vigneti Massa were jointly awarded a special prize for innovation in the wine sector with their NěSTGATE™ e-closures: a European first in the wine sector.

Alufoil Trophy 2020

In May 2020, Guala Closures Group received the prestigious award Alufoil Trophy 2020 in the "Marketing + Design" category for its Savin Prestige screw closure for the wine market. The competition is organized by EAFA (European Aluminium Foil Association).

Financial performance

Analysis of the financial performance

The table below summarises the financial performance of the Guala Closures Group for the first six months of 2019 and 2020.
The figures for the first six months of 2020 include the effect of the consolidation of Closurelogic's assets starting from February 2020 and fell the effects of the sale of some of the Spanish assets of the PET division to third parties in the second half of 2019 and the sale of GCL Pharma S.r.l. to third parties in the second quarter of 2020.

Income statement	**H1 2019 restated**		**H1 2020**	
	(€'000)	***% of net revenue***	***(€'000)***	***% of net revenue***
Net revenue	**291,056**	***100.0%***	**272,293**	***100.0%***
Change in finished goods and semi-finished products	12,797	*4.4%*	16,686	*6.1%*
Other operating income	1,844	*0.6%*	1,839	*0.7%*
Internal work capitalised	2,325	*0.8%*	1,826	*0.7%*
Costs for raw materials	(135,972)	*(46.7%)*	(124,505)	*(45.7%)*
Costs for services	(54,638)	*(18.8%)*	(56,020)	*(20.6%)*
Personnel expense	(64,259)	*(22.1%)*	(64,696)	*(23.8%)*
Other operating expense	(6,177)	*(2.1%)*	(4,609)	*(1.7%)*
Impairment losses	(1,009)	*(0.3%)*	(0)	*(0.0%)*
Gains on sales of equity investments	-	-	2,830	*1.0%*
Gross operating profit (EBITDA)	**45,968**	***15.8%***	**45,643**	***16.8%***
Amortisation and depreciation	(31,180)	*(10.7%)*	(31,885)	*(11.7%)*
Operating profit (EBIT)	**14,788**	***5.1%***	**13,759**	***5.1%***
Financial income	5,263	*1.8%*	10,315	*3.8%*
Financial expense	(18,573)	*(6.4%)*	(29,650)	*(10.9%)*
Net financial expense	**(13,309)**	***(4.6%)***	**(19,334)**	***(7.1%)***
Profit (loss) before taxation	**1,479**	***0.5%***	**(5,576)**	***(2.0%)***
Income taxes	(4,454)	*(1.5%)*	(1,730)	*(0.6%)*
Loss for the period	**(2,975)**	***(1.0%)***	**(7,305)**	***(2.7%)***
Loss for the period attributable to the owners of the parent	(5,896)	*(2.0%)*	(11,042)	*(4.1%)*
Loss for the period attributable to non-controlling interests	2,921	*1.0%*	3,736	*1.4%*

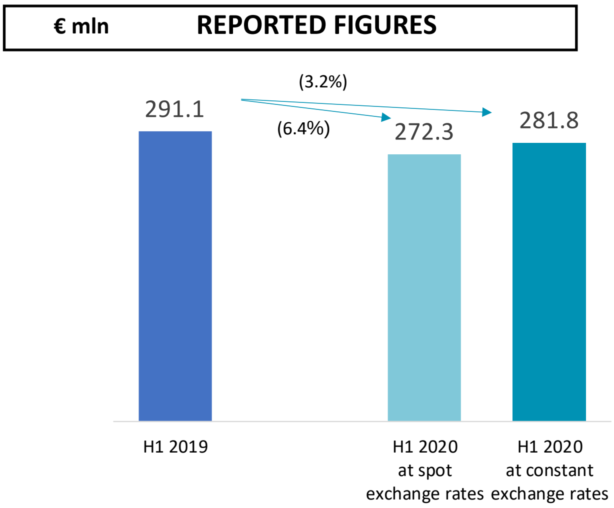
Adjusted gross operating profit (Adjusted EBITDA)	**50,390**	***17.3%***	**44,220**	***16.2%***

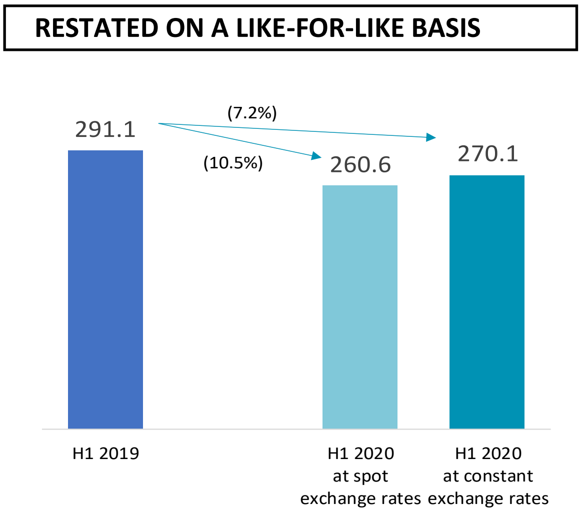
Notes:

- *Adjusted gross operating profit (Adjusted EBITDA) has been calculated based on the definition in the alternative performance indicators section of this report.*
- *The figures for the first half of 2019 were restated to include the effects of the PPA procedure related to UCP which entailed the recognition of lower amortisation and depreciation by approximately €0.2 million and the release of the related deferred taxes of a negligible amount. The figures for the first half of 2019 also include a €2.1 million reclassification to costs for services and personnel expense for comparative purposes with the classification used in 2020.*

Net revenue

The trend in revenue for the first half of 2020 compared to the first half of 2019 is illustrated below.
The restated like-for-like scope figures exclude the net effect (€11.7 million) of the consolidation of Closurelogic's assets which were acquired in February 2020 (+€15.3 million), and the normalisation of the effects of the sale of some of the Spanish assets of the PET division to third parties in the second half of 2019 (-€1.3 million) and the sale of GCL Pharma in April 2020 (-€2.4 million).





In the first half of 2020, consolidated net revenue totalled €272.3 million, down €18.8 million (-6.4%) on the first half of 2019, result obtained from a first quarter up 2.9% and a second down 15.3% due to Covid-19.

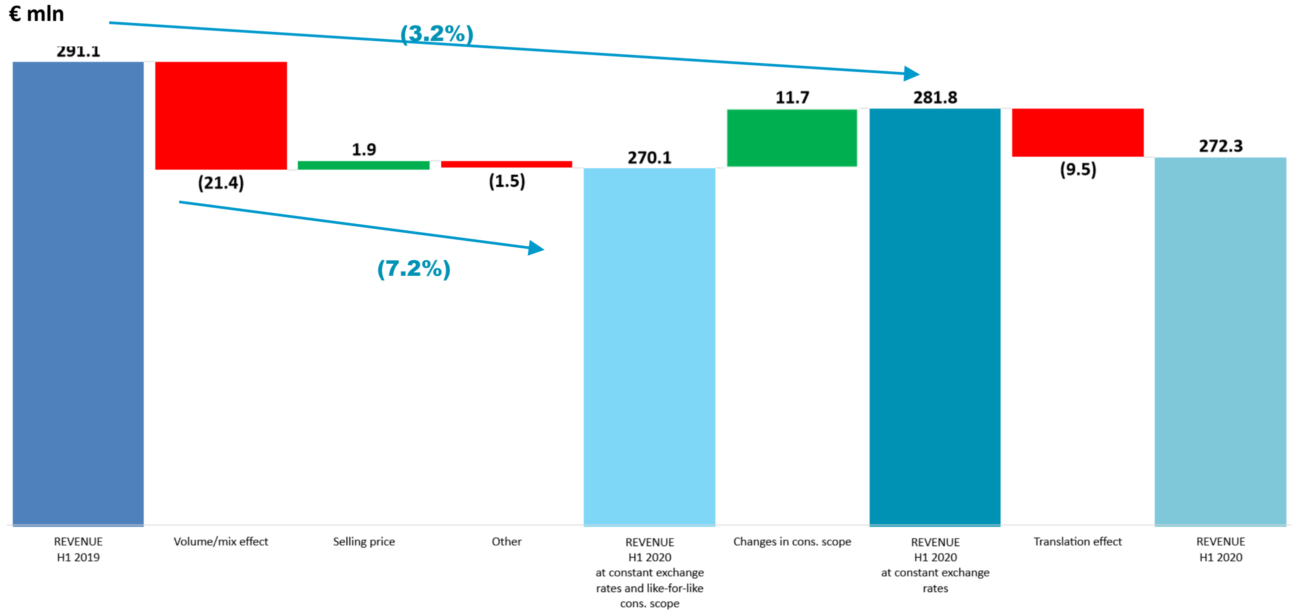
Analyzing the various components, the contraction in net revenue is due, in addition to the translation impact, to the decrease in volumes at the end of the first quarter and in the second quarter of 2020 following the global spread of Covid-19. As can be seen from the graph below, the reduction in volumes amounts to € 21.4 million and is mainly linked to operations in India, where the government imposed a full lockdown of the country between March 22 and April 27, those of the United Kingdom, which mainly focus on global brands and the duty free market, those of South Africa, where the partial closure of the facilities between March 26 and April 30 meant that it was only possible to produce limited quantities for small niches of the mineral water and beverage markets and the pharmaceutical sector and to operations in Spain and Italy, two of the European countries hit the hardest by Covid-19.

Despite the decrease in volumes, the Group continued to pursue a price increase policy in both the first and second quarters of 2020, with a benefit of €1.9 million in the first half of 2020.

At constant exchange rates, net revenue for the first half of 2020 dropped by just 3.2%. The change in consolidation scope gave a positive contribution of €11.7 million.

In the first half of the year, the exchange rate effect had a negative impact of €9.5 million following the appreciation of the Euro against almost all currencies with which the group operates. The exchange rate effect was particularly significant in for the group's South American businesses.

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



Source: company data

The "Volume/mix effect" includes the change in sales due to a change in the volume/mix of products sold and due to the impact of foreign currency transactions. It is calculated according to the following definitions:

- the volume/mix effect is related to the increase/decrease in revenue connected to higher/lower volumes sold and to the different sales mix in product families and customers from one year to another;
- the currency effect is generated by the sales of 2020 invoiced in a currency other than the local reporting currency and recalculated based on the exchange rates for 2019.

The "Selling price effect" is calculated by each group company as the difference in the average price of the current period versus the prior year, applied to the unit volume of the current period.

The "Change in scope" refers to the additional volumes resulting from the acquisition of Closurelogic's assets in February 2020, offset, in part, by the streamlining of the PET division following the sale of part of the Guala Closures Iberica business unit to a non-group operator in this sector in the second half of 2019 and the sale of GCL Pharma in April 2020. It is calculated as additional net assets due from third parties compared to the previous period.

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

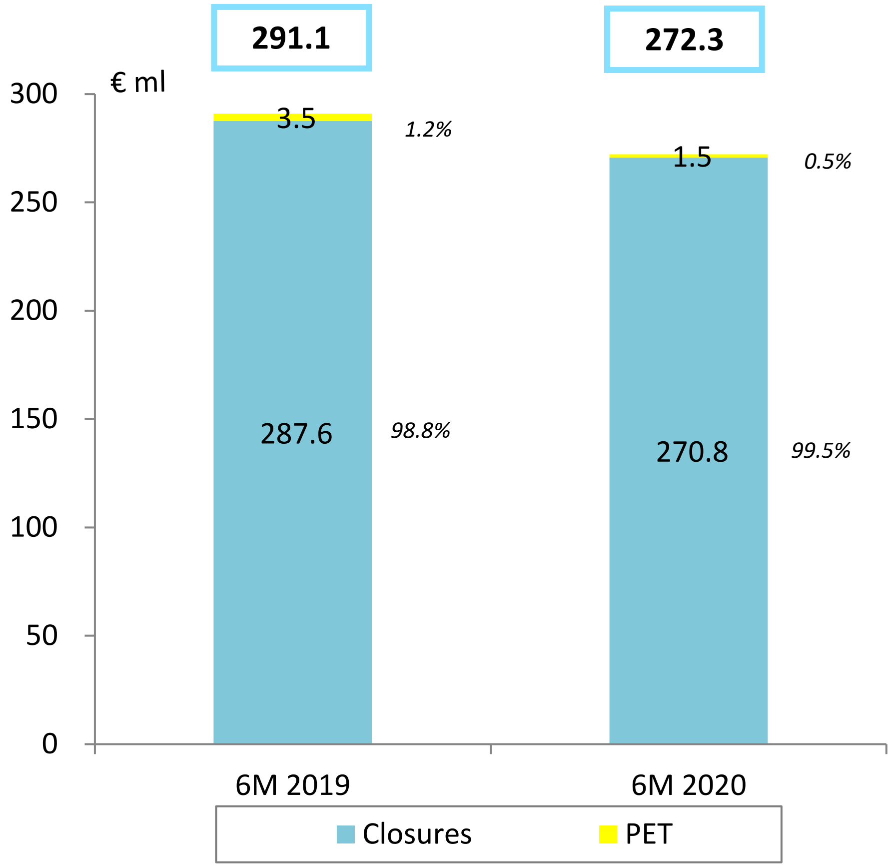
"Other" includes:

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

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

Net revenue by division

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



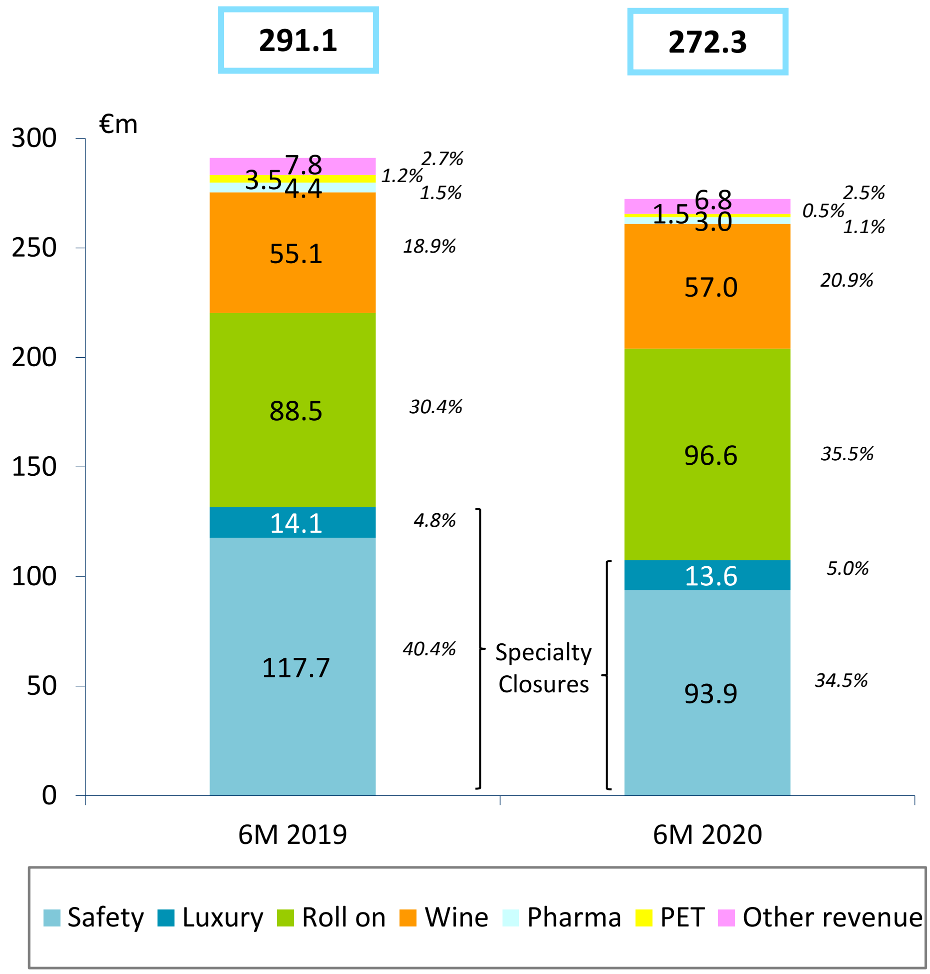
Source: company data

The "Closures" division represents the group's core business (more than 99% of net revenue for the first half of 2020) and is specialised in the following product lines: safety closures, customised closures (luxury), wine closures in aluminium, roll-on (standard) closures, pharma closures and other revenue.
The net revenue of the Closures division decreased €16.8 million (-5.8%) from €287.6 million in the first half of 2019 to €270.8 million in the same period of 2020.

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

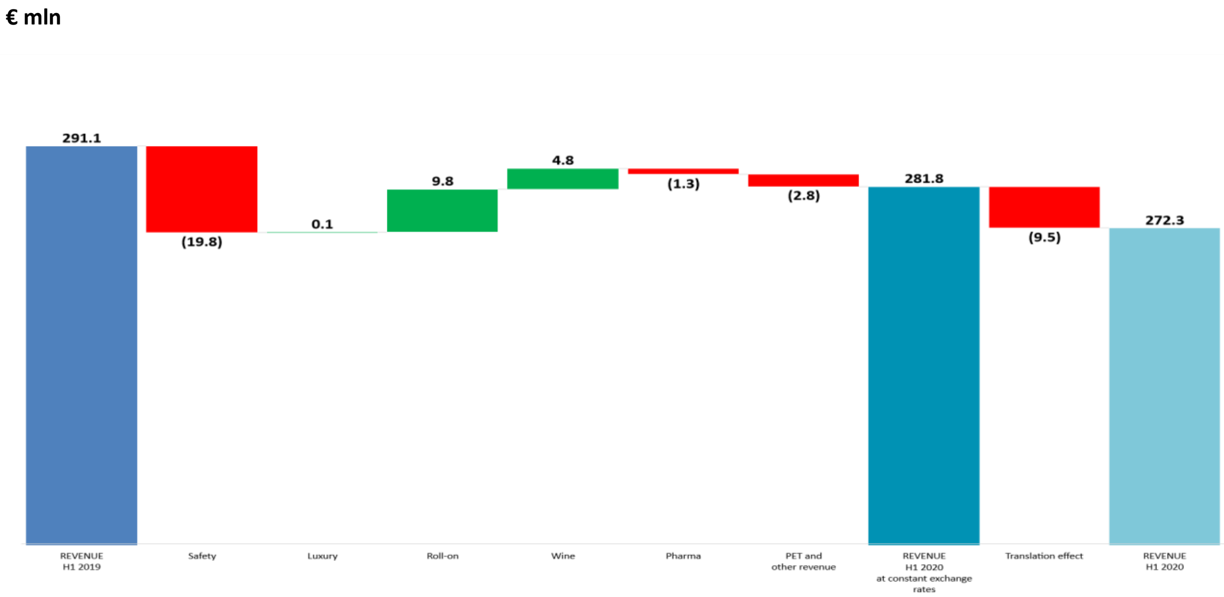
Net revenue by product

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



Source: company data

(€ mln)		H1 2019	H1 2020	diff.		% variation	
				Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Safety	Specialty Closures	117.7	93.9	(23.8)	(19.8)	(20.2%)	(16.8%)
Luxury		14.1	13.6	(0.5)	0.1	(3.7%)	0.5%
Roll on		88.5	96.6	8.1	9.8	9.2%	11.1%
Wine		55.1	57.0	1.8	4.8	3.3%	8.7%
Pharma		4.4	3.0	(1.4)	(1.3)	(31.8%)	(30.5%)
PET		3.5	1.5	(2.0)	(2.0)	(57.1%)	(57.1%)
Other revenue		7.8	6.8	(1.0)	(0.8)	(12.9%)	(10.3%)
Total consolidated net revenue		**291.1**	**272.3**	**(18.8)**	**(9.3)**	**(6.4%)**	**(3.2%)**



Revenue from **safety closures** decreased by €23.8 million from €117.7 million in the first half of 2019 (40.4% of net revenue) to €93.9 million in the first half of 2020 (34.5%), with a negative translation impact of €4.0 million.
At constant exchange rates, net revenue decreased by €19.8 million or 16.8% on the first half of 2019 mainly as a consequence of the lower sales caused by the COVID-19 lockdown, which mainly impacted the spirits market.

Revenue from **luxury closures** decreased by €0.5 million from €14.1 million in the first half of 2019 (4.8% of net revenue) to €13.6 million in the first half of 2020 (5.0%), with a negative translation impact of €0.6 million. At constant exchange rates, the net revenue of this segment increased by €0.1 million (+0.5%) compared to the first half of 2019.

Revenue from **roll-on closures** increased by €8.1 million from €88.5 million in the first half of 2019 (30.4% of net revenue) to €96.6 million in the first half of 2020 (35.5%), with a negative translation impact of €1.7 million. This increase was mainly due to the acquisition of Closurelogic's assets (€13.1 million).

Revenue from **wine closures** increased by €1.8 million from €55.1 million in the first half of 2019 (18.9% of net revenue) to €57.0 million in the first half of 2020 (20.9%), despite the negative translation impact of €2.9 million.
At constant exchange rates, net revenue was up €4.8 million, or 8.7%, on the first half of 2019 mainly as a consequence of the acquisition of Closurelogic's assets (which contributed approximately €2.0 million) and the growth in Chile.

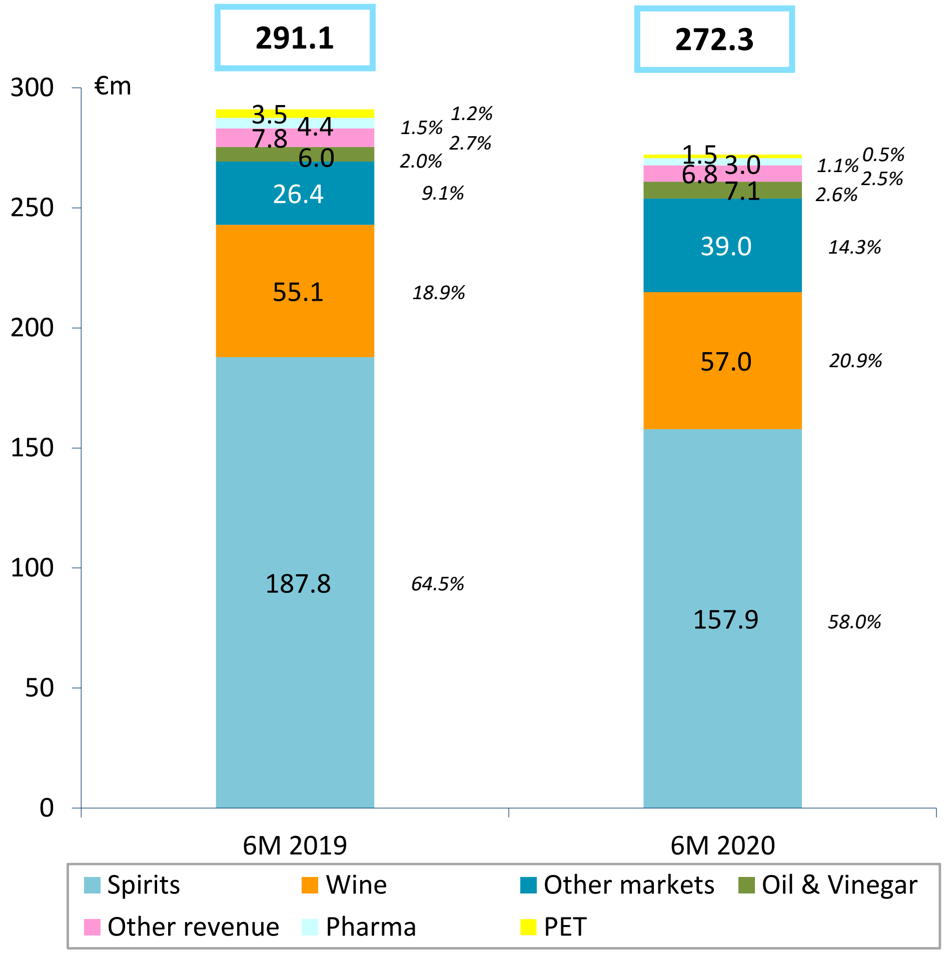
Revenue from **pharma closures** decreased by €1.4 million, from €4.4 million in the first half of 2019 (1.5% of net revenue) to €3.0 million in the first half of 2020 (1.1%), following the sale of 100% of the quota capital of GCL Pharma to Bormioli Pharma group in April 2020.

Revenue from **PET** decreased by €2.0 million from €3.5 million in the first half of 2019 (1.2% of net revenue) to €1.5 million in the first half of 2020 (0.5%). This contraction was mainly due to the reorganisation of this division in 2019, with the transfer of part of the plant and machinery to a non-group operator in this sector.

Other revenue decreased by €1.0 million, from €7.8 million in the first half of 2019 (2.7% of net revenue) to €6.8 million in the first half of 2020 (2.5%).

Net revenue by destination market

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



Source: company data

(€ mln)	H1 2019	H1 2020	diff.		% variation	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Spirits	187.8	157.9	(29.9)	(23.7)	(15.9%)	(12.6%)
Wine	55.1	57.0	1.8	4.8	3.3%	8.7%
Other markets	26.4	39.0	12.6	12.7	47.7%	47.9%
Oil and vinegar	6.0	7.1	1.1	1.1	18.3%	19.1%
Other revenue	7.8	6.8	(1.0)	(0.8)	(12.8%)	(10.2%)
Pharma	4.4	3.0	(1.4)	(1.3)	(31.8%)	(30.5%)
PET	3.5	1.5	(2.0)	(2.0)	(57.1%)	(57.1%)
Total consolidated net revenue	**291.1**	**272.3**	**(18.8)**	**(9.3)**	**(6.4%)**	**(3.2%)**

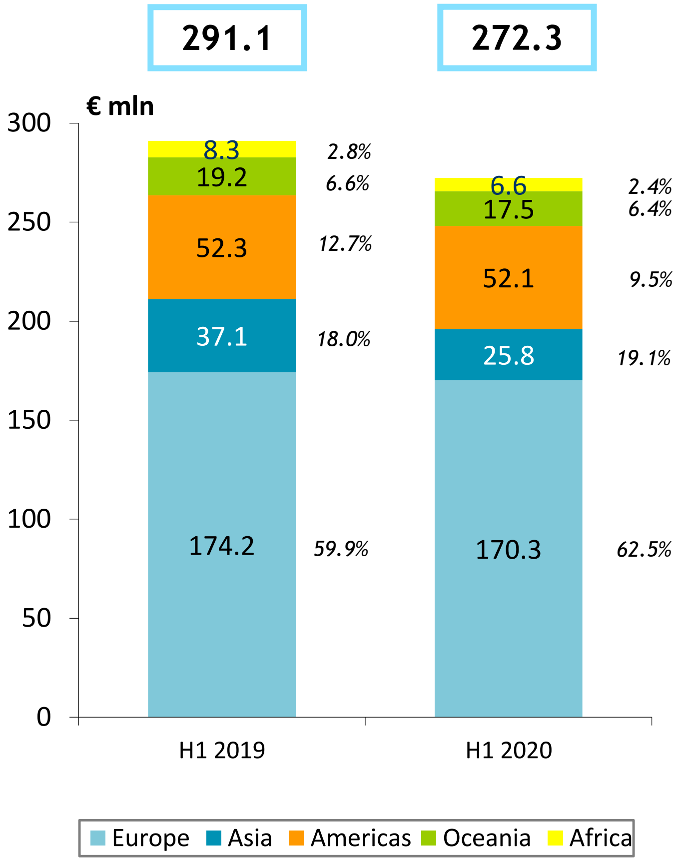
The most important destination market for the group sales continues to be the spirits market, which represents 58.0% of net revenue in the first half of 2020.
Net revenue related to the **spirits** market decreased by €29.9 million from €187.8 million in the first half of 2019 (64.5% of net revenue) to €157.9 million in the first half of 2020 (58.0%), with a negative translation impact of €6.2 million. At constant exchange rates, the net revenue of this segment decreased by €23.7 million (-12.6%) compared to the same period of 2019.
The decrease is mainly linked to the negative effects on sales of COVID-19, particularly the lower sales in India (-€10.0 million) due to the shuttering of the facilities between March 22 and April 27 and the contraction of the domestic market, the reduction in sales in the United Kingdom of closures mainly for global brands and the duty free market (-€10.8 million), and in South Africa with the closure of the facility from March 26 to April 30 and the contraction in domestic consumption (-€2.2 million).

The second most important destination market is the wine market, which represents 20.9% of net revenue in the first half of 2020.
Revenue from **wine closures** increased by €1.8 million from €55.1 million in the first half of 2019 (18.9% of net revenue) to €57.0 million in the first half of 2020 (20.9%), despite the negative translation impact of €2.9 million.
At constant exchange rates, net revenue was up €4.8 million, or 8.7%, on the first half of 2019 mainly as a consequence of the acquisition of Closurelogic's assets (which contributed around €2.0 million) and the growth in Chile.

The **other markets** also grew considerably in the first half of 2020, accounting for 14.3% of net revenue for the first half of 2020 (9.1% in the first half of 2019). These markets mainly include sales of beverages and mineral water in glass bottles and the increase is linked to the acquisition of Closurelogic's assets.

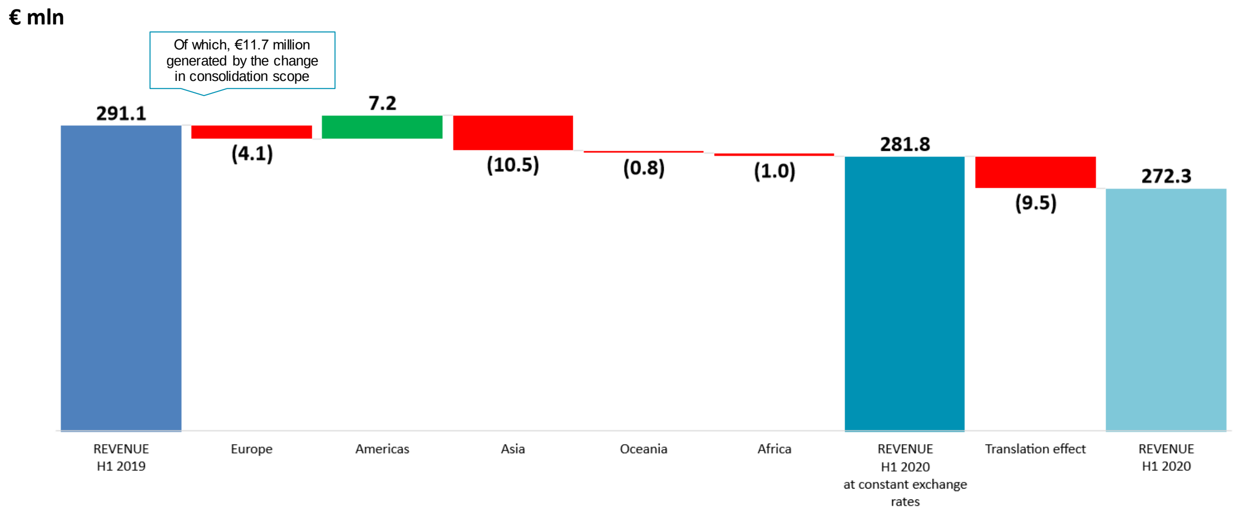
Net revenue by geographical segment

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



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

(€ mln)	H1 2019	H1 2020	diff.		% variation	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Europe	174.2	170.3	(3.9)	(4.1)	(2.3%)	(2.4%)
Americas	52.3	52.1	(0.2)	7.2	(0.4%)	13.7%
Asia	37.1	25.8	(11.3)	(10.5)	(30.4%)	(28.3%)
Oceania	19.2	17.5	(1.7)	(0.8)	(8.7%)	(4.4%)
Africa	8.3	6.6	(1.6)	(1.0)	(19.8%)	(12.1%)
Total consolidated net revenue	**291.1**	**272.3**	**(18.8)**	**(9.3)**	**(6.4%)**	**(3.2%)**



Net revenue from operations in Europe decreased by €3.9 million, from €174.2 million in the first half of 2019 (59.9% of net revenue) to €170.3 million in the first half of 2020 (62.5%), with a positive translation impact of €0.2 million.
The decrease is mainly due to the change in scope (€11.7 million) following the acquisition of Closurelogic, partly offset by the sale of some of the Spanish assets of the PET division to non-group operators in the second half of 2019 and the sale of GCL Pharma S.r.l. to third parties in the second quarter of 2020. The positive impact of the change in scope was countered by the decrease in sales caused by the COVID-19 lockdown, particularly in relation to operations in the United Kingdom, Spain and Italy.

Net revenue from operations in the Americas decreased by €0.2 million from €52.3 million in the first half of 2019 to €52.1 million in the same period of 2020 (impacts of 18.0% and 19.1% of net revenue, respectively), due exclusively to the negative translation impact of €7.4 million recorded mainly in Argentina, Mexico and Brazil.
At constant exchange rates, the net revenue of this region increased by €7.2 million (+13.7%) compared to the first half of 2019.

The increase is mainly due to the significant rise in sales in North America in the spirits market following the increase in demand for the major off-premises brands, the new businesses/customers won and the increase in sales in Chile in the wine market.

Net revenue from operations in Asia went from €37.1 million in the first half of 2019 (12.7% of net revenue) to €25.8 million in the same period of 2019 (9.5%). The decrease is mainly due to the lower sales following the closure of the Indian and Chinese facilities imposed by the COVID-19 containment policies and operating at a reduced capacity in the ensuing months, as well as to the contraction in domestic consumption. It is also partly attributable to the start-up of operations in Kenya where some of the volumes previously produced by the Indian company had been transferred.

Net revenue from operations in Oceania decreased by €1.7 million from €19.2 million in the first half of 2019 (6.6% of net revenue) to €17.5 million in the first half of 2020 (6.4%), with a negative translation impact of €0.8 million. At constant exchange rates, the net revenue of this region decreased by €0.8 million (-4.4%) compared to the same period of 2019.

Sales in this region are mainly tied to the wine segment which has in recent years felt the impact of exports of unbottled wine that is then bottled in the destination country. The delay in the bottling season due to COVID-19 has partly eroded sales volumes.

Net revenue from operations in Africa decreased by €1.6 million from €8.3 million in the first half of 2019 (2.8% of net revenue) to €6.6 million in the first half of 2020 (2.4%), with a negative translation impact of €0.6 million.

At constant exchange rates, the net revenue of this region decreased by €1.0 million (-12.1%) compared to the first half of 2019. The decrease in revenue relates to operations in South Africa and mainly to the partial suspension of production from March 26 to April 30 following the lockdown imposed by the local authorities. In particular, the facility suspended the production of closures for the spirits market and operated only marginally for the water and beverage and pharma markets included in the essential supply chain by the South African government. On the other hand, operations in Kenya continued to grow considerably on the previous year despite COVID-19, partly countering the decrease in South Africa.

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

Other operating income

Other operating income is unchanged at €1.8 million in both the current and prior year periods (0.6% of net revenues in the first half of 2019 and 0.7% in the first half of 2020).

Internal work capitalised

This caption decreased by €0.5 million, from €2.3 million in the first half of 2019 (0.8% of net revenue) to €1.8 million in the first half of 2020 (0.7%).

It comprises capitalised development expenditure and personnel expense incurred for extraordinary maintenance on property, plant and equipment.

Costs for raw materials

Costs for raw materials decreased by €11.5 million, from €136.0 million in the first half of 2019 (46.7% of net revenue) to €124.5 million in the same period of 2020 (45.7%), despite the effect of the change in the consolidation scope which, in 2020, also includes Guala Closures Deutschland's assets (+€9.2 million), partly offset by a decrease in costs due to the deconsolidation of GCL Pharma (-€1.1 million) and the sale of some of the Spanish assets of the PET division to non-group operators.

As a percentage of turnover, these costs decreased compared to the first half of 2019 (from 46.7% to 45.7%), mainly due to lower raw materials prices (aluminium and plastic).

Costs for services

Costs for services increased by €1.4 million from €54.6 million in the first half of 2019 (18.8% of net revenue) to €56.0 million in the first half of 2020 (20.6%). The increase in the first half of 2020 is mainly due to the effect of the change in the consolidation scope related to the operations of Guala Closures Deutschland, while travel-related and transfer expenses dropped sharply due to Covid-19, as did energy costs due to the smaller volumes and lower energy costs.

Personnel expense

Personnel expense increased by €0.4 million from €64.3 million in the first half of 2019 (22.1% of net revenue) to €64.7 million in the first half of 2020 (23.8%), mainly as a result of the change in the consolidation scope (approximately €4 million).

On a like-for-like consolidation basis personnel expense would have decreased by €3.3 million mainly due to the cost containment measures instituted by the group to counter the effect of the loss of volumes in the second quarter of 2020 following the global spread of Covid-19.

The largest decreases in personnel expense were seen in those European countries hit the hardest by the Covid-19 pandemic, particularly the United Kingdom, where contributions to reduce labour costs introduced by the UK government (furlough) meant production could be reduced commensurate with the lower sales volumes using this support measure, and in Spain and in Italy, where production was optimised by scheduling holiday leave for employees, concentrating production on the weekdays, avoiding production during the weekend and curtailing bonuses.
In India and South Africa, where the extremely stringent lockdowns imposed by the governments resulted in a shutdown of around one month, personnel expense was not significantly lower than that of the corresponding period of the previous year as the group also bore the personnel expense during the shutdown period, pursuant to local regulations. There were, however, some savings on personnel expense in these countries, mainly linked to the lower use of temporary workers in India and to the smaller number of overtime hours worked, the greater use of holiday leave and the decrease in employee numbers (from 198 to 175) in South Africa.

In China, where the group suspended production between January 24 and February 14, personnel expense fell as a result of the government's reduction in social security contributions and the smaller workforce as seven employees left.

In South America, the personnel expense incurred by the group decreased mainly as a result of the Euro's appreciation against the relevant currencies. The greatest personnel expense savings of the region were achieved in Colombia, where the facility produced only disinfectant closures between March 20 and May 11, thanks to the use of holiday leave and the relief granted by the Colombian government which suspended social security contributions for two months.

Other operating expense

The details of the other operating expense compared over the two periods are shown in the table below:

	H1		
(€'000)	**2019**	**2020**	**diff.**
Accruals to loss allowances	2,346	1,039	(1,306)
Taxes and duties	1,162	972	(190)
Use of third-party assets	1,022	913	(109)
Impairment losses on trade receivables and contract assets	151	444	293
Other charges	1,496	1,241	(255)
Total	**6,177**	**4,609**	**(1,568)**

Other operating expense decreased by €1.6 million, from €6.2 million in the first half of 2019 (2.1% of net revenue) to €4.6 million (1.6%) in the first half of 2020.

The accruals to loss allowances mainly refer to the provision for reorganisation and the provision for returns. The decrease is mainly due to the lower amount of accruals to the provision for company reorganisation as a result of the accruals made in the first half of 2019 for the reorganisation of the PET sector (€1.0 million) and for the reorganisation of Guala Closures France (€1.2 million). In the first half of 2020, however, accruals to the provision for company reorganization mainly include accruals accounted for by Guala Closures UCP which launched a reorganisation procedure in June which should entail the redundancy of around 50 employees for an estimated cost of approximately €0.7 million.

Impairment losses

Impairment losses decreased by €1.0 million from €1.0 million in the first half of 2019 (0.3% of net revenue) to zero in the same period of 2020. The first six months of 2019 included the impairment losses on the plant and machinery of Guala Closures France's Saint Rémy facility (€0.8 million) as part of the corporate reorganisation which entailed the closure of this facility, and the impairment of leasehold improvements and plant of Beijing Guala Closures (€0.2 million) as per the notice communicating the potential early termination of the lease of the building from which the Chinese subsidiary operates.

Gains on sales of equity investments

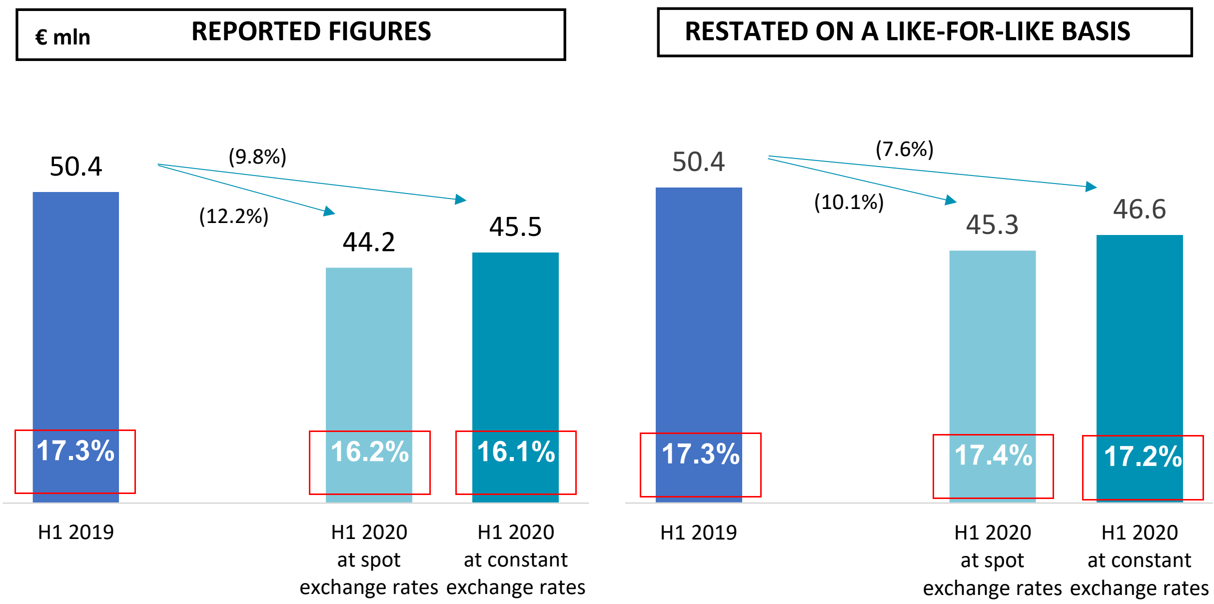
This caption amounted to €2.8 million in the first half of 2020 and relates to the gain recognised in April 2020 on the sale of the investment in GCL Pharma S.r.l..

Adjusted gross operating profit (Adjusted EBITDA)

In the first half of 2020, the adjusted gross operating profit totalled €44.2 million, down €6.2 million (-12.2%) on the first half of 2019 (€50.4 million), including -€1.3 million 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 €4.9 million (-9.8%) lower than in the first half of 2019, mainly due to the consequences of COVID-19 both in terms of decreased sales

volumes and in terms of additional costs to ensure the safety of facilities and employees and lower production efficiency as a result of ensuring compliance with safety and social distancing requirements. These were partly offset by measures to contain personnel expense, lower travel expenses and government assistance.

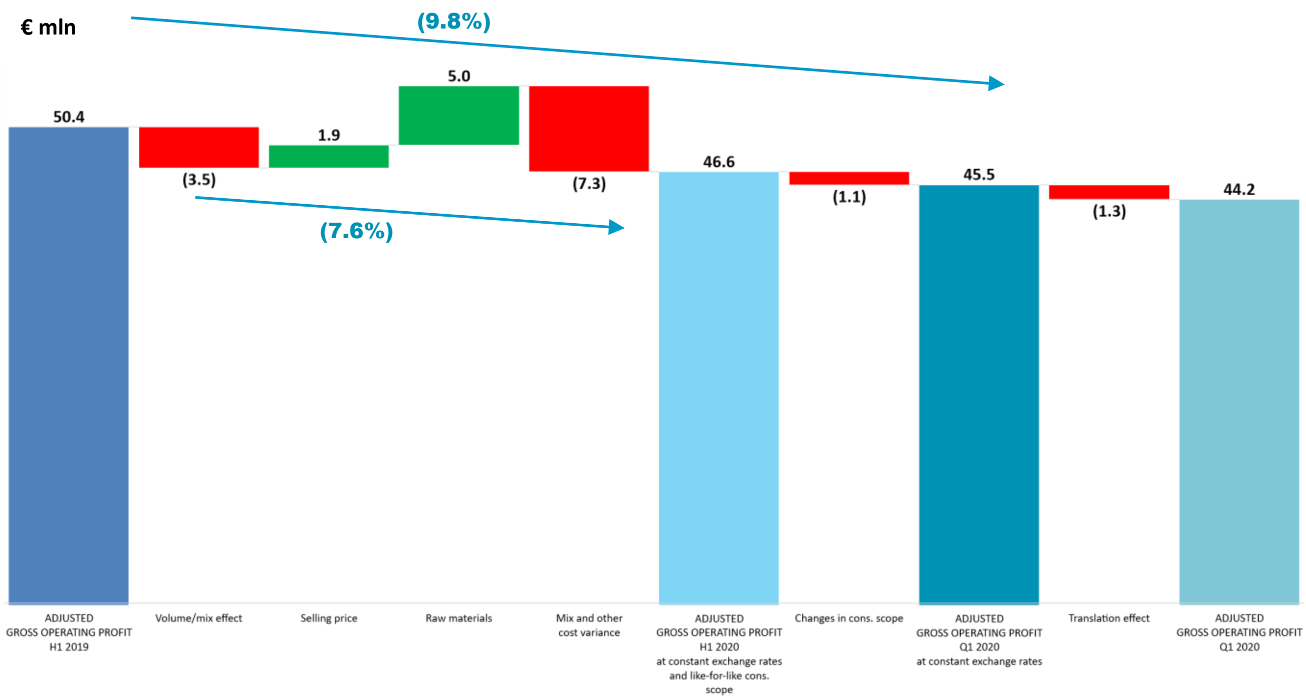
The trend in adjusted gross operating profit for the first half of 2020 compared to the first half of 2019 is illustrated below. The like-for-like scope figures exclude -€1.1 million deriving from the net effect of the consolidation of Closurelogic's assets (-€60 million) which were acquired in February 2020, and the normalisation of the effects of the sale of the Spanish assets of the PET division to non-group operators in the second half of 2019 (-€0.2 million) and the sale of GCL Pharma in April 2020 (-€0.3 million).



Note: *The percentages shown in the boxes indicate the adjusted gross operating profit as a percentage of net revenue*

As a percentage of net revenue, adjusted gross operating profit in the first half of 2020 was 16.2%, compared to 17.3% in the same period of 2019 due to the dilution effect caused by the consolidation of Closurelogic's assets acquired in February 2020.
On a like-for-like basis, the adjusted gross operating profit margin for the first half of 2020 is 17.4%, up 0.1 percentage points on the first half of 2019 (17.3%) and equal to 17.2% at constant exchange rates.

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



Source: company data

The "Volume/mix effect" includes the change in adjusted gross operating profit due to the change in the volume/mix of products sold and due to the currency effect. It is calculated according to the following definitions:

- Volume/mix effect: it includes the volume/mix effect on sales plus/minus the volume/mix effect on costs, calculated applying the previous year impact (%) of production costs on current year net sales plus the change in inventories of finished goods and semi-finished products;
- Currency effect: it is generated by the sales and purchases in 2020 accounted for in a currency other than the local reporting currency, recalculated based on the exchange rates for 2019.

The volume/mix effect was negative for the first half of 2020, due to the group's lower sales volumes in the period. This effect was mainly generated during the second quarter of 2020 following the spread of COVID-19 which impacted sales volumes, and particularly those of the spirits market.

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 previous period, applied to the production volumes of the current period.
At group level, only the core business materials (plastic, aluminium and aluminium components) have been considered in the raw materials effect. The effect of other raw materials costs is included in "Mix & other cost variance".

"Mix & other cost variance" reflects the efficiency/inefficiency effect and the impact of the change in the purchase price of raw materials not considered as materials for the core business and the hyperinflation on the revaluation of the Argentinian peso following the application of IAS 29 (-€0.2 million for the first half of 2020). This factor was particularly negative in the first half of 2020 as a result of the lower sales volumes due to the global spread of COVID-19, which led to a lower coverage of overheads.

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

The decrease in adjusted gross operating profit, resulting mainly from the lower sales volumes for the second quarter of 2020 following the spread of COVID-19 and the related impacts on the "Mix & other cost variance", was entirely generated in the second quarter of 2020, whereas it increased in the first quarter of the year. The negative impact on the adjusted gross operating profit was countered by the increase in product selling prices and the reduction in the cost of raw materials.

Finally, the adjusted gross operating profit for the period reflects the negative translation impact (-€1.3 million).

Amortisation and depreciation

Amortisation and depreciation increased by €0.7 million from €31.2 million in the first half of 2019 (10.7% of net revenue) to €31.9 million in the same period of 2020 (11.7%).

Financial income and expense

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

(€'000)	**H1 2019**	**H1 2020**	**diff.**
Net interest expense	(10,806)	(10,142)	664
Net exchange losses	(147)	(7,068)	(6,921)
Net fair value losses on market warrants	(697)	(1,743)	(1,046)
Net fair value gains (losses) on currency derivatives	(170)	368	539
Net fair value gains (losses) on liabilities - non-controlling investors	(1,288)	94	1,382
Net other financial expense	(201)	(844)	(643)
Net financial expense	**(13,309)**	**(19,334)**	**(6,025)**

Net financial expense increased by €6.0 million from €13.3 million in the first half of 2019 to €19.3 million in the same period of 2020.
This increase is mainly due to the increase in net exchange losses (+€6.9 million) following the significant appreciation of the Euro against many of the currencies in which the group operates and the negative impact of fair value losses on market warrants (-€1.0 million). This negative effect was partly offset by the following positive factors:
a) the positive impact of net fair value gains on liabilities - non-controlling investors (+€1.4 million on the same period of the previous year);
b) the decrease in net interest expense (-€0.7 million on the same period of the previous year);
c) the positive impact of fair value on currency derivatives (+€0.5 million on the same period of the previous year).

Income taxes

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

(€'000)	H1 2019	H1 2020	diff.
Current taxes	(8,919)	(7,410)	1,509
Changes in deferred taxes	4,465	5,680	1,215
Total income taxes	**(4,454)**	**(1,730)**	**2,724**

Income taxes decreased by €2.7 million from €4.5 million (1.5% of net revenue) in the first half of 2019 to €1.7 million (0.6%) in the same period of 2020. The decrease relates both to current and deferred taxes.
Current taxes were €1.5 million lower in the first half of 2020 compared to the same period of last year. This was mainly due to the contraction in the group's profit due to COVID-19, particularly in India, Colombia, the United Kingdom and Spain, partly countered by increases in Poland and the United States where profits for the first half of 2020 were comfortably higher than those of the same period of the previous year.
Deferred taxes mainly relate to the release of deferred taxes on the fair value gains arising from the group's PPA procedure.

Loss for the period

The loss for the first half of 2020 amounts to €7.3 million, worsening €4.3 million on the loss of €3.0 million in the same period of the previous year.
The greater loss for the period is mainly due to the lower sales volumes of the second quarter of 2020 which were eroded by the Covid-19 pandemic and the consequent lower gross operating profit (-€0.3 million), the increase in net financial expense (€6 million), of which €6.9 million due to the increase of exchange losses and to amortization and depreciation (€0.7 million), partially compensated by the positive impact of the reduction of income taxes (€2.7 million) .

Reclassified statement of financial position

The following table shows the Guala CLosures Group's reclassified financial position as at June 30, 2020 with comparative figures as at December 31, 2019:

(€'000)	December 31, 2019	June 30, 2020
Intangible assets	872,035	846,841
Property, plant and equipment	228,911	214,398
Right-of-use assets	27,630	27,094
Net working capital	127,880	140,276
Derivative assets (liabilities)	(162)	2
Employee benefits	(6,599)	(8,716)
Other liabilities	(122,123)	(110,678)
Net invested capital	**1,127,572**	**1,109,218**
Financed by:		
Net financial liabilities - third parties	468,378	483,843
Financial liabilities - IFRS 16 effects	20,358	20,212
Financial liabilities - non-controlling investors	26,958	26,864
Market warrants	3,873	5,617
Cash and cash equivalents	(57,056)	(53,211)
Net financial indebtedness	**462,511**	**483,325**
Equity	**665,060**	**625,893**
Sources of financing	**1,127,572**	**1,109,218**

Intangible assets

The €25.2 million decrease in intangible assets on the balance at December 31, 2019 is mainly due to the amortisation of the period (approximately €10.0 million), the negative translation effect (€14.9 million) (for additional information reference should be made to the note to Equity) and the impact of the change in the consolidation scope generated by the sale of GCL Pharma's assets in April 2020 (€1.4 million), partly offset by the provisionally-recognised goodwill for the fair value measurement of the assets acquired and the liabilities assumed as part of the acquisition of Closurelogic's assets. These effects were partly offset by the net investments of the period (€1.1 million).

Property, plant and equipment

The €14.5 million decrease in property, plant and equipment on the balance at December 31, 2019 is mainly due to the negative translation effect (€14.0 million) (for additional information reference should be made to the note to Equity) and the depreciation of the period (€19.0 million), partly offset by the increase due to the change in scope (€4.6 million) following the acquisition of Closurelogic's assets, net of the sale of the GCL Pharma assets in April 2020, and capital expenditure (€13.9 million).

Capital expenditure of the period, amounting to €13.9 million, mainly related to plant and machinery and covered, in particular, Europe, specifically the facilities in Italy, Ukraine and Poland, and Asia, notably, India.

Right-of-use assets

At June 30, 2020, right-of-use assets amount to €27.1 million and mainly relate to the leases of the facilities where the group operates.

The changes of the period reflect the capitalisation of right-of-use assets (approximately €2.4 million) and the recognition of the right-of-use assets acquired as part of the acquisition of Closurelogic's assets (roughly €1.3 million), net of the sale of GCL Pharma's assets in April 2020 (€0.3 million), exchange losses (about €1.0 million) (for additional information reference should be made to the note to Equity) and depreciation (approximately €2.9 million).

Net working capital

The table below provides a breakdown of net working capital:

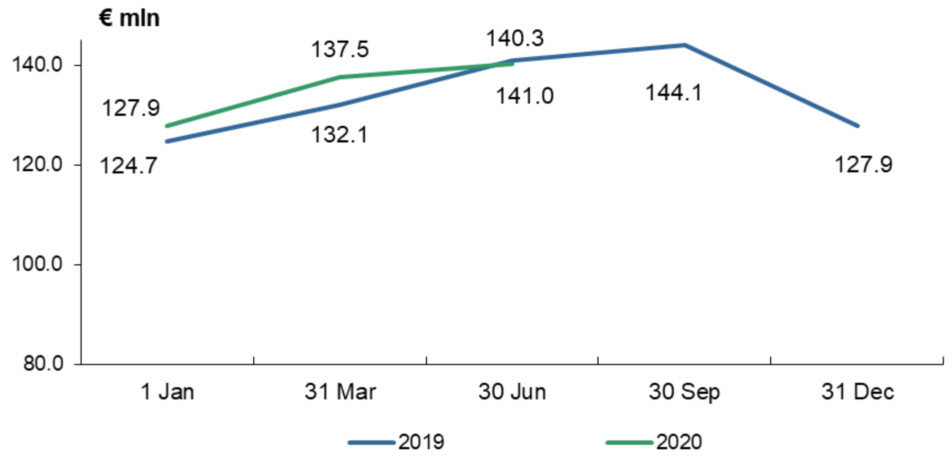
(€'000)	June 30, 2019	December 31, 2019	June 30, 2020
Inventories	111,899	100,342	121,739
Trade receivables	113,174	104,093	95,927
Trade payables	(84,105)	(76,556)	(77,391)
Net working capital (*)	**140,968**	**127,880**	**140,276**

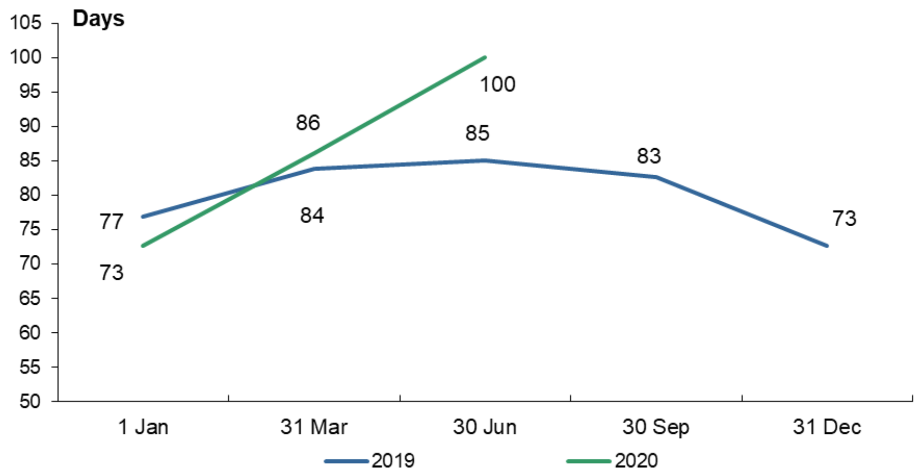
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable period as those amounts have been adjusted to reflect changes in exchange rates on the opening balances and in the number of consolidated companies.
The above net working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

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

Days	June 30, 2019	December 31, 2019	June 30, 2020
Inventories	67	57	87
Trade receivables	68	59	68
Trade payables	(51)	(43)	(55)
Net working capital days	**85**	**73**	**100**

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





Net working capital came to €140.3 million at June 30, 2020, down €0.7 million on June 30, 2019, despite the increase due to the assets of the German company (over € 9 million).
Net working capital increased €12.4 million on December 31, 2019, due to the seasonality of the business which generates an increase in working capital in the first part of the year and as a result of the net effect of changes to the group's operations.

Net working capital days increased by 15 compared to June 30, 2019, as a result of the increase in inventories, largely to address any difficulties in the procurement of raw materials due to possible lockdowns in the various countries in which the group operates, while DSO are in line with those of the same period of the previous year. There were no significant delays or extensions in customer payments due to 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 June 30, 2020 amounts to €17.3 million, compared to €28.2 million at December 31, 2019 and €26.9 million at June 30, 2019. The decrease is due to an overall reduction in turnover with customers whose receivables are usually factored.

Employee benefits

Employee benefits, amounting to €8.7 million at June 30, 2020, increased by €2.1 million on the balance at December 31, 2019 mainly as a result of the recognition of the defined benefit plan acquired from Closurelogic (€2.8 million). Its calculation was based on the use of actuarial techniques at the date of the transaction and reflects the future discounted cash flows expected from the plan, partly offset by the transfer GCL Pharma's employee benefits (-€0.9 million).

Other liabilities

Other liabilities amount to €110.7 million at June 30, 2020 (December 31, 2019: €122.1 million).
At June 30, 2020, this caption mainly included deferred tax liabilities of €103.1 million (mainly related to the gains on the group's identified assets as per the PPA procedure following the corporate reorganisation in 2018), offset, in part, by deferred tax assets of €19.7 million.

Equity

The table below shows a breakdown of equity:

(€'000)	**December 31, 2019**	**June 30, 2020**
Equity attributable to the owners of the parent	623,381	587,656
Equity attributable to non-controlling interests	41,680	38,236
Equity	**665,060**	**625,893**

The decrease in equity is due to the loss for the period (€7.3 million) and the distribution of dividends to non-controlling investors (€3.6 million) and, in particular, to the change in the translation reserve which decreased by €28.3 million in the first half of 2020.

Specifically, in March 2020, as a result of the spread of the COVID-19 pandemic, the Euro appreciated considerably against most of the group's functional currencies.
At the reporting date, although its appreciation has slowed and in some cases even fallen, the Euro's exchange rate with the other currencies with which the group operates remains at much higher values than those of 2019.
Therefore, the statement of financial position balances at June 30, 2020, translated using the closing spot rate, are significantly affected by the translation effect arising during the consolidation process following the translation of the assets and liabilities of the foreign operations which prepare their financial statements in a functional currency other than that of the consolidated financial statements.
The impact on the group's condensed interim consolidated financial statements at June 30, 2020 is a general decrease in the group's assets and liabilities in a functional currency other than the Euro, affecting, in particular, non-monetary assets and liabilities.
The related translation effect is reflected in the translation reserve recognised in equity at June 30, 2020 with a negative balance of €19.5 million.

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

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness:

(€'000)	June 30, 2019	December 31, 2019	June 30, 2020
Net financial liabilities - third parties	472,060	468,378	483,843
Financial liabilities - IFRS 16 effects	20,162	20,358	20,212
Financial liabilities - non-controlling investors	25,935	26,958	26,864
Market Warrants	5,036	3,873	5,617
Cash and cash equivalents	(36,956)	(57,056)	(53,211)
Net financial indebtedness	**486,237**	**462,511**	**483,325**

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

Net financial debt at June 30, 2020 amounted to € 483.3 million, down both compared to the end of the first quarter of 2020 (€ 490.1 million) and compared to the end of the first half of 2019 (€ 486.2 million).

In the first half of 2020, net financial indebtedness rose by €20.8 million, from €462.5 million at December 31, 2019 to €483.3 million at June 30, 2020. Of this amount, €6.1 million relates to the two non-recurring transactions of the period:

1. a €13.5 million increase related to the acquisition of Closurelogic's assets in Germany (€12.2 million representing the consideration transferred and €1.3 million related to the recognition of the liabilities assumed at the date of the transaction as part of the leases acquired);
2. a €7.4 million decrease due to the sale of GCL Pharma S.r.l. in Italy (€7.3 million as consideration received from the sale, €0.2 million in cash sold and €0.3 million in the transfer of leasing liabilities).

Net financial indebtedness increased in the first half of 2020 as a result of the cash flows used in operating activities (€13.7 million), the cash flows used in investing activities (€19.5 million) and the increase in net financial indebtedness due to cash flows from financing activities (€15.0 million).
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 group's reclassified statement of changes in net financial indebtedness for the first half of 2020 with comparative figures for the same period of 2019 is provided below:

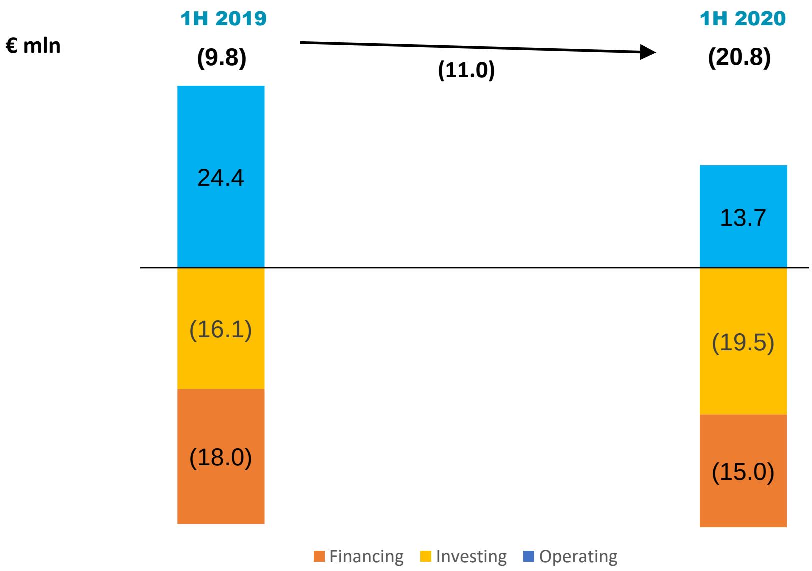
(€'000)	H1 2019	H1 2020
Opening net financial indebtedness	**(459,509)**	**(462,511)**
Effects of IFRS 16 FTA	(16,962)	-
A) Opening pro forma net financial indebtedness	**(476,471)**	**(462,511)**
Gross operating profit (EBITDA)	45,968	45,643
Gains on sales of equity investments		(2,830)
(Gains)/losses on sale of non-current assets	36	(23)
Change in net working capital	(14,790)	(20,415)
Other operating items	2,455	(1,798)
Taxes	(9,313)	(6,840)
B) Net cash flows from operating activities	**24,356**	**13,738**
Capex	(15,563)	(14,405)
Contingent consideration for the acquisition of Axiom Propack (India)	(554)	-
Acquisition of Closurelogic's assets (Germany)	-	(12,187)
Sale of GCL Pharma S.r.l. (net of cash transferred)	-	7,088
C) Cash flows used in investing activities	**(16,117)**	**(19,504)**
Increases in right-of-use assets	(430)	(2,369)
Net interest expense	(11,007)	(10,952)
Dividends paid	(4,299)	(1,383)
Effects of IFRS 16 FTA - Guala Closures Deutschland	-	(1,270)
Lease liabilities transferred as part of the sale of GCL Pharma S.r.l.		264
Fair value losses on market warrants	(697)	(1,743)
Derivatives and other financial items	(1,482)	(124)
Effect of exchange fluctuation	(89)	2,529
D) Change in net financial indebtedness due to financing activities	**(18,005)**	**(15,048)**
E) Total change in net financial indebtedness (B+C+D)	**(9,765)**	**(20,814)**
F) Closing net financial indebtedness (A+E)	**(486,237)**	**(483,325)**

***Notes**:*

Opening net financial indebtedness for 2019 (€459.5 million) was adjusted by €17.0 million to reflect the effect of the application of IFRS 16 and the related recognition of the lease liabilities for the leases previously classified as operating under IAS 17.

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

The following graph gives a breakdown of the various components comprising the changes in net financial indebtedness in the first half of 2020 compared with the same period of the previous year:



Net cash flows from operating activities

Net cash flows from operating activities came to €13.7 million, a €10.6 million decrease on the first six months of 2019 (€24.4 million).
This decrease is mainly due to the €3.2 million decrease in gross operating profit, net of the gain on sale of the equity investment in GCL Pharma S.r.l.; the €4.5 million increase in net working capital linked to the growth in the group's assets following the acquisition of Closurelogic from the date of acquisition to June 30, 2020; and the €4.3 million decrease in other operating items. These effects were partly offset by €2.5 million in lower taxes, mainly related to the deferral of payment of indirect taxes such as VAT in the United Kingdom as part of liquidity support measures introduced by the UK government in response to COVID-19.

Cash flows used in investing activities

Cash flows used in investing activities came to €19.5 million in the first half of 2020, a €3.4 million increase on the first half of 2019 (€16.1 million).
This increase is mainly due to M&A activities which generated net negative outflows of €5.1 million in the first half of 2020 (€12.2 million for the acquisition of the assets of Closurelogic GmbH, partly offset by the €7.1 million generated by the sale of the equity investment in GCL Pharma S.r.l.). This compares to outflows of just €0.6 million in the first half of 2019 for the deferred payment of the Indian company Axiom Propack.
Cash flows used for capex decreased by €1.2 million, from €15.6 million in the first half of 2019 to €14.4 million in the first half of 2020.

Change in net financial indebtedness due to financing activities

The increase in net financial indebtedness due to financing activities in the first half of 2020 amounts to €15.0 million, €3.0 million smaller than the increase in the first half of 2019 (€18.0 million).

The improvement is mainly due to the following:

- smaller payment of dividends to non-controlling investors (€2.9 million);
- the translation effect (€2.6 million);
- the improvement in derivatives and other financial items (€1.4 million), due to the fair value gain on liabilities - non-controlling investors;

partially offset by the following negative factors:

- the increase in financial liabilities for right-of-use assets (€1.9 million);
- the €1.3 million increase in lease liabilities generated by the initial application of IFRS 16 for the newly-consolidated Guala Closures Deutschland GmbH;
- fair value losses on market warrants (€1.0 million).

Alternative performance indicators - Guala Closures Group

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

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

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

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

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

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

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

Adjusted gross operating profit (Adjusted EBITDA)

(€'000)	**H1 2019**	**H1 2020**
Loss for the period	(2,975)	(7,305)
Income taxes	4,454	1,730
Profit/(loss) before tax	**1,479**	**(5,576)**
Net financial expense	13,309	19,334
Amortisation and depreciation	31,180	31,885
Gross operating profit	**45,968**	**45,643**
Adjustments:		
Reorganisation costs	2,946	973
Merger and acquisition ("M&A") expenses	467	434
Gains on sales of equity investments	-	(2,830)
Impairment losses	1,009	0
Adjusted gross operating profit (Adjusted EBITDA)	**50,390**	**44,220**

Adjusted operating profit (Adjusted EBIT)

(€'000)	H1 2019	H1 2020
Loss for the period	(2,975)	(7,305)
Income taxes	4,454	1,730
Profit/(loss) before tax	**1,479**	**(5,576)**
Net financial expense	13,309	19,334
Operating profit (EBIT)	**14,788**	**13,759**
Adjustments:		
Reorganisation costs	2,946	973
Merger and acquisition ("M&A") expenses	467	434
Gains on sales of equity investments	-	(2,830)
Impairment losses	1,009	0
Adjusted operating profit (Adjusted EBIT)	**19,210**	**12,335**

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

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

Net financial indebtedness consists of financial liabilities minus cash and cash equivalents and financial assets as reconciled in Annex A) to this report "Reconciliation between the tables included in the directors' report and the condensed interim consolidated financial statements".

This indicator is shown in order to provide a better understanding of the group's financial position and should not be considered as a substitute of IFRS indicators.

Annexes to the directors' report

Annex A)

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

ANNEX A)

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

(€'000)

Classification in the reclassified statement of financial position	December 31, 2019	June 30, 2020	Classification in the financial statements
Net working capital	104,093	95,927	Trade receivables
Net working capital	100,342	121,739	Inventories
Net working capital	(76,556)	(77,391)	Trade payables
Total net working capital	**127,880**	**140,276**	
Net derivative assets	10	160	Derivative assets
Net derivative liabilities	(172)	(158)	Derivative liabilities
Net derivative assets / (liabilities)	**(162)**	**2**	
Other net liabilities	28	-	Contract assets
Other net liabilities	2,783	2,934	Current direct tax assets
Other net liabilities	10,453	10,734	Current indirect tax assets
Other net liabilities	5,131	7,319	Other current assets
Other net liabilities	130	271	Contract costs
Other net liabilities	17,940	19,689	Deferred tax assets
Other net liabilities	365	245	Other non-current assets
Other net liabilities	(4,342)	(3,726)	Current direct tax liabilities
Other net liabilities	(8,821)	(10,662)	Current indirect tax liabilities
Other net liabilities	(1,980)	(1,796)	Current provisions
Other net liabilities	(301)	(156)	Contract liabilities
Other net liabilities	(28,745)	(30,172)	Other current liabilities
Other net liabilities	(113,211)	(103,100)	Deferred tax liabilities
Other net liabilities	(348)	(329)	Non-current provisions
Other net liabilities	(1,203)	(1,928)	Other non-current liabilities
Total net other liabilities	**(122,123)**	**(110,678)**	

ANNEX A)

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

(€'000)

Classification in the reclassified statement of financial position	December 31, 2019	June 30, 2020	Classification in the financial statements
Net financial liabilities - third parties	(627)	(308)	Current financial assets
Net financial liabilities - third parties	(451)	(490)	Non-current financial assets
Net financial liabilities - third parties	-	(1,275)	Investments in associates
Net financial liabilities - third parties	11,170	10,411	Current financial liabilities
Market warrants	3,873	5,617	Current financial liabilities
Financial liabilities - IFRS 16 effects	6,542	6,086	Current financial liabilities
Net financial liabilities - third parties	458,285	475,505	Non-current financial liabilities
Financial liabilities - non-controlling investors	26,958	26,864	Non-current financial liabilities
Financial liabilities - IFRS 16 effects	13,816	14,125	Non-current financial liabilities
Cash and cash equivalents	(57,056)	(53,211)	Cash and cash equivalents
Total net financial indebtedness	**462,511**	**483,325**	

ANNEX A)

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

(€'000)

	June 30, 2019	June 30, 2020
Total change in net financial indebtedness	**(9,765)**	**(20,814)**
Increase in right-of-use assets	430	2,369
Proceeds from new borrowings and bonds	2,078	22,807
Repayment of borrowings and bonds	(3,214)	(5,914)
Repayment of finance leases	(2,901)	(3,791)
Translation effect on foreign currency assets and liabilities	170	(1,745)
Net fair value gains (losses) on liabilities - non-controlling investors	1,288	(94)
Change in liabilities for financial expense	1,932	4,331
Transaction costs paid for bonds issued in 2018	(483)	-
Change in financial assets	(373)	(995)
Total change in financial assets and liabilities	**(1,074)**	**16,969**
Total change in cash and cash equivalents	**(10,839)**	**(3,845)**

Guala Closures Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2020

(with independent auditors' report thereon)

KPMG S.p.A.

8 September 2020

KPMG S.p.A.
Revisione e organizzazione contabile
Corso Vittorio Emanuele II, 48
10123 TORINO TO
Telefono +39 011 8395144
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

Report on review of condensed interim consolidated financial statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Guala Closures Group, comprising the condensed statement of financial position as at 30 June 2020, the condensed income statement and the statement of profit or loss and other comprehensive income for the six and the three months then ended, the condensed statements of cash flows and condensed changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Guala Closures Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Turin, 8 September 2020

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

Condensed income statement for the six months ended June 30, 2020

(€'000)	**H1 2019 (*)**	*of which:* Related parties	*of which:* Non-recurring income (expense)	**H1 2020**	*of which :* Related parties	*of which:* Non-recurring income (expense)	**Note**
Net revenue	**291,056**			**272,293**			7
Change in finished goods and semi-finished products	12,797		-	16,686			
Other operating income	1,844		(159)	1,839			8
Internal work capitalised	2,325		-	1,826			9
Costs for raw materials	(135,972)		(220)	(124,505)			10
Costs for services	(54,638)	(32)	(511)	(56,020)	-	(502)	11
Personnel expense	(64,259)		(111)	(64,696)		(120)	12
Other operating expense	(6,026)		(2,412)	(4,165)		(784)	13
Impairment losses on trade receivables and contract assets	(151)		-	(444)			
Impairment losses	(1,009)		(1,009)	(0)		(0)	
Gains on sales of equity investments	-		-	2,830		2,830	14
Amortisation and depreciation	(31,180)		-	(31,885)			22-23-24
Financial income	5,263			10,315	1		15
Financial expense	(18,573)			(29,650)			15
Net financial expense	***(13,309)***	**-**	**-**	***(19,334)***	***1***	**-**	
Profit (loss) before taxation	**1,479**	**(32)**	**(4,422)**	**(5,576)**	**1**	**1,423**	
Income taxes	(4,454)			(1,730)			16
Loss for the period	**(2,975)**	**(32)**	**(4,422)**	**(7,305)**	**1**	**1,423**	
Attributable to:							
- the owners of the parent	(5,896)			(11,042)			
- non-controlling interests	2,921			3,736			
Basic earnings per share (€)	**(0.09)**			**(0.17)**			
Diluted earnings per share (€)	**(0.08)**			**(0.14)**			

(*) The comparative figures for the first half of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (acquisition completed on December 12, 2018).

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed statement of profit or loss and other comprehensive income for the six months ended June 30, 2020

(€'000)	H1 2019 (*)	H1 2020
Loss for the period	**(2,975)**	**(7,305)**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gains on defined benefit plans	(235)	207
Taxes on items that will not be reclassified to profit or loss	-	(63)
	(235)	***143***
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	6,263	(28,311)
Hedging reserve	3	(158)
Hedging reserve for cash flow hedges reclassified to profit or loss	49	-
Tax on items that are or may be reclassified subsequently to profit or loss	(12)	47
	6,303	**(28,422)**
Other comprehensive income (expense) for the period, net of tax	**6,068**	**(28,278)**
Comprehensive income (expense) for the period	**3,093**	**(35,584)**
Attributable to:		
- the owners of the parent	(954)	(36,506)
- non-controlling interests	4,047	922

(*) The comparative figures for the first half of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (acquisition completed on December 12, 2018).

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed income statement for the three months ended June 30, 2020

(€'000)	Q2 2019 (*)	*of which*: Related parties	*of which:* Non-recurring income (expense)	Q2 2020	*of which*: Related parties	*of which:* Non-recurring income (expense)	Note
Net revenue	**149,239**			**126,410**			7
Change in finished goods and semi-finished products	5,665		29	8,334			
Other operating income	491		-	666			8
Internal work capitalised	1,331		-	977			9
Costs for raw materials	(66,935)		-	(58,896)			10
Costs for services	(27,955)	(19)	(471)	(25,937)	-	(502)	11
Personnel expense	(32,625)		(91)	(30,065)		(120)	12
Other operating expense	(3,492)		(1,627)	(1,964)		(784)	13
Impairment losses on trade receivables and contract assets	(141)		-	(301)			
Impairment losses	10		10	(0)		(0)	
Gains on sales of equity investments	-			2,830		2,830	14
Amortisation and depreciation	(16,181)			(15,618)			22-23-24
Financial income	1,214			2,472	1		15
Financial expense	(8,673)			(11,224)			15
Net financial expense	***(7,459)***	-	-	***(8,752)***	*1*	-	
Profit (loss) before taxation	**1,947**	**(19)**	**(2,150)**	**(2,316)**	**1**	**1,424**	
Income taxes	(1,748)			1,099			16
Profit (loss) for the period	**199**	**(19)**	**(2,150)**	**(1,217)**	**1**	**1,424**	
Attributable to:							
- the owners of the parent	(1,579)			(2,854)			
- non-controlling interests	1,778			1,637			
Basic earnings per share (€)	**(0.02)**			**(0.04)**			
Diluted earnings per share (€)	**(0.02)**			**(0.04)**			

(*) The comparative figures for the second quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (acquisition completed on December 12, 2018).

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed statement of profit or loss and other comprehensive income for the three months ended June 30, 2020

(€'000)	Q2 2019 (*)	Q2 2020
Profit (loss) for the period	**199**	**(1,217)**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gains on defined benefit plans	(235)	(529)
Taxes on items that will not be reclassified to profit or loss	-	161
	(235)	***(367)***
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(2,411)	555
Hedging reserve	3	275
Hedging reserve for cash flow hedges reclassified to profit or loss	22	-
Tax on items that are or may be reclassified subsequently to profit or loss	(6)	(81)
	(2,392)	**749**
Other comprehensive income (expense) for the period, net of tax	**(2,627)**	**382**
Comprehensive expense for the period	**(2,428)**	**(835)**
Attributable to:		
- the owners of the parent	(4,669)	(3,112)
- non-controlling interests	2,241	2,276

(*) The comparative figures for the second quarter of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (acquisition completed on December 12, 2018).

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed statement of financial position - ASSETS

(€'000)	**December 31, 2019**	*of which:* Related parties	**June 30, 2020**	*of which:* Related parties	**Note**
ASSETS					
Current assets					
Cash and cash equivalents	57,056		53,211		18
Current financial assets	627	139	308		
Trade receivables	104,093	115	95,927		19
Contract assets	28		-		
Inventories	100,342		121,739		20
Current direct tax assets	2,783		2,934		
Current indirect tax assets	10,453		10,734		
Derivative assets	10		160		
Other current assets	5,131		7,319		
Total current assets	**280,523**	**255**	**292,332**	**-**	
Non-current assets					
Non-current financial assets	451		490		
Investments in associates	-		1,275		21
Property, plant and equipment	228,911		214,398		22
Right-of-use assets	27,630		27,094		23
Intangible assets	872,035		846,841		24
Contract costs	130		271		
Deferred tax assets	17,940		19,689		
Other non-current assets	365		245		
Total non-current assets	**1,147,461**	-	**1,110,302**	-	
TOTAL ASSETS	**1,427,984**	255	**1,402,634**	**-**	

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed statement of financial position - LIABILITIES

(€'000)	**December 31, 2019**	of which: Related parties	**June 30, 2020**	of which: Related parties	**Note**
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	21,585		22,114		25
Trade payables	76,556	10	77,391	-	26
Contract liabilities	301		156		
Current direct tax liabilities	4,342		3,726		
Current indirect tax liabilities	8,821		10,662		
Current provisions	1,980		1,796		27
Derivative liabilities	172		158		
Other current liabilities	28,745		30,172		
Total current liabilities	**142,502**	**10**	**146,175**	**-**	
Non-current liabilities					
Non-current financial liabilities	499,060		516,494		25
Employee benefits	6,599		8,716		
Deferred tax liabilities	113,211		103,100		
Non-current provisions	348		329		27
Other non-current liabilities	1,203		1,928	-	
Total non-current liabilities	**620,421**	-	**630,566**	-	
Total liabilities	**762,923**	10	**776,741**	**-**	
Share capital and reserves attributable to non-controlling interests	34,726		34,500		
Profit for the period/year attributable to non-controlling interests	6,954		3,736		
Equity attributable to non-controlling interests	**41,680**	-	**38,236**	-	**29**
Equity attributable to the owners of the parent					
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Legal reserve	643		1,266		
Translation reserve	6,041		(19,455)		
Hedging reserve	-		(111)		
Retained earnings and other reserves	116,249		124,255		
Profit (loss) for the period/year	7,705		(11,042)		
Equity attributable to the owners of the parent	**623,381**	-	**587,656**	-	**28**
Total equity	**665,060**		**625,893**		
TOTAL LIABILITIES AND EQUITY	**1,427,984**	10	**1,402,634**	**-**	

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed statement of cash flows

(€'000)	H1		
	2019 (*)	2020	Note
Opening cash and cash equivalents	**47,795**	**57,056**	18
A) Cash flows from operating activities			
Profit (loss) before taxation	1,479	(5,576)	
Adjustments:			
Amortisation and depreciation	31,180	31,885	22-23-24
Financial income	(5,263)	(10,315)	
Financial expense	18,573	29,650	
Gains on sales of equity investments	-	(2,830)	14
Net gains (losses) on sale of non-current assets	36	(23)	
Variation:			
Receivables, payables and inventories	(14,411)	(20,415)	19-20-26
Other operating items	2,559	(1,798)	
VAT and indirect tax assets/liabilities	(1,225)	1,541	
Income taxes paid	(8,088)	(8,381)	
Net cash flows from operating activities	**24,839**	**13,738**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(15,599)	(14,620)	22-23-24
Proceeds from sale of property, plant and equipment and intangible assets	36	214	22-23-24
Contingent consideration for the acquisition of Axiom Propack (India)	(554)	-	
Acquisition of Closurelogic GmbH's assets (Germany)	-	(12,187)	
Sale of GCL Pharma S.r.l. (net of cash transferred)	-	7,088	
Net cash flows used in investing activities	**(16,117)**	**(19,504)**	
C) Cash flows from financing activities			
Interest received	1,268	958	
Interest paid	(11,496)	(10,542)	
Transaction costs paid for bonds issued in 2018	(483)	-	
Other financial items	(221)	(4)	
Dividends paid	(4,299)	(1,383)	
Proceeds from new borrowings and bonds	2,078	22,807	25
Repayment of borrowings and bonds	(3,214)	(5,914)	25
Repayment of leases	(2,901)	(3,791)	
Change in financial assets	(373)	(995)	
Net cash flows from (used in) financing activities	**(19,641)**	**1,137**	
Net cash flows of the period	**(10,919)**	**(4,629)**	
Effect of exchange fluctuations on cash held	80	784	
Closing cash and cash equivalents	**36,956**	**53,211**	18

(*) The comparative figures for the first half of 2020 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (acquisition completed on December 12, 2018).

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Condensed statement of changes in equity

(€'000)	January 1, 2019 (*)	Allocation of 2018 profit	Loss for the period	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	June 30, 2019 (*)
	A)	B)			C)			D)	A)+B)+C)+D)
Attributable to the owners of the parent:									
Share capital	68,907				-			-	68,907
Share premium reserve	423,837				-			-	423,837
Legal reserve	-	643			-			-	643
Translation reserve	(4,139)			5,138	5,138			-	999
Hedging reserve	43			40	40			-	83
Retained earnings and other reserves	116,928	(547)		(235)	(235)			-	116,145
Loss for the period	96	(96)	(5,896)		(5,896)			-	(5,896)
Equity	**605,671**	**-**	**(5,896)**	**4,942**	**(954)**	**-**	**-**	**-**	**604,718**
Non-controlling interests:									
Share capital and reserves	36,620	2,713		1,125	1,125	(5,812)		(5,812)	34,646
Loss for the period	2,713	(2,713)	2,921		2,921			-	2,921
Equity	**39,333**	**-**	**2,921**	**1,125**	**4,047**	**(5,812)**	**-**	**(5,812)**	**37,567**
Total equity	**645,004**	**-**	**(2,975)**	**6,068**	**3,093**	**(5,812)**	**-**	**(5,812)**	**642,285**

(€'000)	January 1, 2020	Allocation of 2019 profit	Loss for the period	Other comprehensive expense	Comprehensive income for the period	Dividends	Acquisition of non-controlling interests that result in a change of control	Total transactions with owners	June 30, 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	623			-			-	1,266
Translation reserve	6,041			(25,496)	(25,496)			-	(19,455)
Hedging reserve	-			(111)	(111)			-	(111)
Retained earnings and other reserves	116,249	7,082		143	143		783	783	124,255
Loss for the period	7,705	(7,705)	(11,042)		(11,042)			-	(11,042)
Equity	**623,381**	**-**	**(11,042)**	**(25,464)**	**(36,506)**	**-**	**783**	**783**	**587,656**
Non-controlling interests:									
Share capital and reserves	34,726	6,954		(2,814)	(2,814)	(3,582)	(783)	(4,365)	34,500
Loss for the period	6,954	(6,954)	3,736		3,736			-	3,736
Equity	**41,680**	**-**	**3,736**	**(2,814)**	**922**	**(3,582)**	**(783)**	**(4,365)**	**38,236**
Total equity	**665,060**	**-**	**(7,305)**	**(28,278)**	**(35,584)**	**(3,582)**	**-**	**(3,582)**	**625,893**

(*) The figures at January 1, 2019 and at June 30, 2019 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (completed on December 12, 2018).

The accompanying notes on pages 60 to 111 are an integral part of the condensed interim consolidated financial statements.

Notes to the condensed interim consolidated financial statements at June 30, 2020

GENERAL INFORMATION

(1) General information

The Guala Closures Group is a global leader in the production of safety closures for spirits and aluminium closures for wine, as well as one of the top players worldwide in the production and sale of aluminium closures for beverage industry. The Group has more than 4,700 employees and operates on five continents through 29 production sites at the date of this report and markets its products in over 100 countries. The Group sells over 20 billion closures each year.

Since August 2018, the parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange. In September 2019, it was admitted to the FTSE Italy Mid Cap index.
At the date of this report, the parent has a significant float (over 85%).

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, as well as pharma products to be sold mainly on international markets.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialised in the production of safety closures (safety product line), customised closures (luxury product line), aluminium closures (wine product line), roll-on closures (standard product line) and others;
- the PET division, which produces PET bottles and miniatures. This division is no longer considered a core business and, as a result of the reorganisation which entailed the sale of part of the assets and the transfer of the residual ones from Spain to the United Kingdom in 2019.

(2) Accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting.
Except for that set out in the "Changes to standards" section, the accounting policies and financial reporting standards applied to prepare the condensed interim consolidated financial statements by all the group companies are the same as those applied to prepare the consolidated financial statements of the Guala Closures Group at December 31, 2019, to which reference should be made.

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

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for derivatives, market warrants and contingent consideration arising in a business combination (i.e., the put option on non-controlling interests) which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the group's ability to continue as a going concern.

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

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

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

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

The group companies are listed below, stating name, registered office, reporting currency, share/quota capital, direct and indirect investments held by the parent and each subsidiary and associate and method of consolidation at June 30, 2020.

List of investments in subsidiaries and associates at June 30, 2020

	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	€	92,000	100%	Direct	Line-by-line
GCL International SARL	Luxembourg	€	6,640,700	100%	Indirect (*)	Line-by-line
SharpEnd Partnership Ltd.	United Kingdom	GBP	1,303	20%	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 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	€	25,000	100%	Indirect (*)	Line-by-line
ASIA						
Guala Closures India Pvt Ltd.	India	INR	170,000,000	95.0%	Indirect (*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect (*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	100,000,000	100%	Indirect (*)	Line-by-line
LATIN AMERICA and NORTH AMERICA						
Guala Closures Mexico S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect (*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect (*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	834,146,220	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 following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

€1 = x foreign currency	December 31, 2019	June 30, 2020
Pound sterling	0.8508	0.9124
US dollar	1.1234	1.1198
Indian rupee	80.1870	84.6235
Mexican peso	21.2202	25.9470
Columbian peso	3,688.6600	4,203.4500
Brazilian real	4.5157	6.1118
Chinese renmimbi	7.8205	7.9219
Argentinian peso	67.2749	78.7859
Polish zloty	4.2568	4.4560
New Zealand dollar	1.6653	1.7480
Australian dollar	1.5995	1.6344
Ukrainian hryvnia	26.7195	29.8985
Bulgarian lev	1.9558	1.9558
South African rand	15.7773	19.4425
Japanese yen	121.9400	120.6600
Chilean peso	844.8600	918.7200
Kenyan shilling	113.8986	119.3140
Belarus ruble	2.3687	2.7013

Income statement and statement of profit or loss and other comprehensive income

€1 = x foreign currency	H1 2019	H1 2020
Pound sterling	0.87359	0.87432
US dollar	1.12975	1.10145
Indian rupee	79.11820	81.67663
Mexican peso	21.65390	23.85710
Columbian peso	3,601.60167	4,066.16500
Brazilian real	4.34067	5.41693
Chinese renmimbi	7.66698	7.74805
Argentinian peso	48.56780	78.78590
Polish zloty	4.29195	4.41362
New Zealand dollar	1.68152	1.76038
Australian dollar	1.60018	1.67750
Ukrainian hryvnia	30.41478	28.62022
Bulgarian lev	1.95580	1.95580
South African rand	16.0439	18.3318
Japanese yen	124.2933	119.2072
Chilean peso	763.1283	895.6300
Kenyan shilling	114.1291	114.7876
Belarus ruble	n.a.	2.5758

(3) Changes to standards

Except for that set out below, the accounting policies applied in the preparation of these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements of the Guala Closures Group at December 31, 2019, to which reference should be made

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

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

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

(4) COVID-19

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

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

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

China was the first to sound the alarm at the beginning of the year, and the virus is now present worldwide at differing levels of intensities in the various countries. The World Health Organisation (WHO) declared COVID-19 a pandemic on March 11, 2020 after a steadily growing number of countries reported cases. To contain the spread, the governments of the various countries introduced increasingly restrictive measures aimed at limiting movement and contact between people, as well as shutting down - sometimes entirely - production activities in sectors classed as non-essential, allowing only essential activities and production to continue, including those of the food, drinks and pharmaceuticals sector in which the group operates, along with logistics services and transport.

The Guala Closures Group's priority is and will remain ensuring the safety of its employees and business continuity. The group quickly and responsibly took all steps and safety measures identified by the authorities in the various markets, introducing new protocols, work practices and safety precautions.

All 29 group production facilities are operational at the date of this document.

Most of them continued to operate during the entire lockdown period - where imposed - in compliance with the regulations for each country, as the type of activity carried out was classified among those that, except for temporary bans imposed by local governments, could continue despite the restrictions.

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

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

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

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

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

The impacts on the group's business were largely concentrated in the second quarter of 2020 and were mainly linked to operations in India, where the government imposed a full lockdown of the country between March 22 and April 27; those of the United Kingdom, which mainly focus on global brands and the duty free market; those of South Africa, where the partial closure of the facilities between March 26 and April 30 meant that it was only possible to produce limited quantities for small niches of the mineral water and beverage markets and the pharmaceutical sector; and to operations in Spain and Italy, two of the European countries hit the hardest by COVID-19.

The impact of COVID-19 was felt most heavily in the spirits market, being the sector with the greatest exposure to consumption in the distribution channel represented by bars and restaurants, which generally led to the formation of groups of people, given their function as public places for socialising (revenue of €187.8 million in the first half of 2019 compared to €157.9 million in the first half of 2020, a 15.9% decrease equal to €29.9 million). The severe restrictions aimed at containing and slowing the spread of the virus by limiting social contact and social gatherings resulted in the almost complete closure of the on-premises channel in the second quarter of 2020 and sales through the duty free ("Global Travel Retail") channel were also impacted by the heavy limitations on people's movements.

With reference to the subsequent quarters, the group's priorities are to ensure the safety of its employees and business continuity.
The safety and prevention measures introduced at the onset of the emergency are still in place and are continuously updated to comply with the new directives issued by the competent authorities. Constant liaising with key business partners such as suppliers and customers has been further ramped up with the aim of ensuring business continuity.
In addition to the measures taken to prevent the spread of COVID-19, such as the distribution of disposable masks and gloves, social distancing between workers, measuring body temperature when entering the workplace and the sanitisation of all premises every two weeks, the group entered into a COVID-19 insurance policy with AON, a leading insurance company, covering all its workers worldwide.
Furthermore, the group's focus on the communities in which it operates has seen it begin production of polycarbonate face shields in Luxembourg which are sold to businesses in order to finance the free supply of such face shields to healthcare structures in Italy, Spain, France and Luxembourg.

In the first half of 2020, the Guala Closures Group has felt the consequences of COVID-19 both in terms of decreased sales volumes and in terms of additional costs to ensure the safety of facilities and employees and lower production efficiency as a result of ensuring compliance with safety and social distancing requirements. These were partly offset by measures to contain personnel expense, lower travel expenses and government assistance.
The costs directly attributable to COVID-19 mainly relate to personal protective equipment for employees, sanitisation and the adaptation of work areas to comply with social distancing requirements.

In response to the decrease in sales volumes, the group began introducing measures to contain personnel expense in the second quarter of 2020 in order to limit the effect on the profit margin.
This resulted in a decrease in personnel expense, mainly in those European countries hit the hardest by the COVID-19 pandemic, particularly the United Kingdom, where the social shock absorbers introduced by the UK government (furlough) meant production could be reduced commensurate with the lower sales volumes using this income support measure, and in Spain and in Italy, where production was optimised by scheduling holiday leave for employees, concentrating production on the weekdays, avoiding production during the weekend and curtailing bonuses.
In India and South Africa, where the extremely stringent lockdowns imposed by the respective governments resulted in a shutdown of around one month, personnel expense was not significantly lower than that of the corresponding period of the previous year as the group also bore the personnel expense during the shutdown period, pursuant to local regulations. There were, however, some savings on personnel expense in these countries, mainly linked to the lower use of temporary workers in India and to the smaller number of overtime hours worked, the greater use of holiday leave and the decrease in employee numbers (from 198 to 175) in South Africa.
In China, where the group suspended production between January 24 and February 14, personnel expense fell as a result of the government's reduction in social security contributions and the smaller workforce as seven employees left.
Colombia was the country where group operations were impacted the most in the South American region, producing only disinfectant closures between March 20 and May 11. Personnel expense savings were achieved thanks to the use of holiday leave and the relief granted by the Colombian government which suspended social security contributions for two months. In the rest of South America, where the impact of COVID-19 was more contained than in areas of Europe and Asia in which the group operates, personnel expense was stable in all countries.
The group received assistance to decrease personnel expense in the United Kingdom and Argentina, reductions in social security contributions in China and liquidity support measures, particularly the postponement of the deadline for payment of indirect taxes such as VAT in the United Kingdom and the reduction of the VAT rate from 19% to 16% in Germany from July to December 2020.

In financial terms, the group's liquidity, both current and prospective, is monitored constantly. At the preparation date of this document, there were no significant impacts on collection or payment activities directly or indirectly related to the COVID-19 health emergency. The available liquidity is adequate to cover current and prospective operating needs with ample headroom available in the event of exceptional and unforeseeable circumstances.

As regards the business trend for this year, the restrictive measures were eased towards the end of the second quarter of 2020 and the HORECA sector was gradually reopened by the various governments, particularly in those countries hit the earliest by COVID-19 (Europe, Asia and Oceania), albeit with different dynamics and, in certain cases, with the reintroduction of restrictions limited to hotspots and/or clusters.
Based on the current outlook, business performance, which was most heavily impacted by the spread of COVID-19 in the second quarter of 2020, has embarked to pick up as from the third quarter of 2020, markedly recovering volumes.

(5) Operating segments

Reportable segments are the group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The group has only one reportable segment, the Closures division. The group's top management (who are accountable for operating decisions) reviews internal management reports on a monthly basis. The following summary describes the operations in this reportable segment.

The Closures division is the group's core business. Other operations consist of the PET division which did not meet any of the quantitative thresholds for determining reportable segments under IFRS 8 at the reporting date.

During the second quarter of 2019, the Guala Closures Group launched the reorganisation of the PET division, which consisted solely of Guala Closures Iberica, up until the acquisition of the British UCP on December 12, 2018. After acquiring UCP, the group decided to reorganise the division by transferring part of the assets to a non-group operator in this sector and to concentrate the remaining ones with the newly acquired Guala Closures UCP. The reorganisation was undertaken to benefit from the sale of a non-strategic business to a non-group operator and to concentrate production in a single group facility, thereby generating economies of scale.

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

Income statement

(€'000)	Closures		Other operations		Total	
	H1 2019 (*)	H1 2020	H1 2019 (*)	H1 2020	H1 2019 (*)	H1 2020
Net revenue	287,601	270,809	3,455	1,483	291,056	272,293
Amortisation and depreciation	(31,064)	(31,763)	(115)	(121)	(31,180)	(31,885)
Profit (loss) before taxation	2,396	(5,529)	(917)	(47)	1,479	(5,576)

(€'000)	Closures		Other operations		Total	
	Q2 2019 (*)	Q2 2020	Q2 2019 (*)	Q2 2020	Q2 2019 (*)	Q2 2020
Net revenue	147,560	125,886	1,678	524	149,239	126,410
Amortisation and depreciation	(16,121)	(15,559)	(60)	(60)	(16,181)	(15,618)
Profit (loss) before taxation	2,841	(2,285)	(893)	(32)	1,947	(2,316)

(*) The comparative figures for the second quarter of 2019 and the first half of 2019 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures UCP (acquisition completed on December 12, 2018).

Statement of financial position

(€'000)	Closures		Other operations		Total	
	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020
Trade receivables	103,347	95,691	746	237	104,093	95,927
Inventories	99,799	121,199	543	541	100,342	121,739
Trade payables	(76,141)	(77,356)	(415)	(34)	(76,556)	(77,391)
Property, plant and equipment and Right-of-use assets	255,362	240,270	1,179	1,222	256,541	241,492

Capex

(€'000)	Closures		Other operations		Total	
	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020
Capex (net of sales)	15,563	14,166	-	239	15,563	14,405

Information by geographical segment

The Closures segment operates from a network of production facilities in all five continents and the main countries in terms of third-party sales are the United Kingdom, Italy, Poland, India, Mexico, Spain, Ukraine, Germany, North America, Australia, France and South Africa.

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

Net revenue

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
United Kingdom	24,861	15,772	51,774	40,825
Italy	18,815	16,678	33,585	32,919
Poland	17,082	14,107	31,882	28,489
India	18,050	7,461	33,649	23,590
Mexico	12,053	10,724	23,689	21,419
Spain	12,635	8,990	23,769	19,725
Ukraine	7,873	7,456	18,534	17,103
Germany	-	8,411	-	15,289
North America	3,905	7,462	7,478	13,221
Australia	6,443	6,099	13,680	12,345
France	3,664	3,884	7,528	7,449
South Africa	3,772	1,396	7,564	4,424
Other countries	20,086	17,969	37,924	35,495
Net revenue	**149,239**	**126,410**	**291,056**	**272,293**

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

(€'000)	**December 31, 2019**	**June 30, 2020**
Italy	589,933	586,053
Australia	86,761	83,449
India	70,746	65,296
Poland	50,252	48,014
Spain	40,933	40,077
Ukraine	40,489	37,009
Mexico	38,159	30,829
South Africa	16,826	13,158
Germany	-	10,701
Brazil	14,316	10,439
Other countries	113,611	96,847
Consolidation adjustments	66,551	66,461
Property, plant and equipment, right-of-use assets and intangible assets	**1,128,576**	**1,088,333**

Deferred tax assets

(€'000)	**December 31, 2019**	**June 30, 2020**
Italy	9,342	9,881
Australia	2,383	2,290
Chile	1,151	1,534
Germany		858
India	751	759
Argentina	1,845	705
Spain	295	299
South Africa	400	196
New Zealand	170	170
China	148	130
Mexico	59	48
Other countries	593	1,947
Consolidation adjustments	803	872
Deferred tax assets	**17,940**	**19,689**

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

Information about major customers

In the first half of 2020, in the Closures segment, there are two customers that generate near 10% of revenue: the turnover of the first customer amounts to around €29 million for the first half of 2020 (roughly 11% of net revenue), while that of the second customer is approximately €24 million for the same period (roughly 9% of net revenue).

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

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

- Acquisition of Closurelogic GmbH's assets
- Subscription of a non-controlling interest in SharpEnd Partnership Ltd.
- Sale of 100% of GCL Pharma S.r.l.
- Acquisition of a non-controlling interest in Guala Closures France S.a.s. via capital increase

(6.1) Acquisition of Closurelogic GmbH's assets

(6.1.1) Introduction

On January 2, 2020, Closurelogic GmbH, a German manufacturer specialising in aluminium closures, mainly intended for the glass-bottle beverage and mineral water sector, under insolvency proceedings, formally accepted the proposal to purchase Closurelogic GmbH's assets made by GCL International S.à r.l. on December 16, 2019.
In December, the Luxembourg subsidiary GCL International S.à r.l. purchased a shelf-company, Waterside XLII, which subsequently took on the name of Guala Closures Deutschland GmbH. This company was subsequently identified as the buyer of the Closurelogic GmbH business, availing itself of the express right reserved in the notary-certified offer made on December 16, 2019.

Consequently, on February 3, 2020, the German subsidiary, Guala Closures Deutschland GmbH, finalised the acquisition of the Closurelogic GmbH business (all owned assets and its personnel, with the exception of the shares of the Turkish subsidiary, the purchase of which will take place after completion of the step-plan identified following the due diligence). The transaction entailed the acquisition of Closurelogic GmbH's property, plant and equipment and intangible assets, including the building in Worms, for a total consideration of €7.2 million, the purchase of raw materials and finished goods for approximately €5.0 million and the payment of advances to suppliers for roughly €0.3 million.

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

In the period from January 1, 2020 to February 3, 2020, the subsidiary earned revenue amounting to €4.4 million and incurred a loss of €0.1 million. According to management, had the acquisition taken place on January 1, 2020, consolidated revenue and the consolidated net loss for the period would have amounted to approximately €276.7 million and about €7.4 million, respectively. In calculating the above amounts, management assumed that the provisionally-determined fair value adjustments at the acquisition date would have been the same even if the acquisition had taken place on January 1, 2020.

(6.1.2) Consideration transferred

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

(6.1.3) Transaction costs

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

(6.1.4) Identifiable assets acquired and liabilities assumed

Recognised assets acquired and liabilities assumed are summarised below:

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

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

(6.1.4) Goodwill

Goodwill arising from the acquisition was recognised as follows:

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

Goodwill provisionally recognised in these condensed interim consolidated financial statements will not be deductible for income tax purposes.
Due to the longer period of 12 months from the date of the business combination allowed by IFRS 3, these condensed interim consolidated financial statements provisionally reflect the purchase price allocation (PPA) procedure.

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

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

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

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

(6.3) Sale of 100% of GCL Pharma S.r.l.

On April 9, 2020 the group finalised the agreement for the sale to Bormioli Pharma Group of 100% of GCL Pharma S.r.l. held by the Guala Closures Group through its parent Guala Closures S.p.A..
The consideration for the sale of 100% of the quota capital of GCL Pharma S.r.l. was agreed at €9.3 million, of which €7.3 million was collected in April 2020 with the remaining €2.0 million to be collected within one year of the date of finalisation of the sale.
These condensed interim consolidated financial statements reflect the accounting effects of this sale. Specifically, the income statement for the first half of 2020 includes the results of GCL Pharma from January 1, 2020 to March 31, 2020, the date on which the assets and liabilities held by GCL Pharma were classified as held for sale, and includes the €2.8 million gain on sale.
Since it is not a separate business unit within the group, the investee was not considered a discontinued operation.

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

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

CONSOLIDATED INCOME STATEMENT

(7) Net revenue

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

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Europe	89,014	79,062	174,214	170,273
Americas	28,134	27,768	52,278	52,064
Asia	18,610	8,648	37,105	25,812
Oceania	9,081	8,418	19,202	17,525
Africa	4,399	2,514	8,257	6,619
Total	**149,239**	**126,410**	**291,056**	**272,293**

The table below illustrates net revenue by product type:

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Safety closures	61,210	39,211	117,663	93,859
Luxury closures (customised)	7,943	5,840	14,091	13,571
Roll-on closures (standard)	45,358	47,807	88,468	96,574
Wine closures	27,086	28,913	55,127	56,971
Pharma closures	2,243	591	4,412	3,008
PET	1,683	511	3,460	1,484
Other revenue	3,715	3,538	7,834	6,825
Total	**149,239**	**126,410**	**291,056**	**272,293**

The table below illustrates net revenue by destination market:

€'000	Q2 2019	Q2 2020	H1 2019	H1 2020
Spirits closures	96,501	69,065	187,827	157,908
Wine closures	27,086	28,913	55,127	56,971
Closures for other markets	14,768	20,081	26,433	39,046
Oil and vinegar closures	3,243	3,712	5,962	7,051
Other revenue	3,715	3,538	7,834	6,825
Pharma closures	2,243	591	4,412	3,008
PET	1,683	511	3,460	1,484
Total	**149,239**	**126,410**	**291,056**	**272,293**

(8) Other operating income

This caption includes:

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Sundry recoveries/repayments	254	409	1,465	1,066
Gains on sale of non-current assets	9	10	11	23
Other	228	248	367	750
Total	**491**	**666**	**1,844**	**1,839**

(9) Internal work capitalised

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Internal work capitalised	1,331	977	2,325	1,826
Total	**1,331**	**977**	**2,325**	**1,826**

(10) Costs for raw materials

This caption includes:

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Raw materials and supplies	65,174	57,064	129,875	122,422
Packaging	3,011	2,461	5,942	5,442
Consumables and maintenance	1,701	2,030	3,560	4,380
Fuels	120	83	252	179
Other purchases	759	1,047	1,486	2,041
Change in inventories	(3,830)	(3,790)	(5,143)	(9,959)
Total	**66,935**	**58,896**	**135,972**	**124,505**

(11) Costs for services

This caption includes:

	Q2		H1	
(€'000)	**2019**	**2020**	**2019**	**2020**
Transport	6,631	6,035	12,806	12,899
Electricity / heating	7,256	5,433	14,448	12,628
External processing	2,799	4,623	5,313	9,112
Sundry industrial services	1,628	2,267	3,186	3,900
Maintenance	2,036	1,682	3,896	3,787
Legal and consulting fees	1,673	1,449	2,785	3,280
Insurance	639	837	1,801	1,643
Administrative services	845	601	1,679	1,459
Travel	1,359	160	2,608	1,161
External labour / porterage	439	473	917	1,065
Technical assistance	443	482	839	961
Commissions	358	344	612	725
Cleaning service	324	361	646	690
Directors' fees	359	192	663	495
Telephone costs	172	166	354	335
Entertainment expenses	213	67	380	208
Security	111	95	231	207
Commercial services	37	85	127	192
Advertising services	37	104	146	184
Expos and trade fairs	104	50	146	145
Other	494	431	1,056	943
Total	**27,955**	**25,937**	**54,638**	**56,020**

In the first half of 2019, legal and consulting fees included €32 thousand related to the consultancies provided by Space Holding S.r.l..

Details of fees paid to the key management personnel are provided in note 33) Related party transactions.

(12) Personnel expense

This caption includes:

	Q2		H1	
(€'000)	**2019**	**2020**	**2019**	**2020**
Wages and salaries	25,144	23,925	49,937	50,979
Social security contributions	3,821	3,647	7,343	7,646
Expense from defined benefit plans	450	430	673	831
Other costs	3,211	2,064	6,306	5,241
Total	**32,625**	**30,065**	**64,259**	**64,696**

Details of fees paid to the key management personnel are provided in note 33) Related party transactions.

At December 31, 2019 and at June 30, 2020, the group had the following number of employees:

	December 31, 2019	June 30, 2020
Blue collars	3,476	3,529
White collars	1,029	1,057
Managers	259	256
Total	**4,764**	**4,842**

At June 30, 2020, the number included 108 employees related to the change in scope.

(13) Other operating expense

This caption includes:

	Q2		H1	
(€'000)	**2019**	**2020**	**2019**	**2020**
Accruals to loss allowances	1,476	950	2,346	1,039
Taxes and duties	652	498	1,162	972
Use of third-party assets	362	404	1,022	913
Other charges	1,002	112	1,496	1,241
Total	**3,492**	**1,964**	**6,026**	**4,165**

The accruals to loss allowances mainly refer to the provision for reorganisation and the provision for returns.
Use of third-party assets include €0.6 million related short-term contracts (less than one year) or low-value contracts (less than €5 thousand).

(14) Gains on sales of equity investments

This caption amounted to €2.8 million in the first half of 2020 and relates to the gain recognised in April 2020 on the sale of the investment in GCL Pharma S.r.l..

(15) Financial income and expense

The following table shows the net amount of financial income and expense:

	Q2		H1	
(€'000)	**2019**	**2020**	**2019**	**2020**
Net interest expense	(5,347)	(5,091)	(10,806)	(10,142)
Net exchange losses	(686)	(48)	(147)	(7,068)
Net fair value losses on market warrants	(775)	(2,326)	(697)	(1,743)
Net fair value gains (losses) on derivatives	318	287	(170)	368
Net fair value gains (losses) on liabilities - non-controlling investors	(927)	(1,092)	(1,288)	94
Net other financial expense	(42)	(482)	(201)	(844)
Total	**(7,459)**	**(8,752)**	**(13,309)**	**(19,334)**

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 halves of 2019 and 2020) since it results in an increase of the underlying financial liability. Conversely, a decrease in the official price generates income, since it results in the decrease of the underlying financial liability.

Financial income for financial liabilities - non-controlling investors in the first half of 2020 refers to the recognition of the decrease in the financial liabilities for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its expected time of exercise.

(16) Income taxes

This caption includes:

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Current taxes	(4,442)	(2,254)	(8,919)	(7,410)
Changes in deferred taxes	2,693	3,353	4,465	5,680
Total	**(1,748)**	**1,099**	**(4,454)**	**(1,730)**

The group's effective tax rate for the six months ended June 30, 2020 was -31% (301% for the corresponding period of the previous year). The change in the effective rate was mainly due to the lower profit before taxation, as well as to the following factors:

- Current taxes for the first half of 2020 amount to €7.4 million compared to €8.9 million in the same period of the previous year.
  The decrease in current taxes is mainly due to the contraction in the group's profit, particularly in India, one of the countries most heavily affected by COVID-19 due to the shuttering of the facilities from late March to late April, in Colombia, which only produced generic closures for disinfectants from late March to mid-May, and in the United Kingdom and Spain, some of the hardest hit European countries.
  On the other hand, the greatest increases in current taxes include those on activities in Poland and the United States where profits for the first half of 2020 were comfortably higher than those of the same period of the previous year.
- Changes in deferred taxes mainly relate to the release of deferred taxes on the fair value gains arising from the group's PPA procedure. They came to a positive €5.7 million in the first half of 2020, a €1.2 million increase on the positive €4.5 million in the same period of last year.

(17) Loss per share – basic and diluted

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Loss for the period attributable to the owners of the parent	(1,579)	(2,854)	(5,896)	(11,042)
Weighted average number of shares	66,372,404	66,372,404	66,372,404	66,372,404
Loss per share (in Euro)	**(0.02)**	**(0.04)**	**(0.09)**	**(0.17)**

(€'000)	Q2 2019	Q2 2020	H1 2019	H1 2020
Loss for the period attributable to the owners of the parent	(1,579)	(2,854)	(5,896)	(11,042)
Weighted average number of shares (including warrants)	78,032,699	78,032,699	78,032,699	78,032,699
Diluted loss per share (in Euro)	**(0.02)**	**(0.04)**	**(0.08)**	**(0.14)**

The basic loss per share in the first half of 2020 amounted to €0.17 compared to €0.09 in the same period of the previous year.

In the first half of 2020, the diluted loss per share amounted to €0.14 (€0.08 in the first half of 2019), calculated on the basis of the outstanding ordinary shares and the maximum potential ordinary shares arising from the possible conversion of:

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

STATEMENT OF FINANCIAL POSITION

(18) Cash and cash equivalents

At June 30, 2020, cash and cash equivalents amounted to €53,211 thousand (December 31, 2019: €57,056 thousand). The decrease on the previous year balance is mainly due to the change in net working capital which is traditionally negative in the first half of the year due to the seasonality effect on this period.

(19) Trade receivables

This caption may be analysed as follows:

(€'000)	December 31, 2019	June 30, 2020
Trade receivables	106,022	98,175
Loss allowance	(1,929)	(2,248)
Total	**104,093**	**95,927**

The balance of trade receivables reflects the various group companies' use of reverse without-recourse factoring. This impact at June 30, 2020 was €17.3 million, compared to €28.2 million December 31, 2019.

The loss allowance changed as follows:

(€'000)	June 30, 2020
Opening balance	1,929
Change in the consolidation scope	(13)
Net exchange losses	(93)
Impairment losses	444
Utilisations/releases of the period	(19)
Closing balance	**2,248**

At June 30, 2020, the allowance relates to a few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties. Collection times did not significantly increase during the period on those of the corresponding period of the previous year.

(20) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2019	June 30, 2020
Raw materials, consumables and supplies	51,843	58,775
Allowance for inventory write-down	(1,536)	(1,543)
Work in progress and semi-finished products	25,300	34,248
Allowance for inventory write-down	(492)	(654)
Finished products and goods	25,942	31,710
Allowance for inventory write-down	(1,030)	(1,072)
Payments on account	315	276
Total	**100,342**	**121,739**

Changes in the first half of 2020 are as follows:

(€'000)	
January 1, 2020	100,342
Exchange losses	(7,512)
Change in the consolidation scope	2,303
Change in raw materials, consumables and supplies	9,959
Change in finished goods and semi-finished products	16,686
Change in payments on account	(39)
June 30, 2020	**121,739**

The allowance for inventory write-down changed as follows:

(€'000)		June 30, 2020
Opening balance		3,058
Net exchange losses		(83)
Accruals		294
Closing balance		**3,269**

(21) Investments in associates

This caption, equal to €1.3 million at June 30, 2020, is entirely comprised of the investment in SharpEnd Partnership Ltd, an innovative technology services agency based in London (UK).
The capital subscribed by converting the £250 thousand loan granted to the company in December 2019 and by paying further £750 thousand in 2020 comprises preference shares accounting for 20% of the company's share capital.
Under the agreements reached, the Guala Closures Group can increase its investment by subscribing specific capital increases and can also recover its investment.

(22) Property, plant and equipment

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

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

Carrying amount at January 1, 2020	**42,022**	**162,282**	**12,210**	**1,976**	**10,421**	**228,911**
Change in the consolidation scope	3,356	1,831	(575)	(29)	-	**4,583**
Net exchange losses	(3,309)	(10,380)	(51)	(59)	(194)	**(13,993)**
Increases	182	2,474	163	261	11,003	**14,083**
Disposals	-	(150)	(0)	(3)	(8)	**(161)**
Reclassifications	300	6,042	477	(13)	(6,805)	**0**
Depreciation	(784)	(16,628)	(1,248)	(364)	-	**(19,023)**
Historical cost at June 30, 2020	45,090	197,374	15,232	2,956	14,416	**275,068**
Accumulated depreciation and impairment losses at June 30, 2020	(3,324)	(51,901)	(4,257)	(1,187)	-	**(60,670)**
Carrying amount at June 30, 2020	**41,766**	**145,473**	**10,975**	**1,769**	**14,416**	**214,398**

The €14.5 million decrease in property, plant and equipment on the balance at December 31, 2019 is mainly due to the negative translation effect (€14.0 million) (for additional information reference should be made to the note to Equity) and the depreciation of the period (€19.0 million), partly offset by the increase due to the change in the consolidation scope (€4.6 million) following the acquisition of Closurelogic's assets for €7.0 million, net of the sale of the GCL Pharma assets for €2.4 million, and capital expenditure (€13.9 million).

Capital expenditure of the period, amounting to €13.9 million, mainly related to plant and machinery and covered, in particular, Europe, specifically the facilities in Italy, Ukraine and Poland, and Asia, notably, India.

At June 30, 2020, the collateral on property, plant and equipment is unchanged from that set out in the relevant note to the 2019 consolidated financial statements.

(23) Right-of-use assets

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

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2019	26,926	2,331	2,367	1,837	**33,460**
Accumulated depreciation and impairment losses at December 31, 2019	(3,524)	(869)	(725)	(712)	**(5,829)**
Carrying amount at December 31, 2019	**23,402**	**1,462**	**1,642**	**1,125**	**27,630**
Carrying amount at January 1, 2020	**23,402**	**1,462**	**1,642**	**1,125**	**27,630**
Change in the consolidation scope	(215)	1,226	-	-	**1,011**
Net exchange losses	(549)	(388)	(42)	(37)	**(1,016)**
Increases	1,855	24	99	430	**2,408**
Disposals	-	-	(17)	(23)	**(39)**
Depreciation of right-of-use assets	(1,778)	(411)	(376)	(335)	**(2,901)**
Historical cost at June 30, 2020	28,017	3,193	2,407	2,206	**35,823**
Accumulated depreciation and impairment losses at June 30, 2020	(5,302)	(1,280)	(1,101)	(1,047)	**(8,730)**
Carrying amount at June 30, 2020	**22,715**	**1,913**	**1,307**	**1,159**	**27,094**

The changes of the period in right-of-use assets reflect the capitalisation of right-of-use assets (approximately €2.4 million), the change in the consolidation scope (€1.0 million) following the recognition of the right-of-use assets acquired as part of the acquisition of Closurelogic's assets (roughly €1.3 million), net of the sale of the GCL Pharma assets (€0.3 million). These increases are offset by the exchange losses (about €1.0 million) (for additional information reference should be made to the note to Equity) and depreciation (approximately €2.9 million).

(24) Intangible assets

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

(€'000)	**Development expenditure**	**Licences and patents**	**Goodwill**	**Other**	**Assets under development and payments on account**	**Total**
Historical cost at December 31, 2019	2,985	132,568	504,469	258,692	1,919	**900,633**
Accumulated amortisation and impairment losses at December 31, 2019	(1,072)	(12,444)	-	(15,082)	-	**(28,598)**
Carrying amount at December 31, 2019	**1,913**	**120,124**	**504,469**	**243,610**	**1,919**	**872,035**
Carrying amount at January 1, 2020	**1,913**	**120,124**	**504,469**	**243,610**	**1,919**	**872,035**
Change in the consolidation scope	(54)	173	2,054	(3,535)		**(1,361)**
Net exchange gains (losses)	43	(27)	0	(14,882)	(55)	**(14,921)**
Increases	161	93	-	0	827	**1,082**
Disposals	-	-	-	-	(30)	**(30)**
Reclassifications	-	(6)	-	0	5	**(0)**
Amortisation	(330)	(4,687)	-	(4,944)	-	**(9,961)**
Historical cost at June 30, 2020	3,079	132,784	506,523	238,941	2,666	**883,992**
Accumulated amortisation and impairment losses at June 30, 2020	(1,347)	(17,113)	-	(18,691)	-	**(37,151)**
Carrying amount at June 30, 2020	**1,732**	**115,671**	**506,523**	**220,250**	**2,666**	**846,841**

The decrease in intangible assets on the balance at December 31, 2019 is mainly due to the negative translation effect (€14.9 million) (for additional information reference should be made to the note to Equity), amortisation of the year (approximately €10.0 million), the sale of GCL Pharma's assets at March 31, 2020 (approximately €3.6 million), partly offset by the increase due to the assets of Guala Closures Deutschland acquired in February 2020 and investments of the period.

Licences and patents is mainly comprised of the Guala Closures trademark (carrying amount of €68.3 million and €71.9 million at June 30, 2020 and June 31, 2019, respectively; amortisation of €1.9 million in the first half of both 2020 and 2019) and group patents (carrying amount of €47.4 million and €52.4 million at June 30, 2020 and June 31, 2019, respectively; amortisation of €2.8 million and €2.7 million in the first half of 2020 and 2019, respectively), while Other is mainly comprised of the amount of commercial relationships with customers.

Goodwill increased due to the provisionally-recognised goodwill arising on the purchase price allocation procedure for the business acquired by the group in Germany. Reference should be made to note 6.1 for further details.

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 2019 annual report for information on the previous impairment test.

The assets were tested for impairment pursuant to IAS 36 on June 30, 2020 in response to internal and external indicators. The analysis of the trigger events was even more relevant in the current climate as it also assessed whether the impacts of the COVID-19 pandemic could have led to the impairment of the related carrying amount of assets at June 30, 2020.

Despite the effect of the COVID-19 pandemic on the group's second-quarter performance, the Guala Closures Group's turnover was sound, thanks to the degree of resilience of the business and its geographical, product and customer diversification (serving both the 20 largest customers globally and numerous regional and local customers where the group operates) making it less exposed to the Asian markets and global travel retail.

The group continued to operate during the entire lockdown period imposed by the various governments in the countries where the group operates, with the exception of:

- the Indian and Chinese facilities, where stringent lockdowns affected operations for one month and three weeks, respectively;
- the South African operations, where the group could only produce for the mineral waters, beverages and the pharmaceutical sectors between March 26 and April 30;
- Colombia, where production during the lockdown period from March 20 to May 11 was converted to the production of closures for disinfectants;
- Argentina, where the facility was closed between March 20 and April 1, after which it was reopened since it was included in the essential supply chain.

As discussed previously, after a positive first quarter of 2020 with revenues and profitability growing organically to exceed those of the same period of 2019, revenue contracted in the second quarter of 2020 as a result of reduced activity in the HORECA market. In geographical terms, the Americas continued the excellent results of the first quarter to contribute positively despite the exchange effect, while turnover was most heavily affected in the Asian markets, particularly India where the government imposed a lockdown for almost all of April, and in the UK, which mainly focusses on global brands and the duty free market. In the first half of 2020, consolidated net revenue totalled €272.3 million, down €18.8 million (-6.4%) on the first half of 2019, with around half of this decrease due to the negative translation impact following the appreciation of the Euro against almost all currencies with which the group operates in March as a result of the global spread of COVID-19.

Reference should be made to the directors' report for an analysis of income and cash flows for the first and second quarters of 2020.

As regards the business trend for this year, the restrictive measures were eased towards the end of the second quarter of 2020 and the HORECA sector was gradually reopened by the various governments, particularly in those countries hit the earliest by COVID-19 (Europe, Asia and Oceania), albeit with different dynamics and, in certain cases, with the reintroduction of restrictions limited to hotspots and/or clusters. In the short-term, based on the current outlook, business performance, which was most heavily impacted by the spread of COVID-19 in the second quarter of 2020, is expected to begin to pick up as from the third quarter of 2020, gradually recovering volumes.

In light of the macroeconomic context and the financial impacts on the group described above, the impairment testing of the Guala Closure Group's assets is discussed below.

The directors updated the plan (the "Plan") approved in March 2020 to reflect the sale of the subsidiary GCL Pharma and the acquisition of the Closurelogic business in February 2020 (the "Adjusted plan").

The directors also carried out a sensitivity analysis on the Adjusted plan, based on various scenarios and considering the expected effects which can be estimated at present. These scenarios regard the curtailment and/or decrease of operations at certain production facilities on the 2020 financial performance, in terms of the reduction in revenue and gross operating performance, in addition to some hypothetical and alternative scenarios concerning the evolution of the turnover in 2020 and an estimate of the possible impacts on the 2021-2024 period. These scenarios are based on the best information currently available in a situation which continues to be subject to significant uncertainties concerning the evolution of the health emergency and its impact on the world economy and the stimulus packages of the various governments.

Compared to the normal procedure for drawing up the budget and updating the business plan carried out in the fourth quarter of each year, the scenarios used in the Adjusted plan and the sensitivity analyses were based on a simplified approach whereby each group company prepared 2020 forecasts which were then consolidated on the basis of a high-level analysis performed at group level estimating the impacts of the new scope in the 2021-2024 period.

The scenarios assumed a decrease in revenue of between 1% and 7% and in gross operating profit of between 1% and 9% for the 2020-2024 plan period. While in some cases far more conservative than the Adjusted plan, the scenarios were prepared for the sole purpose of taking into account the high level of uncertainty and volatility generated by the current pandemic and to assess its impacts on group operations. Furthermore, all scenarios indicate that the lower-than-budgeted actual and forecast figures for 2020 are largely related to short-term effects deemed temporary, suggesting limited vulnerability to the effects of the crisis in the medium term and a solid capacity to generate profit in the long term. This aspect further highlights the importance of the TV (terminal value) in estimating value in use when testing for impairment, given its considerable weight in determining EV (enterprise value).

TV had an 80% impact on EV based on the impairment tests carried out at 31 December 2019 (81.0% at June 30, 2020, based on the cash flows in the Adjusted plan). This suggests that even considering the negative impact on cash flows in the short term, the long-term cash flows considered for the purposes of the terminal value remain unchanged, again confirming the results of the calculations made for the 2019 Annual Report.

Despite the COVID-19 crisis, the update of the financial parameters used to discount the TV did not generate significant variations in the first half of 2020, giving a WACC of 8.2% (December 31, 2019: 8.4%) and a g-rate of 2.6% (December 31, 2019: 2.7%). These figures are in line with the assumptions of the long-term Plan which remain unchanged, as the effects of COVID-19 are deemed temporary.

Management's assessment reflected in these condensed interim consolidated financial statements at June 30, 2020 and approved by the Board of Directors on September 7, 2020 and updated in accordance with the information available at the date of this document, did not reveal, in the various scenarios, any reasons requiring the recognition of impairment losses on goodwill or other intangible assets, thereby substantially confirming the results and the sensitivity analysis of the impairment test carried out for the purposes of the 2019 annual report.

(25) Current and non-current financial liabilities

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

Reference should be made to note 31) Fair value of financial instruments and sensitivity analysis for further information on the group's exposure to interest and currency risks.

On July 20, 2018, the parent entered into a revolving credit facility agreement governed by the laws of England and Wales with UniCredit Bank AG, Milan Branch, as agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.p.A.) for a maximum amount of €80 million (the "**RCF**") 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 parent has, inter alia, a covenant on the RCF. Failure to comply with it may require the parent to repay the facility earlier, should more than 40% of the total amount of the RCF be drawn (€80 million). Under this covenant, the ratio of the parent's indebtedness to consolidated EBITDA, both calculated in accordance with the contractual provisions of the RCF, shall not exceed 6.40x.
Under this agreement, the parent's Treasury department is required to constantly monitor the covenant and to regularly report to management and the lending bank in order to ensure compliance. At June 30, 2020, 40% of the facility has not been used, which is the triggering condition for the application of the covenant. In any case, the covenant is complied with.

Financial liabilities at December 31, 2019 and June 30, 2020 are shown below:

(€'000)	**December 31, 2019**	**June 30, 2020**
Current financial liabilities		
Bonds	3,406	3,362
Bank loans and borrowings	7,763	7,049
Other financial liabilities	10,415	11,703
	21,585	***22,114***
Non-current financial liabilities		
Bonds	443,926	445,185
Bank loans and borrowings	14,360	30,320
Other financial liabilities	40,774	40,990
	499,060	***516,494***
Total	**520,645**	**538,608**

The conditions and due dates of the financial liabilities at December 31, 2019 and June 30, 2020 are shown below:

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

	Nominal amount					
(€'000)	Total June 30, 2020	Within one year	Between one and five years	More than five years	Current	Non-current
Bonds						
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	455,000	-	455,000	-	-	455,000
Interest on bonds	3,362	3,362	-	-	3,362	-
Transaction costs	(9,815)	-	(9,815)	-	-	(9,815)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.	**448,547**	**3,362**	**445,185**	**-**	**3,362**	**445,185**
Bank loans and borrowings:						
Senior Revolving Credit Facility - Guala Closures S.p.A.	29,056	-	29,056	-	-	29,056
Transaction costs	(526)	-	(526)	-	-	(526)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.	**28,530**	**-**	**28,530**	**-**	**-**	**28,530**
Other accrued expenses - Guala Closures S.p.A.	94	94	-	-	94	-
Yes Bank loan and credit lines (India)	1,173	1,173	-	-	1,173	-
Handlowy S.A. / Millennium S.A. credit lines (Poland)	4,122	4,122	-	-	4,122	-
Banco de la Nacion Argentina loan (Chile)	76	76	0	-	76	0
Santander loans and bank overdraft (Brazil)	35	31	4	-	31	4
Advances on receivables (Argentina)	4	4	(0)	-	4	(0)
Bancomer / Banamex loans (Mexico)	3,335	1,549	1,786	-	1,549	1,786
TOTAL bank loans and borrowings	**37,369**	**7,049**	**30,320**	**-**	**7,049**	**30,320**
Other financial liabilities:						
Market warrants	5,617	5,617	-	-	5,617	-
Leases (IFRS 16)	20,212	6,086	14,125	-	6,086	14,125
Financial liabilities - non-controlling investors	26,864	-	-	26,864	-	26,864
TOTAL other financial liabilities	**52,693**	**11,703**	**14,125**	**26,864**	**11,703**	**40,990**
TOTAL	**538,608**	**22,114**	**489,630**	**26,864**	**22,114**	**516,494**

Other financial liabilities include the fair value of the market warrants at June 30, 2020 and December 31, 2019 (€5,617 thousand and €3,873 thousand, respectively). The difference between the fair value at June 30, 2020 and that at December 31, 2019 was recognised in the income statement for the period, under financial income (€1,743 thousand). The impact on the income statement for the period is attributable to the increase in the market prices of the market warrants, which went from €0.20 at December 31, 2019 to €0.29 at June 30, 2020.

On the date of their first trading, the parent recognised 10,000,000 market warrants, traded separately to the shares, for an amount of €6,000,000, by setting up a negative equity reserve of the same amount (described in note 28) Equity attributable to the owners of the parent). Furthermore, on August 6, 2018, the date the merger became effective, another 9,367,393 market warrants were assigned for €9,367,393, setting up a negative equity reserve of the same amount. The warrants were assigned free of charge in the ratio of four market warrants to every 10 ordinary shares. They can be exercised against payment as resolved by the shareholders in their extraordinary meetings of September 26, 2017 and November 16, 2017.

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

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

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

Financial liabilities - non-controlling investors relate to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its expected time of exercise.
This caption has been recognised using the present access method, whereby the financial liability was recognised as a reduction in equity in the first year. The fluctuation in each year, if any, is recognised under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment. Following the PPA procedure, the financial liability was adjusted to reflect the allocation of the resulting gains attributable to non-controlling investors.
Reference should be made to note 31) Fair value of financial instruments and sensitivity analysis for further details.

The interest rates and maturity dates of the financial liabilities at December 31, 2019 and June 30, 2020 are shown below:

(€'000)	Currency	Nominal interest rate	Maturity date	Total December 31, 2019
Bonds				
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	€	Euribor 3M + 3.50%	2024	455,000
Interest on bonds	€	n.a.	2020	3,406
Transaction costs	€	n.a.	2024	(11,074)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.				**447,332**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.50%	2024	12,929
Transaction costs	€	n.a.	2024	(597)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**12,332**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2020	63
Yes Bank loan and credit lines (India)	INR	9.70%	2020	1,951
Handlowy S.A. / Millennium S.A. credit lines (Poland)	PLN	1M Wibor (*)	n.a.	4,410
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	168
Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	70
Advances on receivables (Argentina)	ARS	n.a.	n.a.	2
Bancomer loan (Mexico)	USD	n.a.	2023	3,129
TOTAL bank loans and borrowings				**22,123**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	3,873
Leases (IFRS 16)	€	n.a.	n.a.	20,358
Financial liabilities - non-controlling investors	€	n.a.	n.a.	26,958
TOTAL other financial liabilities				**51,190**
TOTAL				**520,645**

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

(€'000)	Currency	Nominal interest rate	Maturity date	Total June 30, 2020
Bonds				
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	€	Euribor 3M + 3.50%	2024	455,000
Interest on bonds	€	n.a.	2020	3,362
Transaction costs	€	n.a.	2024	(9,815)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.				**448,547**
Bank loans and borrowings:				
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.50%	2024	29,056
Transaction costs	€	n.a.	2024	(526)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**28,530**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2020	94
Yes Bank loan and credit lines (India)	INR	9.70%	2020	1,173
Handlowy S.A. / Millennium S.A. credit lines (Poland)	PLN	1M Wibor (*)	n.a.	4,122
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	76
Santander loans and bank overdraft (Brazil)	BRL	n.a.	2020	35
Advances on receivables (Argentina)	ARS	n.a.	n.a.	4
Bancomer / Banamex loans (Mexico)	USD	n.a.	2023	3,335
TOTAL bank loans and borrowings				**37,369**
Other financial liabilities:				
Market warrants	€	n.a.	n.a.	5,617
Leases (IFRS 16)	€	n.a.	n.a.	20,212
Financial liabilities - non-controlling investors	€	n.a.	n.a.	26,864
TOTAL other financial liabilities				**52,693**
TOTAL				**538,608**

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

The Senior Revolving Credit Facility's availability at June 30, 2020 is shown in the table below:

Facility	**Available amount (€'000)**	**Amount used at June30, 2020**	**Residual available amount at June 30, 2020**	**Repayment date**
Revolving Credit Facility due 2024	80,000	29,056	50,944	final repayment 02/28/2024
Total	**80,000**	**29,056**	**50,944**	

(26) Trade payables

These may be analysed as follows:

(€'000)	**December 31, 2019**	**June 30, 2020**
Suppliers	76,111	76,912
Payments on account	445	478
Total	**76,556**	**77,391**

(27) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	**December 31, 2019**	**June 30, 2020**
Provision for reorganisation	677	1,000
Provision for returns	1,020	796
Provision for contingencies	167	-
Other provisions	115	-
Total current provisions	**1,980**	**1,796**

The provision for reorganisation includes €328 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 also includes the accrual made in the second quarter of 2020 by Guala Closures UCP which commenced a reorganisation procedure in June which should entail the redundancy of around 50 employees for an estimated cost of approximately €0.7 million. The provision was used only marginally in the first half of 2020.

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

Changes in the current portion of this caption are as follows:

€'000	**June 30, 2020**
Opening balance	1,980
Change in the consolidation scope	(50)
Exchange losses	(37)
Accruals	1,000
Utilisations	(1,097)
Closing balance	**1,796**

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

NON-CURRENT PROVISIONS:

(€'000)	**December 31, 2019**	**June 30, 2020**
Provision for legal disputes	201	178
Provision for agents' termination indemnity	147	151
Total non-current provisions	**348**	**329**

Changes in the non-current portion of this caption are as follows:

€'000	**June 30, 2020**
Opening balance	348
Exchange losses	(2)
Accruals	40
Utilisations	(56)
Closing balance	**329**

(28) Equity attributable to the owners of the parent

At June 30, 2020, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario) organised and managed by Borsa Italiana S.p.A., within the Star Segment, since August 6, 2018.

Guala Closures S.p.A. has subscribed and paid-in share capital of €68,907 thousand, consisting of 67,184,904 shares, of which 62,049,966 ordinary shares, 4,322,438 class B multiple-vote shares and 812,500 class C shares with no voting rights. Similarly, 19,367,393 market warrants, 2,500,000 sponsor warrants and 1,000,000 management warrants are outstanding.

At June 30, 2020, equity comprises unavailable reserves for market warrants of €19,367 thousand, of which €6,000 thousand was recognised as a decrease in the share premium reserve following the capital increase which took place on December 21, 2017 and the concurrent allocation of 10,000 thousand market warrants, and €9,367 thousand was taken as a reduction of other reserves, following the allocation of the residual 9,367,393 market warrants upon listing and the concurrent merger on August 6, 2018.

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

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

The group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the group strives to continuously make its operations more profitable.

The board of directors monitors the return on capital, being total equity, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

On the basis of available information published by Consob (the Italian Commission for listed companies and the stock exchange), updated to June 30, 2020, the parent's main shareholders are as follows:

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

Specifically, in the first half of 2020, the Euro appreciated considerably against most of the group's functional currencies.
Therefore, the statement of financial position balances at June 30, 2020, translated using the closing spot rate, are significantly affected by the translation effect arising during the consolidation process following the translation of the assets and liabilities of the foreign operations which prepare their financial statements in a functional currency other than that of the condensed interim consolidated financial statements.
The impact on the group's condensed interim consolidated financial statements at June 30, 2020 is a general decrease in the group's assets and liabilities in a functional currency other than the Euro, affecting, in particular, non-monetary assets and liabilities.

Repurchase of own shares

On February 14, 2019, the ordinary meeting of the shareholders' was held in which the board of directors was authorised, pursuant to article 2357 and following articles of the Italian Civil Code and article 132 of the Consolidated finance act, to repurchase the parent's ordinary shares (therefore excluding special B and special C shares), for the purposes set out by the directors in their report, up to the maximum amount which, considering the ordinary Guala Closures shares held at any time by the parent, must not exceed a total of 3% of the ordinary shares outstanding on the date of the shareholders' meeting (equal to approximately 1,861,500 ordinary shares), to be carried out, including in more than one tranche, within 18 months of the date of the shareholders' resolution.
No repurchases had taken place at the reporting date.
At the date of this report, the term to repurchase own shares had expired and no repurchases had taken place.

(29) Equity attributable to non-controlling interests

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

	Non-controlling interests (%) at December 31, 2019	Non-controlling interests (%) at June 30, 2020	Balance at December 31, 2019	Balance at June 30, 2020
Guala Closures Ukraine LLC	30.0%	30.0%	16,987	15,570
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,745	3,462
Guala Closures de Colombia Ltda	6.8%	6.8%	782	567
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,651	2,398
Guala Closures DGS Poland S.A.	30.0%	30.0%	16,570	16,094
Guala Closures France SAS	30.0%	-	783	-
Guala Closures BY LLC	30.0%	30.0%	161	145
Total			**41,680**	**38,236**

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

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

(30) Net financial indebtedness

Net financial indebtedness at December 31, 2019 and June 30, 2020, is analysed below, calculated in accordance with ESMA/2013/319 recommendations:

	(€'000)	December 31, 2019	June 30, 2020
A	Cash	-	-
B	Cash equivalents	57,056	53,211
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**57,056**	**53,211**
E	**Current loan assets**	**627**	**308**
F	Current bank loans and borrowings	6,598	5,955
G	Current portion of non-current indebtedness	4,571	4,456
H	Other current loans and borrowings	6,542	6,086
I	**Current financial indebtedness (F+G+H)**	**17,711**	**16,498**
J	**Net current financial indebtedness (I-E-D)**	**(39,971)**	**(37,021)**
K	Non-current bank loans and borrowings	14,360	30,320
L	Bonds issued	443,926	445,185
M	Other non-current liabilities	40,774	40,990
N	**Non-current financial indebtedness (K+L+M)**	**499,060**	**516,494**
O	**Net financial indebtedness as per the ESMA's recommendation (J+N)**	**459,089**	**479,473**

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

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

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

	(€'000)	December 31, 2019	June 30, 2020
O	Net financial indebtedness as per the ESMA's recommendation	459,089	479,473
P	Non-current financial assets	(451)	(1,765)
Q	Market warrants	3,873	5,616
R	**Total net financial indebtedness (O-P+Q)**	**462,511**	**483,325**

OTHER INFORMATION

(31) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2019 and June 30, 2020. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in the reporting period. The “Accounting policies” section in the 2019 consolidated financial statements provides information about the fair value hierarchy.

December 31, 2019		Carrying amount					Fair value			
€'000	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Loans and receivables at amortised cost**	**Other financial liabilities**	**Total**	**level 1**	**level 2**	**level 3**	**Total**
Financial assets measured at fair value										
Aluminium derivatives held for trading		10				**10**		10		**10**
		10	-	-	-	**10**	-	**10**	-	**10**
Financial assets not measured at fair value (*)										
Trade receivables	19			104,093		**104,093**				-
Financial assets				1,077		**1,077**				-
Cash and cash equivalents	18			57,056		**57,056**				-
		-	-	**162,226**	-	**162,226**	-	-	-	-
Financial liabilities measured at fair value										
Currency derivatives held for trading		(172)	-			**(172)**		-		-
Market warrants	25				(3,873)	**(3,873)**	(3,873)			**(3,873)**
Financial liabilities - non-controlling investors	25	(26,958)				**(26,958)**			(26,958)	**(26,958)**
		(27,130)	-	-	**(3,873)**	**(31,003)**	**(3,873)**	-	**(26,958)**	**(30,831)**
Financial liablities not measured at fair value (*)										
Bank overdraft	25				(6,361)	**(6,361)**		(6,361)		**(6,361)**
Secured bank loans	25				(15,525)	**(15,525)**		(15,712)		**(15,712)**
Unsecured bank loans	25				(238)	**(238)**		(238)		**(238)**
Secured bond issues	25				(447,332)	**(447,332)**		(462,674)		**(462,674)**
Lease liabilities (IFRS 16)	25				(20,358)	**(20,358)**				-
Trade payables	26				(76,556)	**(76,556)**				-
		-	-	-	**(566,369)**	**(566,369)**	-	**(484,984)**	-	**(484,984)**

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

June 30, 2020		Carrying amount					Fair value			
(€'000)	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Loans and receivables at amortised cost**	**Other financial liabilities**	**Total**	**level 1**	**level 2**	**level 3**	**Total**
Financial assets measured at fair value										
Currency derivatives held for trading		160				**160**		160		**160**
		160	-	-	-	**160**	-	**160**	-	**160**
Financial assets not measured at fair value (*)										
Trade receivables	19			95,927		**95,927**				-
Financial assets				2,073		**2,073**				-
Cash and cash equivalents	18			53,211		**53,211**				-
		-	-	**151,211**	-	**151,211**	-	-	-	-
Financial liabilities measured at fair value										
Currency derivatives held for trading		-				-		-		-
Market warrants	25				(5,617)	**(5,617)**	(5,617)			**(5,617)**
Aluminium derivatives held for trading		-	(158)			**(158)**		(158)		**(158)**
Financial liabilities - non-controlling investors	25	(26,864)				**(26,864)**			(26,864)	**(26,864)**
		(26,864)	**(158)**	-	**(5,617)**	**(32,639)**	**(5,617)**	**(158)**	**(26,864)**	**(32,639)**
Financial liablities not measured at fair value (*)										
Bank overdraft	25				(5,295)	**(5,295)**		(5,295)		**(5,295)**
Secured bank loans	25				(31,964)	**(31,964)**		(30,934)		**(30,934)**
Unsecured bank loans	25				(111)	**(111)**		(111)		**(111)**
Secured bond issues	25				(448,547)	**(448,547)**		(469,055)		**(469,055)**
Lease liabilities (IFRS 16)	25				(20,212)	**(20,212)**				-
Trade payables	26				(77,391)	**(77,391)**				-
		-	-	-	**(583,518)**	**(583,518)**	-	**(505,395)**	-	**(505,395)**

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

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Therefore, the following changes in fair value could significantly affect the parent's performance:
- a rise in the market warrants' fair values could lead to an increase in the parent's liabilities and financial expense;
- a reduction in the market warrants' fair values could lead to a decrease in the parent's liabilities and an increase in financial income.

These financial income and expense are accounting changes that do not lead to cash inflows or outflows.

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put options on non-controlling interests	Discounted cash flows: The fair value is determined considering the expected payment, capitalised at the reporting date, net of the expected dividend yields, discounted to present value using a credit risk-adjusted discount rate. The expected payment is calculated considering the fair value of the subsidiary or its equity based on the relevant contractual agreements with non-controlling investors.	• Estimated gross operating profit (loss) in the 2020 forecast and 2021-2024 plan and expected cash flows in the period; • net financial position at the reporting date; • capitalisation rate (risk free specific to the country in which the subsidiary operates), net of the expected dividend yield (based on the historical average of dividends paid by the subsidiary); • inflation data about Ukraine, Bulgaria, Poland and the USA, used to calculate risk-free rates; • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk; • expected date of put option exercise	The estimated fair value would increase if: • the gross operating profit was higher • the net financial position was higher • the risk-free rate of the country decreased • the expected dividend yield decreased • the inflation rate differential between Ukraine, Poland, Bulgaria and the USA increases the discount rate adjusted by the group's lower credit risk • the expected exercise date for the put option was earlier
Currency forwards and aluminium derivatives	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions of similar instruments.	Not applicable.	Not applicable.

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

Financial instruments not measured at fair value

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

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

Level 3 fair values at December 31, 2019 and at the reporting date are shown below:

(€'000)	
December 31, 2019	26,958
Profit included in "(financial income) / financial expense" - Net fair value gain/loss (unrealised)	(94)
June 30, 2020	**26,864**

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2020 to one of the significant unobservable inputs, while assuming other inputs remain constant, would have had the following effects:

(€'000)	**Increase/ (decrease) in input data not directly observable**	**Favourable/ (unfavourable) effect on the profit (loss) for the period**
Risk-adjusted discount rate	1%	1,925
	(1%)	(2,264)
Growth rate	1%	(1,233)
	(1%)	1,008
Expected date of put option exercise	+ 1 year	1,553
	- 1 year	(1,669)

(c) Financial risk management

The group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk.

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the group.
The proxy system ensures the risk management guidelines are implemented and regularly monitored.
The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.
For additional information, reference should be made to the 2019 annual report.

(32) Commitments and guarantees

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

(33) Related party transactions

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

Transactions with the key management personnel are set out below:

	Costs recognised in the period									
€'000	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	Accrual for post-employment benefits at June 30, 2020	Other liabilities at June 30, 2020	Cash flows for the period
Total directors/key managers	223	522	1,170	10	5	145	**2,076**	1	826	1,609

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 June 30, 2020 are summarised below:

- it appointed four members to the board of directors of Guala Closures S.p.A. since 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 of the board of statutory auditors of Guala Closures S.p.A. on September 10, 2018, whom it appointed on the indication of GCL Holdings S.à r.l.;
- GCL Holdings S.à r.l. has held 14.24% of the share capital of Guala Closures S.p.A. since July 31, 2018 and it holds 24.28% of the voting rights as a result of the 4,322,438 B shares carrying multiple votes;
- there was a €135 thousand loan granted by GCL International S.à r.l. to GCL Holdings S.à r.l. and a trade receivable due to GCL International S.à r.l. from GCL Holdings S.à r.l. related to the reorganisation of the Luxembourg company which took place in 2018, whereby all GCL Holdings S.à r.l.'s assets were transferred to GCL International S.à r.l.. These payables/receivables were settled in March 2020 since the related amounts were paid by GCL Holdings S.à r.l.;
- the transactions with GCL Holdings S.à r.l. took place on an arm's length basis.

Space Holding S.r.l. can also be considered a related party.
The transactions and relationships between this company and the group at June 30, 2020 are summarised below:

- it has two members (one of whom is independent) whom it appointed to the board of directors of Guala Closures S.p.A. since August 6, 2018, as well as two independent members whom it appointed jointly with GCL Holdings S.à r.l.;
- it has one standing member and a substitute member of the board of statutory auditors since September 10, 2018, whom it appointed on the indication of Space Holding S.r.l.;
- Space Holding S.r.l. has held 4.70% of the share capital of Guala Closures S.p.A. since July 31, 2018 and it holds 3.14% of the voting rights, partly as a result of the 805,675 C shares with no voting rights;
- transactions with Space Holding S.r.l. took place on an arm's length basis.

Peninsula Capital II 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 June 30, 2020 are summarised below:

- it has one member whom it appointed to the board of directors of Guala Closures S.p.A. since August 6, 2018 (the date the merger became effective);
- Peninsula has held 9.84% of the share capital of Guala Closures S.p.A. and 8.816% of the voting rights since July 31, 2018;
- transactions with Peninsula took place on an arm's length basis.

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

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

Related parties also include the pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 31) Employee benefits of the 2019 consolidated financial statements for additional information.

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

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

There are no significant transactions with other related parties in addition to those indicated in this report or in the notes to the condensed interim consolidated financial statements.

(34) Atypical and/or unusual transactions

Pursuant to the Consob communication dated July 28, 2006, it is noted that, during the first half of 2020, Guala Closures Group did not carry out any atypical and/or unusual transactions, as described in the relevant communication, whereby atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near period end) can give rise to doubts on: correctness/completeness of information posted, conflicts of interest and the safeguarding of company assets, and of non-controlling interests.

(35) Events after the reporting period

UCP claim

Following the acquisition of United Closures and Plastics Ltd. ("UCP") by the subsidiary GCL International S.à r.l., circumstances arose that could have constituted a breach of the representations and warranties made by the seller Global Closures Systems UK Limited, for which the parent, RPC Group Plc, had issued a further warranty.

Following the claim lodged about these circumstances, an out-of-court settlement was reached on July 17, 2020 whereby the sellers will pay the buyer Guala Closures Group damages of GBP195 thousand.

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

With reference to the partial voluntary tender offer promoted by Special Packaging Solutions Investment S.à r.l. communicated pursuant to article 103.3/3-bis of the Consolidated finance act and article 39 of the Issuers' Regulation for 15,166,000 ordinary shares of Guala Closures S.p.A. at a price of €6.00 per share (the 15,166,000 ordinary shares correspond with 22.57% of the share capital and 20.22% of the voting rights at shareholders' meetings at the date of the issuer's notice), which has been extensively reported in the Directors' report, to which reference should be made for more details, it is reported that in July 2020 the process was completed and 8,256 ordinary shares of Guala Closures were allotted to the offer, representing 0.05% of the shares subject to the offer, 0.01% of Guala Closures' ordinary shares and 0.01% of Guala Closures' share capital.

During the allotment period, the offeror did not make purchases outside of the offer. The offeror purchased 2,697,627 Guala Closures shares outside the offer between the date of notification of the offer and the beginning of the acceptance period. Consequently, at the end of the offer, based on the definitive results thereof, the offeror holds a total of 2,705,883 ordinary Guala Closures shares, representing 4.36% of Guala Closures' ordinary shares, 4.03% of the share capital and 3.61% of the voting rights at shareholders' meetings.

Purchase of a company in Turkey

As part of the purchase of the assets of Closurelogic, the German subsidiary Guala Closures Deutschland GmbH signed an agreement for the purchase of the Turkish company Closurelogic Ambalaj Ve kapak Sistemleri San. Ve Tic. Ltd. Sti. for an amount of €350 thousand.
The purchase agreement was subject to certain conditions necessary to minimise the buyer's liability (such as converting the existing shareholder loan into share capital, changing the company from an LLC to a joint stock company, changing the company's name, etc.).
After these conditions were met in August, the purchase of the company took place on September 4, 2020 for an amount of €315 thousand. Certain trade-related liabilities that the buyer only became aware of after the agreement was signed were deducted from the initially agreed price.

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

September 7, 2020

Annexes to the condensed interim consolidated financial statements:

Annex 1)
Statement of the CEO and manager in charge of financial reporting pursuant to article 154-bis.3/4 of Legislative decree no. 58/1998 ("Consolidated finance act")

ANNEX 1)

Statement of the CEO and manager in charge of financial reporting

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

1. The undersigned Marco Giovannini and Anibal Diaz Diaz, respectively CEO and manager in charge of financial reporting of Guala Closures S.p.A. (the "**company**"), state that, pursuant to article 154-bis.3/4 of Legislative decree no. 58 of February 24, 1998:
   - the administrative and accounting procedures are adequate given the group's characteristics;
   - they were applied during the reporting period to prepare the condensed interim consolidated financial statements as at and for the six months ended June 30, 2020.
2. No significant issues arose.
3. Moreover, they state that:

3.1 The condensed interim consolidated financial statements at June 30, 2020:

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

b) are consistent with the accounting records and entries;

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

3.2 The directors' report accompanying the condensed interim consolidated financial statements includes a reliable analysis of the significant events that have taken place in the first half of the year and their impact on the condensed interim consolidated financial statements, together with a description of the key risks and uncertainties for the remaining six months of the year. The condensed interim consolidated financial statements also includes a reliable analysis of the disclosure on related party transactions.

September 7, 2020

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