SEPTEMBER 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

SEPTEMBER 30, 2020

November 11, 2020

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.

MESSAGE FROM THE CHAIRMAN AND CEO

The results of the first nine months confirm the Group's ability to implement effective responses to the unprecedented health emergency situation that has hit the world.

We are proud to be able to state that all our 30 factories have always been able to operate in conditions of maximum safety, further guaranteeing all workers additional measures of health checks.

We currently live in asymmetrical situations; there are, in fact, areas that have suffered little from the pandemic and are recovering rapidly and continents that are experiencing a relapse of the virus, with very little visibility on the future.

Our third quarter forecasts have been largely confirmed; in fact, our business, after being impacted in the second quarter by the spread of Covid-19, has embarked on a recovery path with a marked improvement in the curve of produced volumes and economic results.

In addition to the proven resilience of the business, in the last quarter our company also showed a significant increase in profitability - with a significantly improved EBITDA margin of 170 basis points at the same perimeter and exchange rates compared to the third quarter of last year - to confirmation of the structural and commercial efficiency of the group and the measures taken to contain costs.

However, there is still considerable uncertainty in the global travel retail segment and in the Horeca sector; the latter in particular penalized the bottled mineral water markets in Germany and Southern Europe, countries strongly linked to tourism.

As for the last part of the year, we will continue to concentrate as much as possible on internal cost control, production performance, cash flows and liquidity management.

In the face of the unexpected uncertainty of the Christmas campaign linked to the new restrictive measures reintroduced by governments in many markets, we believe that the group's sales will not be significantly penalized, also thanks to an expected replenishment of inventory by our global customers.

As for the long term, we remain focused on pursuing our product development and innovation strategy, confident in the group's ability to emerge stronger from this crisis.

Marco Giovannini

Chairman and CEO

(signed on the original)

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1. DIRECTORS' REPORT

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 and a major global player in the production and sale of aluminium closures for the beverage industry. With over 4,800 employees, the group operates on five continents with 30 production facilities, selling nearly 20 billion closures each year in more than 100 countries worldwide.

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;
- increased digitalisation of packaging with the launch of new closures equipped with near-field communication (NFC) microchips;
- 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.

RESEARCH – INNOVATION – DEVELOPMENT OF NEW PRODUCTS

Although the pandemic impacted the first nine months of 2020, the R&D department devoted intense efforts to new product development during the period.

Projects in progress reflected the emergence of two main current market trends:

- **sustainability**
- the development of **new packaging for existing brands** to be prepared for the post-pandemic recovery.

Sustainability has led the Guala Closures Group to harness its research with international partners into materials and solutions at the cutting edge in its efforts to pursue leadership in the closure market. The research is complex, as there is no one standard solution that can be used around the world, and specific solutions must instead be developed for local recycling systems and different consumers’ habits and inclinations.

In addition to materials, research increasingly focuses on aesthetic features (to convey an idea of “natural” packaging to consumers, as the closure is literally handled to open the bottle) and on functional features to move away from pieces that can be removed and could therefore become litter. One example is customers’ interest in doing away with the shrink sleeves normally applied to closures after they are affixed to bottles and instead developing closures that incorporate this function, while also reducing the amount of all plastics in closures.

Meanwhile, the group is conducting many tests, some with key customers on the US market, leading to the creation of a new range of highly-sustainable closures that will prove useful to the group when it showcases the solutions it has developed and promotes their use in products created for individual brands.

Developing solutions using materials from renewable sources, the group is working on solutions made with recycled materials, new biodegradable polymers and other materials that facilities currently handling end-of-life bottles can easily recycle.

Re-packaging demand from top brands reflects the desire among spirits makers to be ready for the recovery that everyone expects when the current pandemic ends.

In this respect, although the pandemic has slowed the trend among players in specific market segments (e.g., bottled water sector) to upgrade towards the high end, on other hand major spirits brands are driving for a sharp repackaging and presentation update trend.

Leading brands are sending the Guala Closure Group new packaging concepts developed by independent designers, while others place their complete trust in the group’s technical and design experience, which in all cases reflects the need to combine a prestigious image with a message of sustainability.

The main business areas in which the group conducts research and innovation in **new technologies** are:

EMF (Electromagnetic Forming): work resumed at a rapid pace in the first nine months of 2020, with the forming of sample closures and magnetic forming based on specific input from top global brands. A customer with heightened interest has urged the group to step up the pace of work, and the project has taken a more tangible shape and involved many other divisions.

NFC (Near-Field Communication): in the first nine months of 2020, the focus was on producing the 30x44 closure for Jameson, which has expanded volumes considerably and enabled the group to better test production technologies.

Work on the development of RFID (radio-frequency identification) technology with the optimisation of the tags inside the aluminium closures has advanced to prototyping and manufacturing approval.

The group has also worked considerably on IoT (Internet of Things), achieving important milestones. Through the start-up Compellio, development continues on the blockchain-based IoT platform and progress has been made on the development of an IoT platform that will be made available for all projects with customers. The group is also moving forward with the development of a proprietary platform to manage uploads of e-closure production data at our facilities.

Automation: work continued on robot programming, the design of handling systems and vision systems (quality control, QR code readers and digital scanners).

Digital Printing: testing continued on digital printing technologies and the first results were reaped: customers have made laser and ink jet labelling/coding requests.

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: in the wake of the COVID-19 emergency, face shields were engineered and produced, leading to a production plant that is now available to continue producing them in response to demand.
Considering the high demand for face shields, the group began a process to obtain EC certification for them as personal protective equipment in the COVID-19 emergency. During the month of August 2020, EC certification was obtained.

Group structure at September 30, 2020

The investment in Guala Closures Deutschland was acquired in December 2019, while the Closurelogic assets were acquired and consolidated starting in February 2020; the investment in GCL Pharma S.r.l. was sold in April 2020; and the investment in Guala Closures Turkey was acquired in September 2020.

1.2 PERFORMANCE

Key figures

(€ mln)	Reported figures 9M 2019	Reported figures 9M 2020 Spot exchange rates	Reported figures 9M 2020 Constant exchange rates [2]	Like-for-like consolidation basis [1] 9M 2019	Like-for-like 9M 2020 Spot exchange rates	Like-for-like 9M 2020 Constant exchange rates [2]
Revenue [2]	**448.1**	**417.2**	**435.4**	**448.1**	**399.5**	**417.7**
% variation		*(6.9%)*	*(2.8%)*		*(10.8%)*	*(6.8%)*
Adjusted gross operating profit [2]	**79.3**	**70.9**	**74.4**	**79.3**	**72.7**	**76.2**
% variation		*(10.6%)*	*(6.1%)*		*(8.3%)*	*(3.8%)*
Adj. gross operating profit margin	***17.7%***	***17.0%***	***17.1%***	***17.7%***	***18.2%***	***18.2%***

	September 30, 2019	**September 30, 2020**	**December 31, 2019**
Net financial indebtedness[3]	485.9	485.4	462.5

Employees	4,849
Facilities	30 production facilities and 3 sales offices in 25 countries on 5 continents
Patents and intellectual property rights	over 170

Notes:

(1) *The like-for-like 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 the second half of 2019.*

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

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

After a strong start to 2020 with a positive first quarter performance in terms of both revenue growth (+3.7% at constant exchange rates) and the improvement in adjusted gross operating profit (+5.1% at constant exchange rates), the Guala Closures Group was impacted by the spread of the COVID-19 pandemic around the world in the second quarter of the year. This caused a drop in revenue (-9.7% at constant exchange rates) and the adjusted gross operating profit (-21.9% at constant exchange rates) due, among others, to the outbreak containment measures implemented by the various local governments in the countries where the group operates, which caused a decline mainly in on-premises consumptions (at bars and restaurants) and sales in travel shops (duty free).
Sale volumes recovered in the third quarter, with revenue returning to near 2019 levels at constant exchange rates (-2.2%) and an adjusted gross operating profit at constant exchange rates that was higher than in the same period of the previous year (+0.2%).
Therefore, the group's results for the first nine months of year once again confirm the strong resilience of its business, with a limited decrease in **revenue** overall (-2.8% at constant exchange rates), which the group achieved by diversifying its business by geographical segments, products and customer portfolio and through the positive contribution of the business it acquired in Germany in February. On a like-for-like consolidation basis and at constant exchange rates, in the first nine months of year revenue would have decreased by 6.8%. Diversifying its business enabled the group to mitigate the negative impacts on revenue in the Asian (particularly in India) and European (United Kingdom, Italy and Spain) markets most impacted by Covid-19.

In India, the Group's activities suffered a significant decline in sales volumes due to the tax closure of the Group's four factories in the period between March 22 and April 27 and the drop in domestic demand following the ban on the sale of alcoholic drinks in the period between the end of March and the beginning of May and the closing of bars and restaurants until September.
In the United Kingdom, the Group's activities are more dedicated to large global brands that have been affected by the global spread of Covid-19 and related restrictions imposed on the HORECA market, and by restrictions on mobility that have significantly impacted the air transport sector, negatively impacting sales in the travel shops / duty free sector, a significant distribution channel for the sales of some major global brands.
In Italy and Spain, the Group's activities are concentrated in the destination market of Spirits and Water & Beverage and in these markets there has been a loss in volumes due to Covid-19 mainly due to the restrictions that have been imposed on HORECA sector and, with particular reference to activities in Spain, the decline in activity in the tourism sector during the summer period.
Adjusted gross operating profit is down 3.8% on a like-for-like consolidation basis and at constant exchange rates, with a higher profit margin than in the same period of the previous year (+18.2% in the first nine months of 2020 versus +17.7% in the first nine months of 2019) thanks to the group's cost containment actions, the favourable trend in the cost of raw materials and the rise in sale prices.
Net of the effects of the normalisation of the consolidation scope, the profit margin in the first nine months is affected by the dilution effect caused by Closurelogic, whose integration into the group is underway in order to achieve profit margins in line with the other Group's companies.
Net financial indebtedness at September 30, 2020 amounts to €485.4 million, in line on the first nine months of 2019 (€485.9 million), an improvement that demonstrates management's tight focus on generating cash through careful management of the operating profit margin, working capital and investments.
Net financial indebtedness is up by €22.9 million on the balance of €462.5 million at December 31, 2019, mainly due to the net effect of:
- the acquisition of Closurelogic's assets in Germany and Turkey (€13.6 million, including the consideration transferred for the acquisition of €12.4 million and the recognition of liabilities assumed at the transaction date for acquired leases amounting to €1.3 million);
- the increase in net working capital as the combined effect of the growth in the group's business following the aforementioned acquisition in Germany and Turkey and the normal seasonality of the business, which historically peaks in September;
- the subscription of 20% of the share capital of SharpEnd Partnership Ltd., an innovative tech service agency based in London (€1.3 million);
- which was partially offset by the sale of the 100% interest in GCL Pharma S.r.l. to the Bormioli Pharma Group (impact of €7.4 million, including proceeds of €7.3 million collected in April 2020 and the €0.1 million effect of the transfer of lease liabilities, net of the cash transferred in the sale of the company).

Key events of the first nine months of 2020

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

MERGERS & ACQUISITIONS:

- **Acquisition of Closurelogic GmbH's assets through Guala Closures Deutschland GmbH and acquisition of the company in Turkey**

On February 3, 2020, through Guala Closures Deutschland GmbH, the German subsidiary established in December 2019 specifically for this purpose, the group acquired Closurelogic GmbH, a German manufacturer specialising in aluminium closures mainly intended for the glass-bottle beverage and mineral water sector, following insolvency proceedings.
The transaction entailed the acquisition of Closurelogic GmbH's property, plant and equipment and

intangible assets, including the building in Worms, worth €7.2 million, inventories of approximately €5.0 million, in addition to advances to suppliers of roughly €0.3 million, i.e., all owned assets and personnel, except for the shares of the Turkish subsidiary, which was acquired in September 2020, following the completion of the step plan identified in the due diligence.

To acquire the Turkish subsidiary, the German subsidiary Guala Closures Deutschland GmbH had signed an agreement for the acquisition of Closurelogic Ambalaj Ve kapak Sistemleri San. Ve Tic. Ltd. Sti., subject to certain conditions precedent that would minimise the buyer's liability (such as the conversion of the existing shareholder loan into share capital, the company's conversion from an LLC to a joint stock company, the change of the company's name, etc.). It was acquired on September 4, 2020 for €315 thousand, after having deducted from the initially agreed price certain trade payables that the buyer learned of only after the agreement had been signed.

The acquired German business 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, adding further production capacity for additional 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, i.e., the development of closures with higher added value and the consolidation of the integration of the Scottish assets recently acquired with UCP in December 2018 and the integration of the German assets 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 of the closing date.
This sale generated a gain of €2.8 million for the group.

Claim following the acquisition of UCP

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.

STOCK EXCHANGE:

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

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

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 findings of the independent advisor's fairness opinion, the board of directors did not deem the financial consideration offered by the offeror to be fair.

The deal was completed in early July, with 8,256 ordinary shares of Guala Closures 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.

BUSINESS:

COVID-19

The first nine months 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 actions necessary 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.

The group's priorities in the subsequent quarter 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. To this end, it has prepared specific business continuity plans with certain key customers.
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.

All 30 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** 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 at reduced capacity because of the national ban on the sale of alcohol until early May and the shuttering of bars and restaurants until September, 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 and at a rapid pace thanks to the increase in volumes towards brands focused on the off-premises and e-commerce channel which, with Covid-19, had an increase in sales, 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 subsequently the production of closures for spirits resumed, albeit with sales volumes affected by the closure of public places imposed by the local government until September.

In **Oceania**, the group's facilities in Australia and New Zealand continued to operate as they are considered part of essential supply chains.

The group's **African facilities** recorded different trends. The facility in Kenya 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, which the South African government had classified as part of the essential supply chain. Conversely, production was suspended for the spirits market during that period.

Covid-19 had a marginal impact on the group's business starting in the first quarter of 2020, restricted to the group's business in India, China, Argentina and South Africa where the temporary shutdown of business operations was ordered as described above. However, the impact of Covid-19 in the second quarter of 2020 was significant, with a loss of sale volumes mainly in: India, where the government imposed a full lockdown of the country between March 22 and April 27 and banned the sale of alcohol from the end of March to the start of May with the shuttering of bars and restaurants until September; the United Kingdom, where operations are geared more towards global brands and the duty free market; 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 the sale of alcohol was banned from March 27 to June 1 and from July 12 to August 17; Colombia, where production was converted during the March 20 - May 11 lockdown to produce closures for disinfectants and public places of business remained shuttered until September; Spain and Italy, two of the European countries hit the hardest by Covid-19. In the third quarter of 2020, Covid-19 continued to impact the group's business, although with less force than in the second quarter and the effects remained mostly concentrated in India, Spain, Italy and Colombia.

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 €294.4 million in the first nine months of 2019, down to €259.6 million in the first nine months of 2020 at constant exchange rates, a 11.8% decrease equal to €34.8 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, in certain countries, in the third quarter as well. The strict limits to travel also adversely affected sales through the duty free ("Global Travel Retail") channel.

In the first nine months 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 performance bonuses.

In India and South Africa, where the extremely severe April lockdowns imposed by the respective governments resulted in a shutdown of around one month, personnel expense did not decrease in proportion to the drop in volumes 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 negative impact of COVID-19 was less extreme than in the areas of Europe and Asia where the group operates, personnel expense was substantially stable in all countries.

The group received assistance to decrease personnel expense in the United Kingdom, Bulgaria 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, with local governments gradually lifting shuttering orders on the HORECA sector in the third quarter of 2020, albeit with different dynamics and, in certain cases, with the reintroduction of restrictions in specific areas. At the end of the third quarter, the curve of infections rose again in Europe and local authorities ordered new containment measures, which included another round of restrictions on the HORECA sector and travel.

Reorganisation of Beijing Guala Closures

In 2019, Beijing Guala Closures received notice from the premises' lessor of the intention to terminate the lease early, on December 31, 2019.
The subsidiary formally challenged the notice since the current lease expires in February 2022 and the lessor had contractually guaranteed that the intended zoning of the area would not have changed throughout the lease term.
Despite the previous communications, at the moment the Chinese company has received, informally, the confirmation that the lease will not be terminated in advance of the deadline set by the current contractual relationship.

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 is 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 NĕSTGATE™, 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 NĕSTGATE™ 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 NĕSTGATE™ e-closures: a European first in the wine sector.

Launch of the "Jameson Connects" campaign: Jameson in Ireland with NFC NĕSTGATE cap

In March 2020 Jameson Irish Whiskey (Pernod Ricard) presented Jameson Connects, the new digital platform that allows its consumers to get more out of their bottle and get closer to the brand. Using the innovative NFC NĕSTGATE™ technology in the bottle cap, the Jameson Connects community has the ability to access incredible experiences and exclusive content, including distillery tours and sweepstakes, which change on a monthly basis.

The flexibility of the NFC system has allowed Jameson to adapt the content conveyed to its consumers also in light of the evolution of the Covid-19 emergency: for example, tutorials have been organized for the preparation of cocktails with the participation of famous bartenders.

New closures for the *Spirits* market

For the *Spirits* market, a new t-bar closure has recently been developed, for the rum brand Botanical, made of 100% recycled ABS plastic with agglomerated cork (developed by research and development centers in the UK and Ukraine). New launch also for the LVK Targovishte vodka brand, Guala Closures Bulgaria obtains the supply of alu top t-cork closures.

Ballantine's uses Guala Closures's innovative NFC NĕSTGATE™ technology for its caps, to launch the Ballantine's Finest Limited Edition campaign, "*The Clubs Collection*". Four different bottle designs, representing four nightclub across Europe, the Middle East and America, have been created to celebrate iconic and pioneering music clubs around the world: Barcellona's Nitsa, New York's Output, Glasgow's Sub club and Beirut's The Gärten by Uberhaus. The special bottles were sold exclusively online.

The campaign mechanism can be summarized in 4 main points:

- See post by key opinion leaders and media then click on the link to the e-commerce platform
- Buy the bottle
- Receive the bottle and scan the NFC-enabled with smartphone
- After the scan, engage with the brand and the four clubs via gaming, videos and drinks recipes.

Alufoil Trophy 2020

In May 2020, the Guala Closures Group received the prestigious Alufoil Trophy 2020 awarded by EAFA (European Aluminium Foil Association) for best “Marketing + Design” for its Savin Prestige screw cap solution for the wine market.

Corporate Social Responsability

In September 2020, the Guala Closures Group published its guidelines for eco-design, an important step forward in the development of sustainable packaging. Four defined design models for sustainable closures were developed as part of the Group’s CSR program and strategies. Guala Closures has also set itself the goal of using 35% recycled materials by 2025. The guidelines are intended to be a source of inspiration for the Group and all its research and development teams.

Financial performance

Analysis of the financial performance

The table below summarises the financial performance of the Guala Closures Group for the first nine months of 2019 and 2020.
The figures for the first nine months of 2020 include the effect of the consolidation of Closurelogic's assets in Germany starting in February 2020 and Turkey starting in September 2020 and 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 the Italian company GCL Pharma to third parties in the second quarter of 2020.

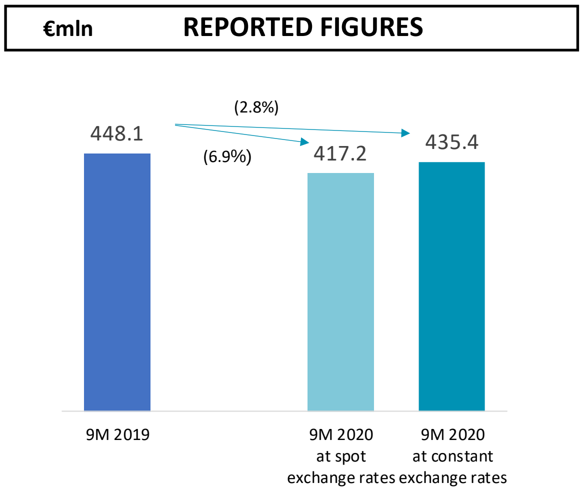
Income statement	9M 2019 restated		9M 2020	
	(€'000)	% of net revenue	(€'000)	% of net revenue
Net revenue	**448,064**	***100.0%***	**417,198**	***100.0%***
Change in finished goods and semi-finished products	7,950	*1.8%*	9,308	*2.2%*
Other operating income	2,867	*0.6%*	3,226	*0.8%*
Internal work capitalised	3,268	*0.7%*	3,653	*0.9%*
Costs for raw materials	(200,672)	*(44.8%)*	(181,520)	*(43.5%)*
Costs for services	(83,035)	*(18.5%)*	(81,103)	*(19.4%)*
Personnel expense	(94,665)	*(21.1%)*	(94,979)	*(22.8%)*
Other operating expense	(8,288)	*(1.8%)*	(6,341)	*(1.5%)*
Impairment losses	(596)	*(0.1%)*	(4,001)	*(1.0%)*
Gains on sales of equity investments	-	-	2,830	*0.7%*
Gross operating profit	**74,895**	***16.7%***	**68,271**	***16.4%***
Amortisation and depreciation	(47,052)	*(10.5%)*	(47,685)	*(11.4%)*
Operating profit	**27,843**	***6.2%***	**20,586**	***4.9%***
Financial income	6,554	*1.5%*	13,035	*3.1%*
Financial expense	(30,272)	*(6.8%)*	(40,883)	*(9.8%)*
Net financial expense	**(23,717)**	***(5.3%)***	**(27,849)**	***(6.7%)***
Profit (loss) before taxation	**4,125**	***0.9%***	**(7,263)**	***(1.7%)***
Income taxes	(2,324)	*(0.5%)*	(4,231)	*(1.0%)*
Profit (loss) for the period	**1,801**	***0.4%***	**(11,494)**	***(2.8%)***
Profit (loss) for the period attributable to the owners of the parent	(2,954)	*(0.7%)*	(17,344)	*(4.2%)*
Profit (loss) for the period attributable to non-controlling interests	4,755	*1.1%*	5,850	*1.4%*
Adjusted gross operating profit	**79,264**	***17.7%***	**70,871**	***17.0%***

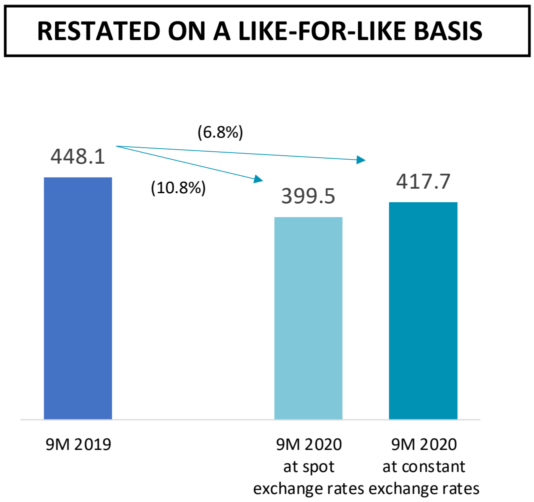
Notes:

- *Reference should be made to page 45 for details on the calculation of the adjusted gross operating profit.*
- *The figures for the first nine months 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 €0.3 million and the release of the related deferred taxes of a negligible amount. The figures for the first nine months of 2019 also include a €3.4 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 nine months of 2020 compared to the first nine months of 2019 is illustrated below.
The restated like-for-like scope figures exclude €17.7 million deriving from the net effect of the consolidation of Closurelogic's assets in 2020 (+€23.2 million) and the normalisation of the effects of the sale of the Spanish assets of the PET division in the second half of 2019 (-€1.2 million) and the sale of GCL Pharma in April 2020 (-€4.3 million).





In the first nine months of 2020, consolidated net revenue totalled €417.2 million, down €30.9 million (-6.9%) on the first nine months of 2019 at spot exchange rates and down €12.7 million (-2.8%) at constant exchange rates.
The negative translation impact on revenue for the first nine months of 2020 came to €18.2 million following the appreciation of the Euro against almost all currencies with which the group operates.
The change in the consolidation scope generated a positive effect of €17.7 million.
On a like-for-like consolidation basis and at constant exchange rates, consolidated net revenue would have been €417.7 million, down €30.4 million (-6.8%) on the first nine months of 2019, mainly because of the effects of the global COVID-19 outbreak.

As illustrated in the chart on the following page, in the first nine months of 2020, consolidated volumes grew by €8.2 million and the price increase policy generated a benefit of €4.0 million. However, these positive effects were completely offset by the estimated impact of a loss of sale volumes (approximately -€41.0 million) due to COVID-19.

The largest part of this loss due to COVID-19 is concentrated in the group's businesses in India (approximately 36% of the estimated loss of volumes) because of the shutdown of the four group facilities between March 22 and April 27 and the decline in domestic demand following the ban on the sale of alcohol between the end of March and the beginning of May and the shuttering of bars and restaurants until September.

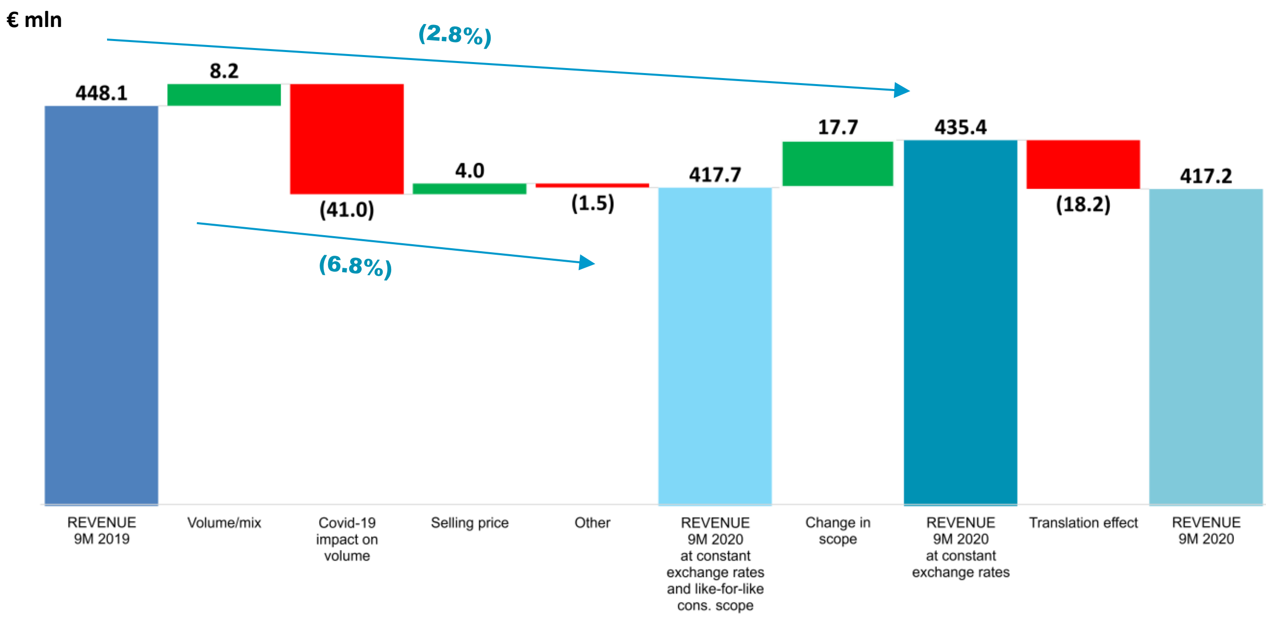
The group lost substantial business volumes due to COVID-19 in the UK (approximately 24% of the estimated loss of volumes), a market that is significantly geared towards major global brands. These brands suffered the impact of the global COVID-19 outbreak and the consequent restrictions on the HORECA market and travel, which upended air transport, adversely affecting sales in travel shops/duty free, a crucial distribution channel for certain major brands.

In Spain and Italy, where the group's operations focus on the spirits and water & beverage markets, the loss of volumes due to COVID-19 (with Spain and Italy respectively accounting for roughly 16% and 9% of the total estimated loss) is mainly due to the restrictions on the HORECA sector and, particularly in Spain, to the dramatic drop in tourism business during the summer.

In South Africa, where, between March 26 and April 30, the production of closures for spirits was banned, the group could only produce limited quantities for small niches of the mineral water and beverage and pharma market, the group saw a sharp drop in volumes due to the suspension of production for over one month and the ban on the sale of alcohol between March 27 and June 1 and between July 12 and August 17 (roughly 6% of the estimated loss of volumes).

The countries most affected by the drop in volumes due to COVID-19 include Colombia, where production lines were converted to make closures for disinfectants between March 20 and May 11 and where sale volumes were hampered by the shuttering of public places of business until September.

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



Source: Internal 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 "Covid-19 impact on volume effect" is determined as an estimate of the increase/decrease in sale volumes attributable to the Covid-19 pandemic. On one hand, this effect consists of the loss of sale volumes due to the shutdown of facilities in compliance with specific local regulations, alcohol sale bans in some jurisdictions, the reduction in demand as a result of restrictions on travel with consequence impacts in the HORECA sector and the related drop in consumption in the on-premises and travel shops/duty free channels, as well as the decrease in sales due to potential issues in the supply chain linked to logistical difficulties on deliveries. On the other hand, the Covid-19 effect reflects the increases in sale volumes due to some customers' increases in their safety stocks and the rise in demand in the off-premises channels (supermarkets and e-commerce).

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

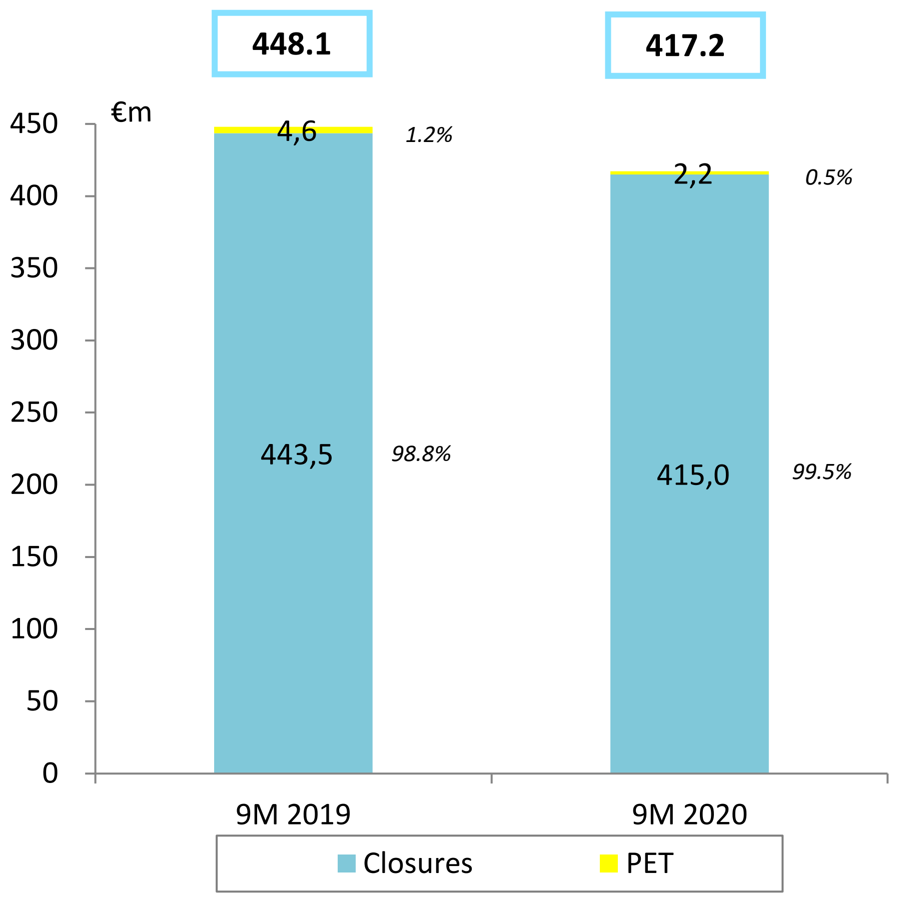
The "Change in scope" refers to the additional volumes resulting from the acquisition of Closurelogic's assets in February 2020 and the acquisition of Guala Closures Turkey in September 2020, offset, in part, by the streamlining of the PET division following the sale of part of the Guala Closures Iberica 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 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 and the "hyperinflation effect" of the revaluation of the Argentinian peso following the application of IAS 29 (-€0.5 million in the first nine months of 2020).

Net revenue by division

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



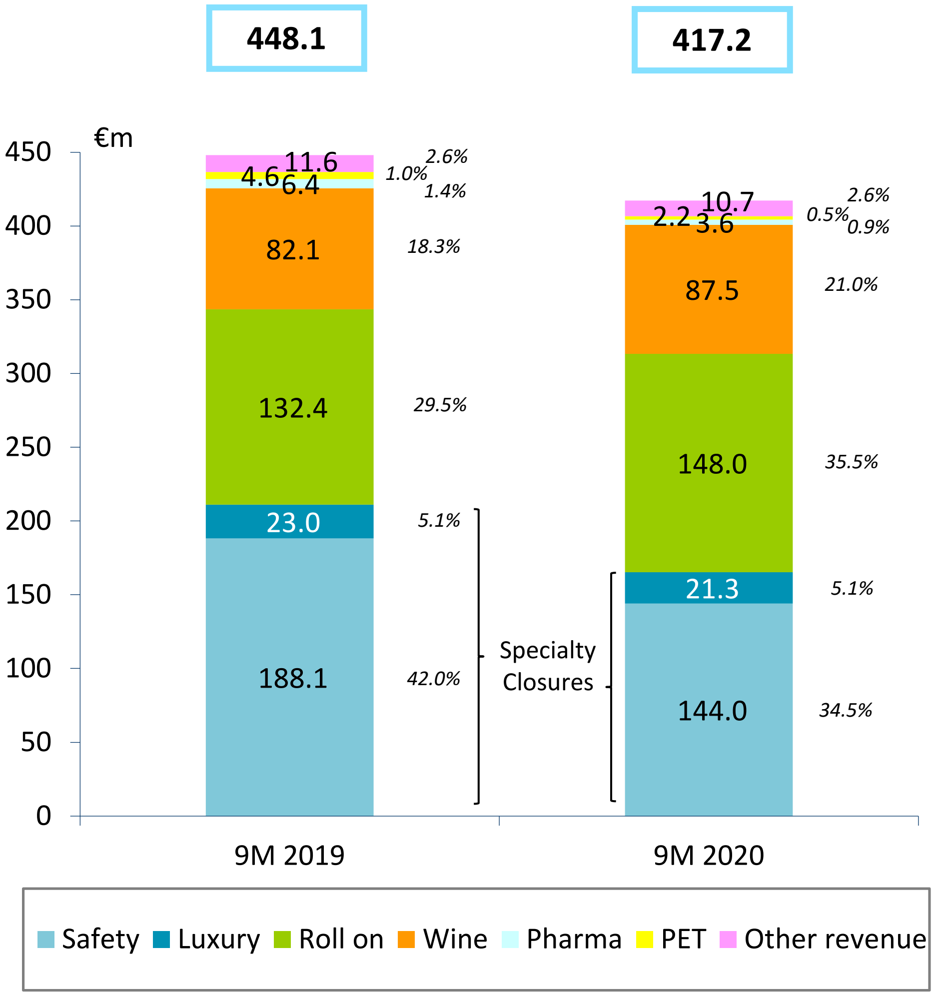
Source: Internal data

The Closures division represents the group's core business (more than 99% of net revenue for the first nine months 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 by €28.5 million (-6.4%) from €443.5 million in the first nine months of 2019 to €415.0 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 nine months of 2020 as a consequence of the reorganisation of the division in 2019 entailing the transfer of part of the plant and machinery.
As the PET division is not considered significant in size, it is not analysed in this report.

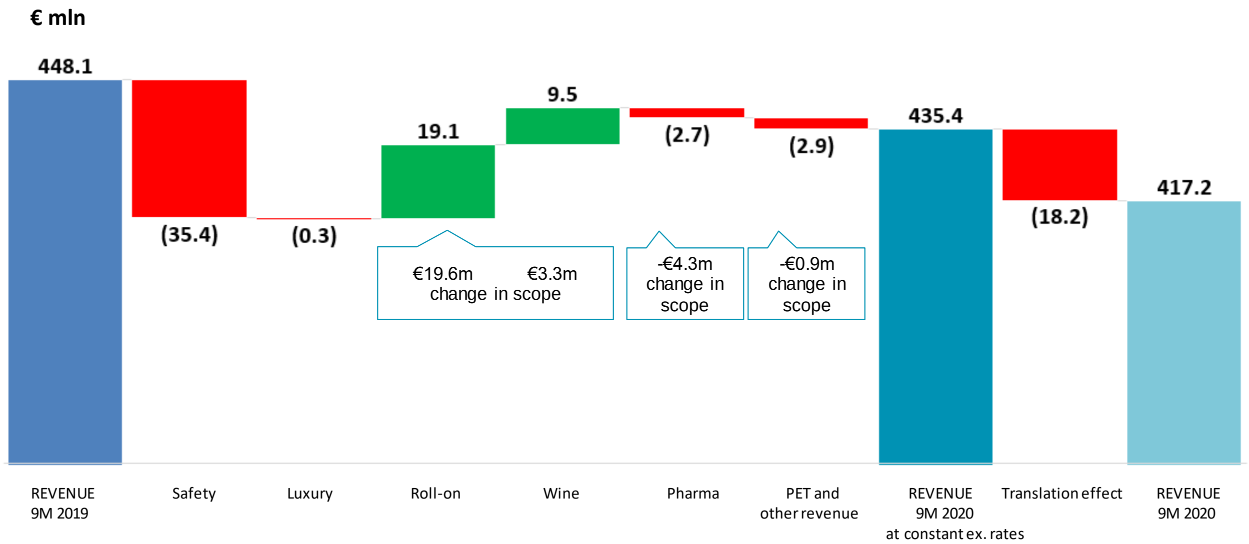
Net revenue by product

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



Source: Internal data

(€ mln)	9M 2019	9M 2020	diff.		% variation	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Safety (Specialty Closures)	188.1	144.0	(44.0)	(35.4)	(23.4%)	(18.8%)
Luxury (Specialty Closures)	23.0	21.3	(1.7)	(0.3)	(7.3%)	(1.3%)
Roll-on	132.4	148.0	15.6	19.1	11.8%	14.4%
Wine	82.1	87.5	5.4	9.5	6.6%	11.6%
Pharma	6.4	3.6	(2.8)	(2.7)	(44.2%)	(42.5%)
PET	4.6	2.2	(2.4)	(2.4)	(52.6%)	(52.5%)
Other revenue	11.6	10.7	(0.9)	(0.4)	(7.5%)	(3.8%)
Total consolidated net revenue	**448.1**	**417.2**	**(30.9)**	**(12.7)**	**(6.9%)**	**(2.8%)**



Revenue from **safety** closures decreased by €44.0 million from €188.1 million in the first nine months of 2019 (42.0% of net revenue) to €144.0 million in the first nine months of 2020 (34.5%), with a negative translation impact of €8.7 million.
At constant exchange rates, net revenue decreased by €35.4 million or 18.8% on the first nine months of 2019 mainly as a consequence of the lower sales following the COVID-19 outbreak, which mainly impacted the spirits market.

Revenue from the sale of **luxury** closures decreased by €1.7 million from €23.0 million in the first nine months of 2019 to €21.3 million in the first nine months of 2020 (the impact on net revenue is unchanged at 5.1%), with a negative translation impact of €1.4 million.
At constant exchange rates, the net revenue of this segment decreased by only €0.3 million (-1.3%) compared to the first nine months of 2019.

Revenue from **roll-on** closures increased by €15.6 million from €132.4 million in the first nine months of 2019 (29.5% of net revenue) to €148.0 million in the first nine months of 2020 (35.5%), with a negative translation impact of €3.5 million. This increase was mainly due to the acquisition of Closurelogic's assets (€19.6 million).

Revenue from **wine** closures increased by €5.4 million from €82.1 million in the nine months of 2019 (18.3% of net revenue) to €87.5 million in the first nine months of 2020 (21.0%), despite the negative translation impact of €4.1 million.

At constant exchange rates, net revenue from wine closures was up €9.5 million, or 11.6%, on the first nine months of 2019 mainly as a consequence of the acquisition of Closurelogic's assets (which contributed around €3.3 million) and the growth in sales in the UK and Chile.

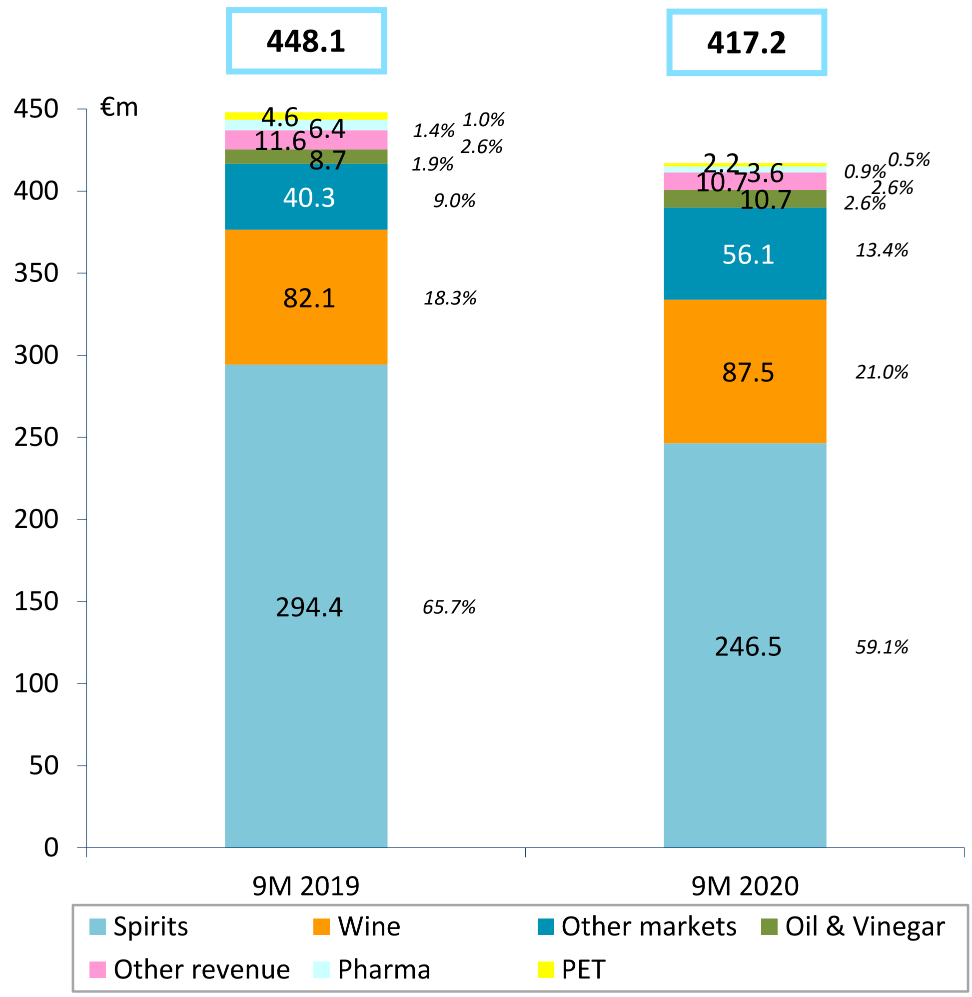
Revenue from **pharma** closures decreased by €2.8 million from €6.4 million in the first nine months of 2019 (1.4% of net revenue) to €3.6 million in the first nine months of 2020 (0.9%), following the sale of GCL Pharma to Bormioli Pharma group in April 2020.

Revenue from **PET** closures decreased by €2.4 million from €4.6 million in the first nine months of 2019 (1.0% of net revenue) to €2.2 million in the first nine months of 2020 (0.5%) due to the sale of part of the business in 2019.

Other revenue is down €0.9 million from €11.6 million in the first nine months of 2019 to €10.7 million in the first nine months of 2020 (the impact on net revenue is unchanged at 2.6%).

Net revenue by destination market

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



Source: Internal data

(€ mln)	9M 2019	9M 2020	diff.		% variation	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Spirits	294.4	246.5	(47.9)	(34.8)	(16.3%)	(11.8%)
Wine	82.1	87.5	5.4	9.5	6.6%	11.6%
Other markets	40.3	56.1	15.8	16.1	39.3%	40.0%
Oil and vinegar	8.7	10.7	2.0	2.1	22.9%	23.9%
Other revenue	11.6	10.7	(0.9)	(0.4)	(7.5%)	(3.7%)
Pharma	6.4	3.6	(2.8)	(2.7)	(44.2%)	(42.5%)
PET	4.6	2.2	(2.4)	(2.4)	(52.6%)	(52.5%)
Total consolidated net revenue	**448.1**	**417.2**	**(30.9)**	**(12.7)**	**(6.9%)**	**(2.8%)**

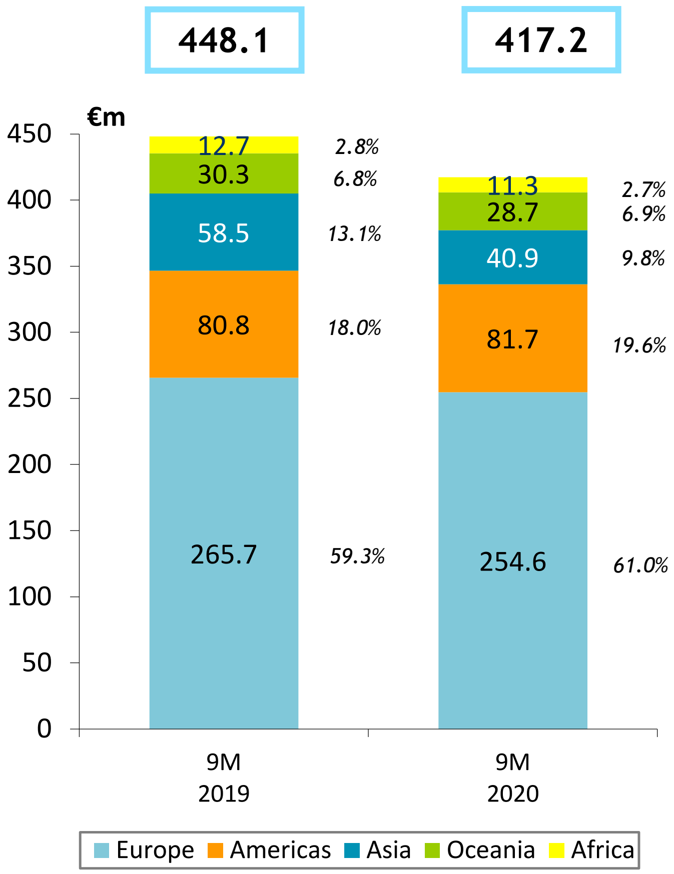
The **spirits market** represents the most important destination market for the group sales and accounted for 59.1% of net revenue in the first nine months of 2020.
Net revenue related to the spirits market decreased by €47.9 million from €294.4 million in the first nine months of 2019 (65.7% of net revenue) to €246.5 million in the first nine months of 2020 (59.1%), with a negative translation impact of €13.2 million. At constant exchange rates, the net revenue of this segment decreased by €34.8 million (-11.8%) compared to the same period of 2019.
The reduction is mainly due to the negative impact of COVID-19 on sales, particularly lower sales in India, the UK, Spain, Italy, South Africa and Colombia for the reasons described earlier.

The **wine market** represents the second most important destination market and accounted for 21.0% of net revenue in the first nine months of 2020.
Revenue from wine closures increased by €5.4 million from €82.1 million in the nine months of 2019 (18.3% of net revenue) to €87.5 million in the first nine months of 2020 (21.0%), despite the negative translation impact of €4.1 million.
At constant exchange rates, net revenue was up €9.5 million, or 11.6%, on the first nine months of 2019 mainly as a consequence of the acquisition of Closurelogic's assets (which contributed around €3.3 million) and the growth in the UK and Chile.

The **other markets** also grew considerably in the first nine months of 2020, accounting for 13.4% of net revenue for the first nine months of 2020 (9.0% in the first nine months 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 which are mostly focused on these markets.

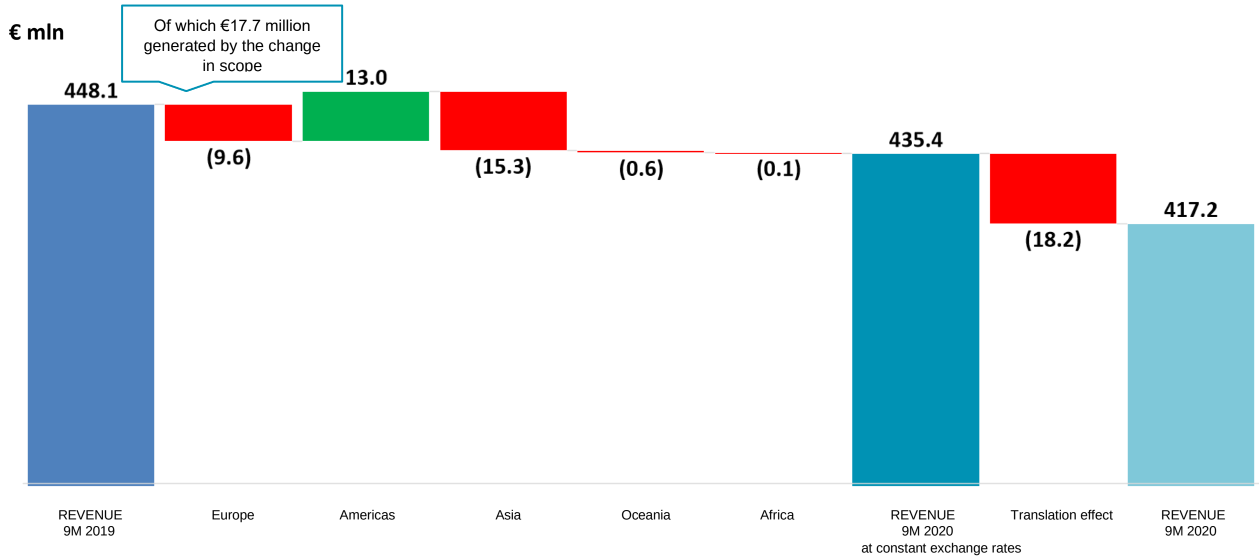
Net revenue by geographical segment

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)	9M 2019	9M 2020	diff.		% variation	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Europe	265.7	254.6	(11.1)	(9.6)	(4.2%)	(3.6%)
Americas	80.8	81.7	0.9	13.0	1.1%	16.0%
Asia	58.5	40.9	(17.6)	(15.3)	(30.1%)	(26.2%)
Oceania	30.3	28.7	(1.6)	(0.6)	(5.4%)	(2.0%)
Africa	12.7	11.3	(1.5)	(0.1)	(11.5%)	(0.4%)
Total consolidated net revenue	**448.1**	**417.2**	**(30.9)**	**(12.7)**	**(6.9%)**	**(2.8%)**



Net revenue from operations in Europe decreased by €11.1 million from €265.7 million in the first nine months of 2019 (59.3% of net revenue) to €254.6 million in the first nine months of 2020 (61.0%), with a negative translation impact of €1.4 million.
The decrease is mainly due to the change in scope (€17.7 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 and the sale of GCL Pharma S.r.l. to third parties in the second half of 2019. The positive impact of the change in scope was countered by the decrease in sales caused by COVID-19, particularly in relation to operations in the United Kingdom, Spain and Italy (total COVID-19 effect of €20.7 million in Europe).

Net revenue from operations in the Americas increased by €0.9 million from €80.8 million in the first nine months of 2019 to €81.7 million in the same period of 2020 (impacts of 18.0% and 19.6% of net revenue, respectively), despite the negative translation impact of €12.0 million recorded mainly in Mexico, Argentina and Brazil.
At constant exchange rates, the net revenue of this region increased by €13.0 million (+16.0%) compared to the first nine months of 2019.

The impact of COVID-19 in this region led to significant growth in sales in the North American spirits market following the increase in demand for stronger off-premises demand and penetration in new businesses/customers (positive impact of €2.1 million) and in Mexico due to greater sales in the US market (positive impact of €0.5 million) and the increase in sales in the Chilean wine market. The estimate of the net impact of Covid-19 on the sales volumes of the entire area of the Americas is equal to -€1.6 million.

Net revenue from operations in Asia went from €58.5 million in the first nine months of 2019 (13.1% of net revenue) to €40.9 million in the first nine months of 2020 (9.8%). This decrease is mainly due to the drop in sales after the shutdown of facilities in India and China during the lockdown to contain COVID-19 and operations that were at less than full capacity in the subsequent months because of the contraction in domestic consumption following the ban on the sale of alcohol between the end of March and the start of May and the shuttering of bars and restaurants until September (overall negative impact of the entire Asia are is €16.1 million) in India, and partly because of the business start-up in Kenya, where some of the volumes previously produced by the Indian company were transferred.

Net revenue from operations in Oceania decreased by €1.6 million from €30.3 million in the first nine months of 2019 (6.8% of net revenue) to €28.7 million in the first nine months of 2020 (6.9%), with a negative translation impact of €1.1 million. At constant exchange rates, the net revenue of this region decreased by €0.6 million (2.0%) 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 the spread of Covid-19 has partly eroded sales volumes.

Net revenue from operations in Africa decreased by €1.5 million from €12.7 million in the first nine months of 2019 (2.8% of net revenue) to €11.3 million in the first nine months of 2020 (2.7%), with a negative translation impact of €1.4 million.
At constant exchange rates, the net revenue of this region decreased by €0.1 million (-0.4%) compared to the first nine months 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 and the ban on the sale of alcohol between March 27 and June 1 and between July 12 and August 17. Specifically, the South African 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 (overall impact of €-2.5 million). 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 increased by €0.4 million from €2.9 million in the first nine months of 2019 (0.6% of net revenue) to €3.2 million (0.8%) in the first nine months of 2020.

Internal work capitalised

This caption increased by €0.4 million from €3.3 million in the first nine months of 2019 (0.7% of net revenue) to €3.7 million in the first nine months of 2020 (0.9%).
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 €19.2 million from €200.7 million in the first nine months of 2019 (44.8% of net revenue) to €181.5 million in the same period of 2020 (43.5%), despite the effect of the change in the consolidation scope which, in 2020, also includes the operations of Guala Closures Deutschland and Turkey (+€14.3 million), partly offset by a decrease in costs due to the deconsolidation of GCL Pharma (-€1.1 million) and the sale of the Spanish assets of the PET division to non-group operators.
As a percentage of turnover, these costs decreased compared to the first nine months of 2019 (from 44.8% to 43.5%), mainly due to lower raw materials prices (aluminium and plastic).

Costs for services

Costs for services decreased by €1.9 million from €83.0 million in the first nine months of 2019 (18.5% of net revenue) to €81.1 million in the first nine months of 2020 (19.4%) despite the change in the consolidation scope related to the operations of Guala Closures Deutschland and Guala Closures Turkey. On the other hand, compared to the same period of the previous year, 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 €0.3 million from €94.7 million in the first nine months of 2019 (21.1% of net revenue) to €95.0 million in the first nine months of 2020 (22.8%), mainly as a result of the change in the consolidation scope (approximately €5.6 million).

On a like-for-like consolidation basis, personnel expense decreased by €5.3 million, mainly due to the cost containment policies that the group implemented in the second and third quarters of 2020 to mitigate the impact of the lower sale volumes on profitability following the global COVID-19 outbreak.

These policies 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 performance bonuses.

In India and South Africa, where the extremely severe April lockdowns imposed by the respective governments resulted in a shutdown of around one month, personnel expense did not decrease in proportion to the drop in volumes 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 South Africa for reduction of overtime hours worked, the greater use of holiday leave and the decrease in employee numbers (from 198 to 175).

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.

Personnel expense savings were achieved in Colombia, where only disinfectant closures were produced 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 table below breaks down and compares other operating expense in the two periods:

(€'000)	9M 2019	9M 2020	diff.
Taxes and duties	1,699	1,619	(80)
Use of third-party assets	1,463	1,527	64
Accruals to loss allowances	2,736	1,061	(1,674)
Impairment losses on trade receivables and contract assets	111	484	373
Other charges	2,279	1,650	(629)
Total	**8,288**	**6,341**	**(1,946)**

Other operating expense decreased by €1.9 million from €8.3 million in the first nine months of 2019 (1.8% of net revenue) to €6.3 million (1.5%) in the first nine months of 2020 mainly due to the reduction of the accruals to loss allowances which mostly refer to the provisions for company reorganisation and returns.

The reduction is mainly due to the smaller balance of accruals to the provision for company reorganisation due to the accruals in the first nine months of 2019 for the reorganisation of the PET division (€1.6 million) and the reorganisation of Guala Closures France (€0.6 million) whereas in the first nine months of 2020, accruals to the provision for company reorganisation mainly refer to Guala Closures UCP's accrual for the reorganisation it launched in June, which should entail roughly 50 redundancies for an estimated cost of approximately €0.7 million.

Impairment losses

They increased by €3.4 million from €0.6 million in the first nine months of 2019 (0.1% of revenue) to €4.0 million in the first nine months of 2020 (1.0%). Impairment losses in the first nine months of 2019 included €0.4 million on the plant and machinery of Guala Closures France's Saint Rémy facility following the company reorganisation, which entailed closing said facility, and €0.2 million on leasehold improvements and plants of Beijing Guala Closures in connection with the notice of potential early termination of the lease for the building in which the Chinese subsidiaries operates. Impairment losses in the first nine months of 2020 include instead €4.0 million to adjust the carrying amount of the group's proprietary patents to their value in use.

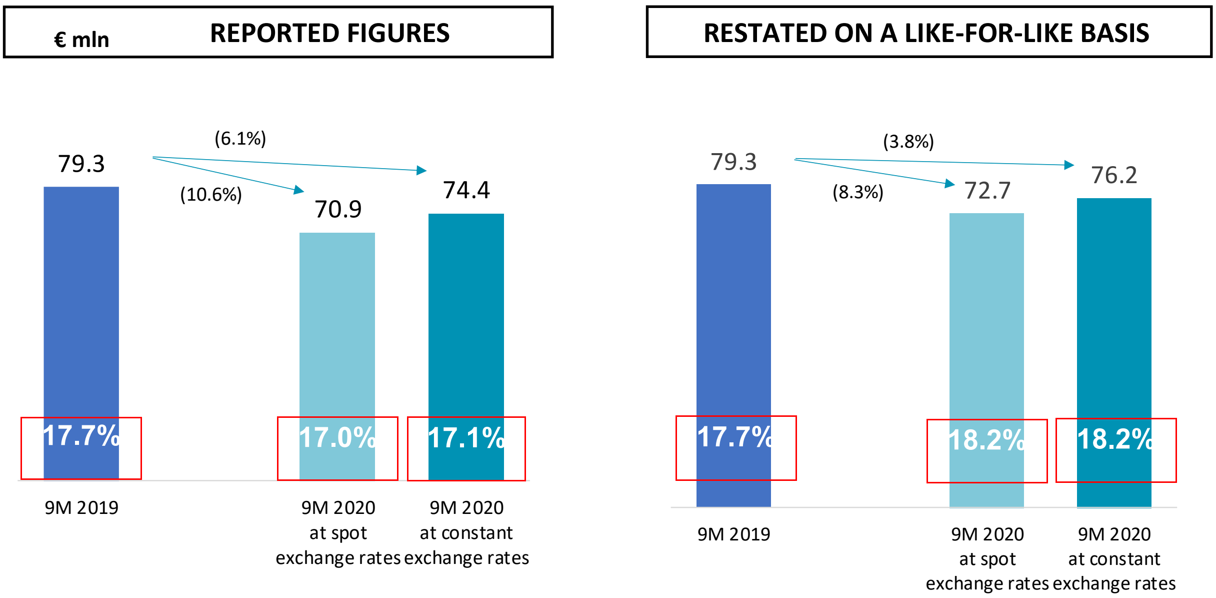
Gains on sales of equity investments

This caption amounted to €2.8 million in the first nine months 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

In the first nine months of 2020, the adjusted gross operating profit totalled €70.9 million, down €8.4 million (-10.6%) on the first nine months of 2019 (€79.3 million), including the negative translation impact of €3.5 million following the appreciation of the Euro against almost all currencies with which the group operates.
At constant exchange rates, the adjusted gross operating profit is €4.9 million (-6.1%) lower than in the first nine months 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 (overall impact of -€14.3 million).

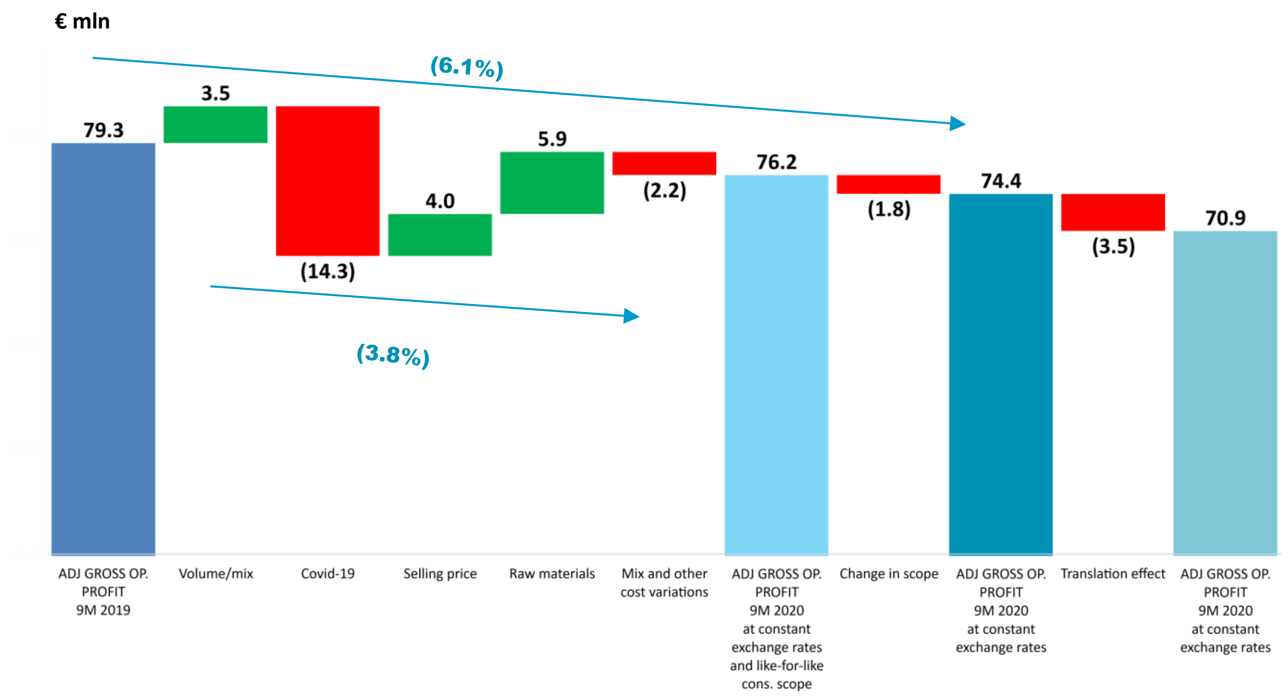
The trend in adjusted gross operating profit for the first nine months of 2020 compared to the first nine months of 2019 is illustrated below.
The like-for-like scope figures exclude -€1.8 million deriving from change in scope (of which -€1.1 million due to Closurelogic, -€0.2 million due to the normalisation of the effects of the sale of the Spanish assets of the PET division and -€0.5 million due to the sale of GCL Pharma.



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

As a percentage of net revenue, adjusted gross operating profit in the first nine months of 2020 was 17.0%, compared to 17.7% in the same period of 2019 due to the dilution effect caused by the consolidation of Closurelogic's assets acquired in 2020.
On a like-for-like basis, the adjusted gross operating profit margin for the first nine months of 2020 would has been 18.2%, up 0.5 percentage points on the first nine months of 2019 (17.7%).

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



Source: Internal 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 positive in the first nine months of 2020, totalling €3.5 million mainly as the net effect of the group's higher sale volumes, excluding the contraction due to the Covid-19 pandemic and for the currency effect.

The "Covid-19 effect" is determined taking into consideration the Covid-19 effect on revenue volumes net of the related variable costs (raw materials, ancillary costs, utilities, transport costs and any duties, royalties or commissions) and costs and savings directly attributable to the circumstances caused by the Covid-19 pandemic.

On the side of costs and savings, the Covid-19 effect includes: i) the estimate of lower / higher variable costs relative to the lower / higher revenues due to Covid-19, ii) higher costs and savings in personnel costs attributable to Covid-19 (eg: higher costs for absenteeism, savings for reduction of temporary work, savings for greater use of holidays and leaves, savings for reduction of premiums, etc.), iii) higher costs and savings in costs for services and other operating costs attributable to Covid-19 (e.g. costs for sanitization, purchase of masks, reduction in travel and business expenses, etc.), iv) the value of the contributions received from local authorities with reference to Covid-19.

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

The "Raw materials effect" is calculated by each subsidiary as the difference in the average purchase price of the current period versus the 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 (-€0.4 million in the first nine months of 2020).

The "Change in scope" shows the adjusted gross operating profit from the consolidation of Closurelogic's assets acquired in February and September 2020, partly offset by the streamlining of the PET division in the second half of 2019 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 subsidiaries.

Finally, the adjusted gross operating profit for the period reflects the negative translation impact (-€3.5 million).

The reduction in the adjusted gross operating profit at constant exchange rates is entirely due to actual results for the second quarter of the year, which were penalised by the lower sale volumes due to COVID-19. Indeed, the adjusted gross operating profit increased in both the first and third quarters of 2020 at constant exchange rates compared to the same periods of the previous year.

Amortisation and depreciation

Amortisation and depreciation increased by €0.6 million from €47.1 million in the first nine months of 2019 (10.5% of net revenue) to €47.7 million in the same period of 2020 (11.4%).

Financial income and expense

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

(€'000)	**9M 2019**	**9M 2020**	**diff.**
Net interest expense	(16,090)	(15,278)	812
Net exchange losses	(3,529)	(9,731)	(6,202)
Net fair value losses on market warrants	(312)	(1,937)	(1,625)
Net fair value gains (losses) on currency derivatives	(203)	341	545
Net fair value gains (losses) on liabilities to non-controlling investors	(3,218)	105	3,323
Other net financial expense	(366)	(1,350)	(984)
Net financial expense	**(23,717)**	**(27,849)**	**(4,131)**

Net financial expense increased by €4.1 million from €23.7 million in the first nine months of 2019 to €27.8 million in the same period of 2020.
This increase is mainly due to the increase in net exchange losses (€6.2 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 (-€1.6 million). These negative effects were partly offset by the following positive factors:
a) impact of €3.3 million due to the fair value gains on liabilities to non-controlling investors;

b) €0.8 million decrease in net interest expense;
c) impact of €0.5 million due to the fair value gains of currency derivatives.

Income taxes

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

(€'000)	9M 2019	9M 2020	diff.
Current taxes	(12,600)	(11,560)	1,040
Changes in deferred taxes	10,276	7,329	(2,947)
Total income taxes	**(2,324)**	**(4,231)**	**(1,907)**

Income taxes increased by €1.9 million from €2.3 million in the first nine months of 2019 (0.5% of net revenue) to €4.2 million in the first nine months of 2020 (1.0%). The increase in the tax burden is mainly attributable to the smaller reversal of deferred taxes compared to the first nine months of 2019, when the adjustment of deferred taxes of the group's operations in India (€4.0 million) following the reduction in the applicable tax rate in India generated a positive impact.
Current taxes in the first nine months of 2020 decreased by €1.0 million on the first nine months of 2019 mainly due to the downturn in the group's results because of COVID-19, particularly with respect to its operations in India, Colombia and the UK, which were the hardest hit by COVID-19. The reduction in current taxes in these countries is partly offset by the increase in the current taxes of the group's operations in Mexico, the US, Ukraine, Poland and Bulgaria, where actual results for the first nine months of 2020 are up on the same period of the previous year.
Deferred taxes in the first nine months of 2020 decreased by €3.0 million mainly due to the reduction in the Indian income tax rate from 35% to 25% applicable as of April 2019, which led to an adjustment to deferred taxes for the first nine months of 2019 (€4.0 million) in connection with the PPA procedure for Guala Closures India.

The change in income taxes for the three-month period ended September 30, 2020 compared to the same period of the previous year mainly derives from the contingencies recognized in the third quarter of 2019 (€4.0 million) relating to the adjustment of the aforementioned deferred taxation of the company Guala Closures India.

Loss for the period

The loss for the first nine months of 2020 amounts to €11.5 million down €13.3 million on the profit of €1.8 million for the same period of the previous year.
The downturn compared to the first nine months of 2019 is mainly due to lower adjusted gross operating profit (-€6.6 million, of which -€4.0 million due to the non-recurring adjustment of the group's proprietary patents to their value in use), greater net financial expense (-€4.1 million of which -€6.2 million due to exchange losses as the Euro appreciated against the other currencies with which the group operates), greater depreciation and amortization (-€0.6 million) and greater income taxes (-€1.9 million).

Reclassified statement of financial position

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

(€'000)	December 31, 2019	September 30, 2020
Intangible assets	872,035	834,242
Property, plant and equipment	228,911	210,297
Right-of-use assets	27,630	26,255
Net working capital	127,880	141,815
Investments in associates	-	1,077
Derivative assets (liabilities)	(162)	295
Employee benefits	(6,599)	(8,666)
Other liabilities	(122,123)	(108,708)
Net invested capital	**1,127,572**	**1,096,607**
Financed by:		
Net financial liabilities to third parties	468,378	485,603
Financial liabilities - IFRS 16 effects	20,358	19,669
Financial liabilities to non-controlling investors	26,958	26,853
Market warrants	3,873	5,810
Cash and cash equivalents	(57,056)	(52,517)
Net financial indebtedness	**462,511**	**485,418**
Equity	**665,060**	**611,189**
Sources of financing	**1,127,572**	**1,096,607**

Intangible assets

The reduction in intangible assets on December 31, 2019 mainly refers to the negative translation effect (€19.3 million; for additional information reference should be made to the note to Equity), amortisation of the period (approximately €14.8 million), the sale of GCL Pharma's assets at March 31, 2020 (roughly €3.6 million) and the impairment losses on the group's proprietary patents to adjust them to their value in use (€4.0 million), partly offset by the increase due to the assets acquired (€2.3 million) in the acquisition of Guala Closures Deutschland in February 2020 and Guala Closures Turkey in September 2020 and capital expenditure of the period.

Property, plant and equipment

The €18.6 million decrease in property, plant and equipment on the balance at December 31, 2019 is mainly due to the negative translation effect (€17.2 million; for additional information reference should be made to the note to Equity) and the depreciation of the period (approximately €28.5 million), partly offset by the increase due to the change in scope (€4.8 million) following the acquisition of Closurelogic's assets, net of the sale of the GCL Pharma assets in April 2020, and net capital expenditure (€22.3 million).
Net capital expenditure in the first nine months of 2020, totalling €22.3 million, mainly relates to work on plant and machinery to develop new products and expand production capacity and efficiency, in addition to considerable investments in EHS (environment, health and safety) and sustainability. During the period, the group directed most capital expenditure specifically towards Europe (the facilities in Italy, Poland and Ukraine), Asia (particularly India) and South America (especially Mexico).

Right-of-use assets

At September 30, 2020, right-of-use assets amount to €26.3 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 €3.5 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 €1.5 million) (for additional information reference should be made to the note to Equity) and depreciation (approximately €4.4 million).

The main investments of the period mostly refer to the renewal of property leases.

Net working capital

The table below provides a breakdown of net working capital:

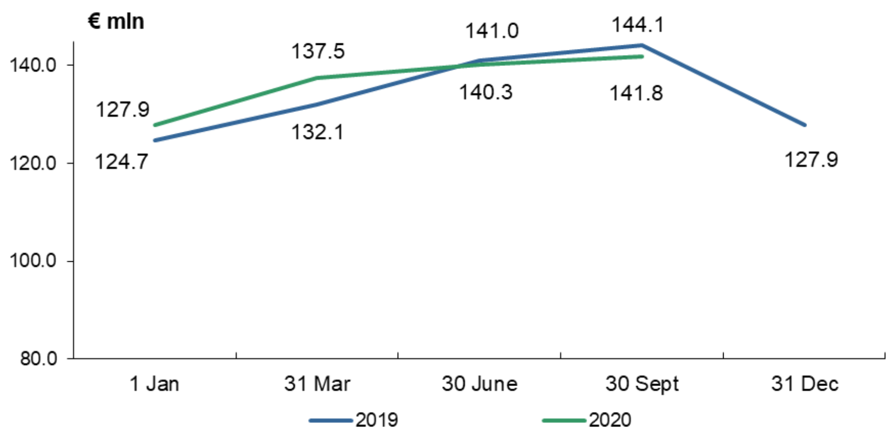
(€'000)	**September 30, 2019**	**December 31, 2019**	**September 30, 2020**
Inventories	108,970	100,342	112,974
Trade receivables	114,522	104,093	101,001
Trade payables	(79,408)	(76,556)	(72,160)
Net working capital (*)	**144,085**	**127,880**	**141,815**

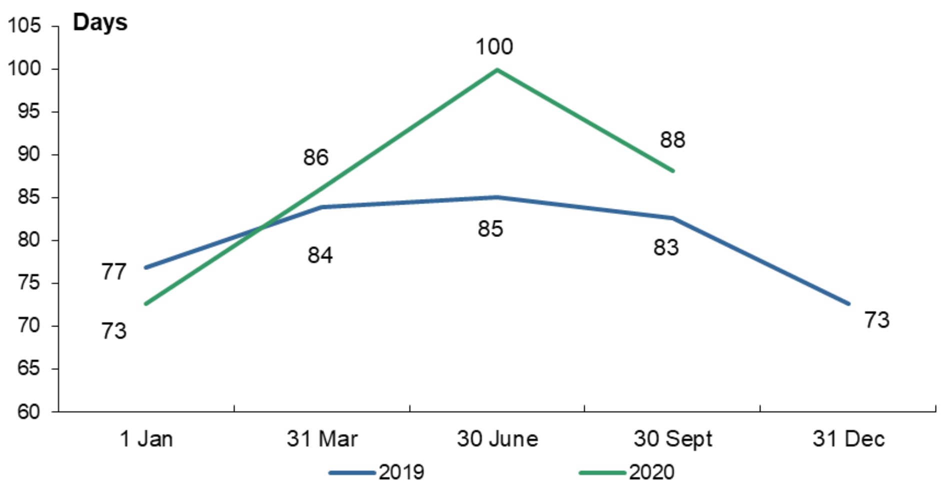
(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable period as those amounts have been adjusted to reflect changes in exchange rates on the opening balances and in the number of consolidated companies.
The above net working 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	September 30, 2019	December 31, 2019	September 30, 2020
Inventories	62	57	70
Trade receivables	66	59	63
Trade payables	(45)	(43)	(45)
Net working capital days	**83**	**73**	**88**

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 at September 30, 2020 show a strength reduction in third quarter and equate to €141.8 million, down €2.3 million on September 30, 2019, despite the net increase due to the change in perimeter (approximately €6 million).

Net working capital increased by €13.9 million on December 31, 2019 due to the normal seasonality of the business, which historically peaks in September in absolute terms, and to the net effect of changes in the group's operations.

Net working capital days increased by five compared to September 30, 2019, as a result of the increase in inventories in second quarter 2020, largely to address any difficulties in the procurement of raw materials due to possible lockdowns in the various countries in which the group operates, partially absorbed at the beginning of the third quarter, while DSO are three days shorter than at September 30, 2019. 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 September 30, 2020 amounts to €19.2 million, compared to €28.2 million at December 31, 2019 and €27.1 million at September 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 September 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 €108.7 million at September 30, 2020 (December 31, 2019: €122.1 million).
At September 30, 2020, this caption mainly included deferred tax liabilities of €99.7 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 €18.9 million.

Equity

The table below shows a breakdown of equity:

(€'000)	**December 31, 2019**	**September 30, 2020**
Equity attributable to the owners of the parent	623,381	573,560
Equity attributable to non-controlling interests	41,680	37,629
Equity	**665,060**	**611,189**

The decrease in equity is due to the loss for the period (€11.5 million) and the distribution of dividends to non-controlling investors (€4.3 million) and, in particular, to the change in the translation reserve which decreased by €38.2 million in the first nine months of 2020.

Specifically, since March 2020, as a result of the spread of the COVID-19 pandemic, the Euro has appreciated considerably against most of the group's functional currencies.
Therefore, the statement of financial position balances at September 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 September 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 attributable to the owners of the parent at September 30, 2020 with a negative balance of €27.4 million.
Equity attributable to the owners of the parent increased by approximately €0.8 million as a result of the acquisition of 30% 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)	September 30, 2019	December 31, 2019	September 30, 2020
Net financial liabilities to third parties	472,763	468,378	485,603
Financial liabilities - IFRS 16 effects	19,890	20,358	19,669
Financial liabilities to non-controlling investors	27,865	26,958	26,853
Market warrants	4,650	3,873	5,810
Cash and cash equivalents	(39,288)	(57,056)	(52,517)
Net financial indebtedness	**485,880**	**462,511**	**485,418**

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 indebtedness amounts to €485.4 million at September 30, 2020, in line with the balance at September 30, 2019 (€485.9 million).

In the first nine months of 2020, net financial indebtedness rose by €22.9 million from €462.5 million at December 31, 2019 to €485.4 million at September 30, 2020. The following non-recurring transactions in the period accounted for €7.5 million of this increase:

1. a €13.6 million increase on 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) and in Turkey (€0.2 million net of cash acquired);
2. a €1.3 million increase on the acquisition of 20% interest in the UK company SharpEnd;
3. a €7.4 million decrease due to the sale of GCL Pharma S.r.l. in Italy (transferred consideration of €7.3 million, transferred cash of €0.2 million and transferred lease liabilities of €0.3 million).

Net financial indebtedness increased in the first nine months of 2020 as a result of the cash flows used in operating activities (€34.7 million), the cash flows used in investing activities (€29.6 million) and the increase in net financial indebtedness due to cash flows from financing activities (€28.0 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 reclassified statement of changes in net financial indebtedness for the first nine months of 2020 with comparative figures for the same period of 2019 is provided below:

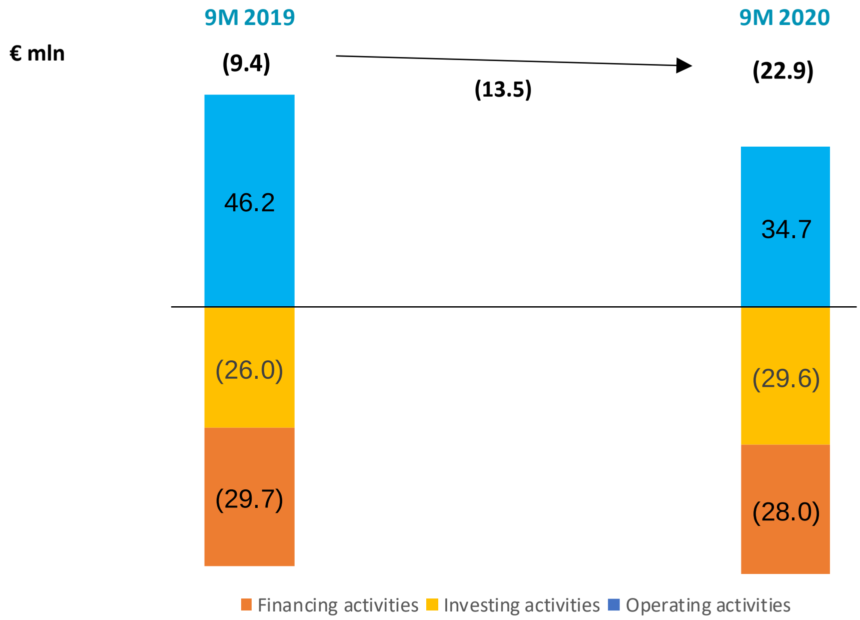
(€'000)	9M 2019	9M 2020
Opening net financial indebtedness	**(459,509)**	**(462,511)**
Effects of IFRS 16 FTA	(16,962)	-
A) Opening pro forma net financial indebtedness	**(476,471)**	**(462,511)**
Gross operating profit	74,895	68,271
Gains on sales of equity investments		(2,830)
Gains on sale of non-current assets	(35)	(3)
Change in net working capital	(16,186)	(24,434)
Other operating items	311	5,113
Taxes	(12,760)	(11,422)
B) Net cash flows from operating activities	**46,224**	**34,694**
Capex	(25,400)	(23,012)
Contingent consideration for the acquisition of Axiom Propack (India)	(554)	-
Acquisition of Closurelogic's assets (Germany)	-	(12,187)
Acquisition of Closurelogic (Turkey)	-	(171)
Acquisition of non-controlling interest in SharpEnd (UK)	-	(1,275)
Sale of GCL Pharma S.r.l. (net of cash transferred)	-	7,088
C) Cash flows used in investing activities	**(25,954)**	**(29,556)**
Increases in right-of-use assets	(2,308)	(3,452)
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
Transaction costs paid for bonds issued in 2018	(483)	-
Net interest expense	(16,455)	(16,595)
Dividends paid	(6,526)	(4,649)
Fair value losses on market warrants	(312)	(1,937)
Derivatives and other financial items	(4,064)	(470)
Effect of exchange fluctuation	471	63
D) Change in net financial indebtedness due to financing activities	**(29,678)**	**(28,045)**
E) Total change in net financial indebtedness (B+C+D)	**(9,408)**	**(22,907)**
F) Closing net financial indebtedness (A+E)	**(485,880)**	**(485,418)**

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 chart gives a breakdown of the various components comprising the changes in net financial indebtedness in the first nine months 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 €34.7 million, a €11.5 million decrease on the first nine months of 2019 (€46.2 million).
This decrease is mainly due to the €6.6 million decrease in gross operating profit, net of the gain on the sale of the equity investment in GCL Pharma S.r.l., and the €8.2 million decrease in net working capital (including €4.2 million following the acquisition of Closurelogic from the date of acquisition to September 30, 2020). These effects were partly offset by the €4.8 million improvement in other operating items and the €1.3 million improvement in cash flows for 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 €29.6 million in the first nine months of 2020, a €3.6 million increase on the first nine months of 2019 (€26.0 million).
This increase is mainly due to M&A activities which generated net negative outflows of €6.5 million in the first nine months of 2020 (€12.4 million for the acquisition of Closurelogic's assets in Germany and Turkey and €1.3 million to acquire the non-controlling interest in the UK company SharpEnd, partly offset by the €7.1 million generated by the sale of the equity investment in the Italian company GCL Pharma). This compares to M&A outflows of just €0.6 million in the first nine months of 2019 for the deferred payment of the Indian company Axiom Propack.
Cash flows used for capex decreased by €2.4 million from €25.4 million in the first nine months of 2019 to €23.0 million in the first nine months of 2020.

Change in net financial indebtedness due to financing activities

The increase in net financial indebtedness due to financing activities in the first nine months of 2020 amounts to €28.0 million, €1.6 million smaller than the increase in the first nine months of 2019 (-€29.7 million).

The improvement is mainly due to the following:

- smaller payment of dividends to non-controlling investors (+€1.9 million);
- the increase in derivatives and other financial items (+€3.6 million), mostly due to the fair value gain on liabilities to non-controlling investors;

partially offset by the following negative factors:

- the increase in fair value losses on market warrants (-€1.6 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;
- the increase in financial liabilities for right-of-use assets (€1.1 million);
- other effects (€0.5 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), adjusted gross operating profit (loss), operating profit (loss), adjusted operating profit (loss), net financial indebtedness and amounts for the first nine months of 2020 at constant exchange rates (average rate for the first nine months of 2019) which, although not required by IFRS, are based on IFRS values.

Management has presented the performance of gross operating profit, adjusted gross operating profit, operating profit and adjusted operating profit 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.

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

Adjusted gross operating profit is calculated by 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.

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

Adjusted operating profit is calculated by 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.

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

Adjusted gross operating profit

(€'000)	9M 2019	9M 2020
Profit (loss) for the period	1,801	(11,494)
Income taxes	2,324	4,231
Profit (loss) before tax	**4,125**	**(7,263)**
Net financial expense	23,717	27,849
Amortisation and depreciation	47,052	47,685
Gross operating profit	**74,895**	**68,271**
Adjustments:		
Due diligence and other exit (income)/expense	(113)	
Reorganisation costs	3,066	994
Merger and acquisition ("M&A") expenses	820	342
Change in equity-accounted investments	-	94
Gain on sale of GCL Pharma S.r.l.	-	(2,830)
Impairment losses	596	4,001
Adjusted gross operating profit	**79,264**	**70,871**

Adjusted operating profit

(€'000)	9M 2019	9M 2020
Profit (loss) for the period	1,801	(11,494)
Income taxes	2,324	4,231
Profit (loss) before tax	**4,125**	**(7,263)**
Net financial expense	23,717	27,849
Operating profit	**27,843**	**20,586**
Adjustments:		
Due diligence and other exit (income)/expense	(113)	-
Reorganisation costs	3,066	994
Merger and acquisition ("M&A") expenses	820	342
Change in equity-accounted investments	-	94
Gain on sale of GCL Pharma S.r.l.	-	(2,830)
Impairment losses	596	4,001
Adjusted operating profit	**32,212**	**23,186**

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 nine months of 2020 (the income and expense of foreign operations for the first nine months of 2020 are translated into Euros at the average exchange rates of the first nine months of 2020) with the amounts for the first nine months of 2020 recalculated at constant average exchange rates for the first nine months of 2019 (income and expense of foreign operations for the first nine months of 2020 are translated into Euros at the average exchange rates of the first nine months 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

Classification in the reclassified statement of financial position	December 31, 2019	September 30, 2020	Classification in the condensed interim consolidated financial statements
Net working capital	104,093	101,001	Trade receivables
Net working capital	100,342	112,974	Inventories
Net working capital	(76,556)	(72,160)	Trade payables
Total net working capital	**127,880**	**141,815**	
Net derivative assets	10	295	Derivative assets
Net derivative liabilities	(172)	-	Derivative liabilities
Net derivative assets / (liabilities)	**(162)**	**295**	
Other net liabilities	28	-	Contract assets
Other net liabilities	2,783	4,712	Current direct tax assets
Other net liabilities	10,453	10,656	Current indirect tax assets
Other net liabilities	5,131	5,147	Other current assets
Other net liabilities	130	226	Contract costs
Other net liabilities	17,940	18,934	Deferred tax assets
Other net liabilities	365	216	Other non-current assets
Other net liabilities	(4,342)	(4,241)	Current direct tax liabilities
Other net liabilities	(8,821)	(11,545)	Current indirect tax liabilities
Other net liabilities	(1,980)	(1,906)	Current provisions
Other net liabilities	(301)	(151)	Contract liabilities
Other net liabilities	(28,745)	(28,535)	Other current liabilities
Other net liabilities	(113,211)	(99,719)	Deferred tax liabilities
Other net liabilities	(348)	(310)	Non-current provisions
Other net liabilities	(1,203)	(2,193)	Other non-current liabilities
Total net other liabilities	**(122,123)**	**(108,708)**	

ANNEX A)

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

Classification in the reclassified statement of financial position	December 31, 2019	September 30, 2020	Classification in the condensed interim consolidated financial statements
Net financial liabilities to third parties	(627)	(358)	Current financial assets
Net financial liabilities to third parties	(451)	(481)	Non-current financial assets
Net financial liabilities to third parties	11,170	10,209	Current financial liabilities
Market warrants	3,873	5,810	Current financial liabilities
Financial liabilities - IFRS 16 effects	6,542	5,970	Current financial liabilities
Net financial liabilities to third parties	458,285	476,194	Non-current financial liabilities
Financial liabilities to non-controlling investors	26,958	26,853	Non-current financial liabilities
Financial liabilities - IFRS 16 effects	13,816	13,738	Non-current financial liabilities
Cash and cash equivalents	(57,056)	(52,517)	Cash and cash equivalents
Total net financial indebtedness	**462,511**	**485,418**	

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

(€'000)

	September 30, 2019	September 30, 2020
Total change in net financial indebtedness	**(9,408)**	**(22,907)**
Increase in right-of-use assets	(2,308)	(3,452)
Proceeds from new borrowings and bonds	7,106	29,831
Repayment of borrowings and bonds	(3,372)	(6,104)
Repayment of finance leases	(5,466)	(5,408)
Translation effect on foreign currency assets and liabilities	201	(1,870)
Net fair value gains (losses) on liabilities to non-controlling investors	3,218	(105)
Change in liabilities for financial expense	2,198	5,237
Transaction costs paid for bonds issued in 2018	(483)	-
Change in financial assets	(192)	238
Total change in financial assets and liabilities	**901**	**18,367**
Total change in cash and cash equivalents	**(8,507)**	**(4,539)**

2. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Statement of profit or loss for the nine months ended September 30, 2020

(€'000)	9M 2019 (*)	*of which :* Related parties	*of which:* Non-recurring income (expense)	9M 2020	*of which :* Related parties	*of which:* Non-recurring income (expense)	Notes
Net revenue	**448,064**			**417,198**			7
Change in finished goods and semi-finished products	7,950		-	9,308			
Other operating income	2,867		(197)	3,226		-	8
Internal work capitalised	3,268		-	3,653			9
Costs for raw materials	(200,672)		(156)	(181,520)			10
Costs for services	(83,035)	(52)	(751)	(81,103)	-	(514)	11
Personnel expense	(94,665)		(123)	(94,979)		(132)	12
Other operating expense	(8,177)		(2,546)	(5,763)		(784)	13
Impairment losses on trade receivables and contract assets	(111)		-	(484)			
Impairment losses	(596)		(596)	(4,001)		(4,001)	
Gains on sales of equity investments	-		-	2,830		2,830	14
Amortisation and depreciation	(47,052)		-	(47,685)			22-23-24
Financial income	6,554			13,035	1		15
Financial expense	(30,272)			(40,883)			15
Share of loss of equity-accounted investees, net of the tax effect		-	-	(94)		-	
Profit (loss) before taxation	**4,125**	**(52)**	**(4,369)**	**(7,263)**	**1**	**(2,600)**	
Income taxes	(2,324)			(4,231)			16
Profit (loss) for the period	**1,801**	**(52)**	**(4,369)**	**(11,494)**	**1**	**(2,600)**	
Attributable to:							
- the owners of the parent	(2,954)			(17,344)			
- non-controlling interests	4,755			5,850			
Basic loss per share (€)	**(0.04)**			**(0.26)**			
Diluted loss per share (€)	**(0.04)**			**(0.22)**			

(*) The comparative figures for the nine months ended September 30, 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 notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of profit or loss and other comprehensive income for the nine months ended September 30, 2020

(€'000)	9M 2019 (*)	9M 2020
Profit (loss) for the period	**1.801**	**(11.494)**
Other comprehensive income:		
Actuarial gains on defined benefit plans	(235)	79
Taxes on items that will not be reclassified to profit or loss		(24)
Total items that will not be reclassified to profit or loss	***(235)***	***55***
Foreign currency translation differences for foreign operations	12.040	(38.251)
Hedging reserve	9	157
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	(14)	-
Total items that are or may be reclassified subsequently to profit or loss	**12.084**	**(38.093)**
Other comprehensive income (expense) for the period, net of tax	**11.849**	**(38.039)**
Comprehensive income (expense) for the period	**13.650**	**(49.533)**
Attributable to:		
- the owners of the parent	6.327	(50.604)
- non-controlling interests	7.323	1.071

(*) The comparative figures for the nine months ended September 30, 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 notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of profit or loss for the three months ended September 30, 2020

(€'000)	Q3 2019 (*)	*of which:* Related parties	*of which:* Non-recurring income (expense)	Q3 2020	*of which:* Related parties	*of which:* Non-recurring income (expense)	Notes
Net revenue	**157,008**	**-**	**-**	**144,905**	**-**	**-**	7
Change in finished goods and semi-finished products	(4,847)	-	-	(7,378)	-	-	
Other operating income	1,022	-	(38)	1,387	-	-	8
Internal work capitalised	944	-	-	1,826	-	-	9
Costs for raw materials	(64,700)	-	64	(57,015)	-	-	10
Costs for services	(28,397)	(20)	(240)	(25,083)	-	(12)	11
Personnel expense	(30,406)	-	(12)	(30,283)	-	(12)	12
Other operating expense	(2,150)	-	(134)	(1,598)	-	-	13
Impairment losses on trade receivables and contract assets	40	-	-	(40)	-	-	
Impairment losses	412	-	412	(4,000)	-	(4,000)	
Gains on sales of equity investments	-	-	-	-	-	-	14
Amortisation and depreciation	(15,872)	-	-	(15,800)	-	-	22-23-24
Financial income	1,291	-	-	2,719	-	-	15
Financial expense	(11,699)	-	-	(11,234)	-	-	15
Share of loss of equity-accounted investees, net of the tax effect		-	-	(94)		-	
Profit (loss) before taxation	**2,647**	**(20)**	**53**	**(1,687)**	**-**	**(4,024)**	
Income taxes	2,130	-	-	(2,501)	-	-	16
Profit (loss) for the period	**4,776**	**(20)**	**53**	**(4,188)**	**-**	**(4,024)**	
Attributable to:							
- the owners of the parent	2,942			(6,302)			
- non-controlling interests	1,834			2,114			
Basic earnings (loss) per share (€)	**0.04**			**(0.09)**			
Diluted earnings (loss) per share (€)	**0.04**			**(0.08)**			

(*) The comparative figures for the third 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 notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of profit or loss and other comprehensive income for the three months ended September 30, 2020

(€'000)	Q3 2019 (*)	Q3 2020
Profit (loss) for the period	**4.776**	**(4.188)**
Other comprehensive income:		
Actuarial gains on defined benefit plans	(0)	(128)
Taxes on items that will not be reclassified to profit or loss	-	39
Total items that will not be reclassified to profit or loss	***(0)***	***(89)***
Foreign currency translation differences for foreign operations	5.777	(9.940)
Hedging reserve	6	315
Hedging reserve for cash flow hedges reclassified to profit or loss	-	-
Tax on items that are or may be reclassified subsequently to profit or loss	(1)	(47)
Total items that are or may be reclassified subsequently to profit or loss	**5.781**	**(9.672)**
Other comprehensive income (expense) for the period, net of tax	**5.781**	**(9.760)**
Comprehensive income (expense) for the period	**10.557**	**(13.949)**
Attributable to:		
- the owners of the parent	7.281	(14.098)
- non-controlling interests	3.276	149

(*) The comparative figures for the third 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 notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of financial position - ASSETS

(€'000)	**December 31, 2019**	*of which:* Related parties	**September 30, 2020**	*of which:* Related parties	**Notes**
ASSETS					
Current assets					
Cash and cash equivalents	57,056		52,517		18
Current financial assets	627	139	358		
Trade receivables	104,093	115	101,001		19
Contract assets	28		-		
Inventories	100,342		112,974		20
Current direct tax assets	2,783		4,712		
Current indirect tax assets	10,453		10,656		
Derivative assets	10		295		
Other current assets	5,131		5,147		
Total current assets	**280,523**	**255**	**287,660**	**-**	
Non-current assets					
Non-current financial assets	451		481		
Investments in associates	-		1,077		21
Property, plant and equipment	228,911		210,297		22
Right-of-use assets	27,630		26,255		23
Intangible assets	872,035		834,242		24
Contract costs	130		226		
Deferred tax assets	17,940		18,934		
Other non-current assets	365		216		
Total non-current assets	**1,147,461**	-	**1,091,728**	-	
TOTAL ASSETS	**1,427,984**	255	**1,379,388**	**-**	

The notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	**December 31, 2019**	of which: Related parties	**September 30, 2020**	of which: Related parties	**Notes**
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	21,585		21,989		25
Trade payables	76,556	10	72,160	-	26
Contract liabilities	301		151		
Current direct tax liabilities	4,342		4,241		
Current indirect tax liabilities	8,821		11,545		
Current provisions	1,980		1,906		27
Derivative liabilities	172		-		
Other current liabilities	28,745		28,535		
Total current liabilities	**142,502**	**10**	**140,527**	**-**	
Non-current liabilities					
Non-current financial liabilities	499,060		516,785		25
Employee benefits	6,599		8,666		
Deferred tax liabilities	113,211		99,719		
Non-current provisions	348		310		27
Other non-current liabilities	1,203		2,193	-	
Total non-current liabilities	**620,421**	-	**627,672**	-	
Total liabilities	**762,923**	10	**768,200**	**-**	
Share capital and reserves attributable to non-controlling interests	34,726		31,778		
Profit for the period/year attributable to non-controlling interests	6,954		5,850		
Equity attributable to non-controlling interests	**41,680**	-	**37,629**	-	**29**
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Legal reserve	643		1,266		
Translation reserve	6,041		(27,431)		
Hedging reserve	-		157		
Retained earnings and other reserves	116,249		124,168		
Profit (loss) for the period/year	7,705		(17,344)		
Equity attributable to the owners of the parent	**623,381**	-	**573,560**	-	**28**
Total equity	**665,060**		**611,189**		
TOTAL LIABILITIES AND EQUITY	**1,427,984**	10	**1,379,388**	**-**	

The notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of cash flows

(€'000)	9M		
	2019 (*)	**2020**	**Notes**
Opening cash and cash equivalents	**47,795**	**57,056**	**18**
A) Cash flows from operating activities			
Profit (loss) before taxation	4,125	(7,263)	
Adjustments:			
Amortisation and depreciation	47,052	47,685	22-23-24
Financial income	(6,554)	(13,035)	
Financial expense	30,272	40,883	
Share of loss of equity-accounted investees, net of the tax effect		94	
Gains on sales of equity investments		(2,830)	14
Gains on sale of non-current assets	(35)	(3)	
Variation:			
Receivables, payables and inventories	(16,186)	(24,434)	19-20-26
Other operating items	311	5,019	
VAT and indirect tax assets/liabilities	(563)	2,512	
Income taxes paid	(12,197)	(13,933)	
Net cash flows from operating activities	**46,224**	**34,694**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(25,512)	(23,080)	22-23-24
Proceeds from sale of property, plant and equipment and intangible assets	112	68	22-23-24
Contingent consideration for the acquisition of Axiom Propack (India)	(554)	-	
Acquisition of Closurelogic GmbH's assets (Germany)	-	(12,187)	
Acquisition of Closurelogic (Turkey) (net of cash acquired)		(171)	
Acquisition of non-controlling interest in SharpEnd (UK)		(1,275)	
Sale of GCL Pharma S.r.l. (net of cash transferred)	-	7,088	
Net cash flows used in investing activities	**(25,954)**	**(29,556)**	
C) Cash flows from financing activities			
Interest received	1,746	1,151	
Interest paid	(16,716)	(15,666)	
Transaction costs paid for bonds issued in 2018	(483)	-	
Other financial items	(927)	(361)	
Dividends paid	(6,526)	(4,649)	
Proceeds from new borrowings and bonds	2,489	22,928	25
Repayment of borrowings and bonds	(3,372)	(6,104)	25
Repayment of leases	(5,466)	(5,408)	
Change in financial assets	(192)	238	
Net cash flows used in financing activities	**(29,448)**	**(7,869)**	
Net cash flows of the period	**(9,178)**	**(2,731)**	
Effect of exchange fluctuations on cash held	672	(1,808)	
Closing cash and cash equivalents	**39,288**	**52,517**	**18**

(*) The comparative figures for the first nine months 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 notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements.

Statement of changes in equity

(€'000)	**January 1, 2019 (*)**	**Allocation of 2018 profit**	Profit (loss) for the period	Other comprehensive income (expense)	**Comprehensive income (expense)**	Dividends	Acquisition of non-controlling interests that result in a change of control	**Total transactions with owners**	**September 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)			9,472	**9,472**			-	**5,334**
Hedging reserve	43			44	**44**			-	**87**
Retained earnings and other reserves	116,928	**(547)**		(235)	**(235)**			-	**116,145**
Profit for the period	96	**(96)**	(2,954)		**(2,954)**			-	**(2,954)**
Equity	**605,671**	**-**	**(2,954)**	**9,281**	**6,327**	**-**	**-**	**-**	**611,999**
Non-controlling interests:									
Share capital and reserves	36,620	**2,713**		2,567	**2,567**	(6,688)	154	**(6,534)**	**35,366**
Profit for the period	2,713	**(2,713)**	4,755		**4,755**			-	**4,755**
Equity	**39,333**	**-**	**4,755**	**2,567**	**7,323**	**(6,688)**	**154**	**(6,534)**	**40,121**
Total equity	**645,004**	**-**	**1,801**	**11,849**	**13,650**	**(6,688)**	**154**	**(6,534)**	**652,120**

(€'000)	**January 1, 2020**	**Allocation of 2019 loss**	Profit (loss) for the period	Other comprehensive income (expense)	**Comprehensive income (expense)**	Dividends	Acquisition of non-controlling interests that result in a change of control	**Total transactions with owners**	**September 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			(33,472)	**(33,472)**			-	**(27,431)**
Hedging reserve	-			157	**157**			-	**157**
Retained earnings and other reserves	116,249	**7,082**		55	**55**		783	**783**	**124,167**
Loss for the period	7,705	**(7,705)**	(17,344)		**(17,344)**			-	**(17,344)**
Equity	**623,381**	**-**	**(17,344)**	**(33,260)**	**(50,604)**	**-**	**783**	**783**	**573,560**
Non-controlling interests:									
Share capital and reserves	34,726	**6,954**		(4,779)	**(4,779)**	(4,339)	(783)	**(5,122)**	**31,779**
Loss for the period	6,954	**(6,954)**	5,850		**5,850**			-	**5,850**
Equity	**41,680**	**-**	**5,850**	**(4,779)**	**1,071**	**(4,339)**	**(783)**	**(5,122)**	**37,629**
Total equity	**665,060**	**-**	**(11,494)**	**(38,039)**	**(49,533)**	**(4,339)**	**-**	**(4,339)**	**611,189**

(*) The figures at January 1, 2019 and at September 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 notes on pages 60 to 104 are an integral part of the condensed interim consolidated financial statements

Notes to the condensed interim consolidated financial statements at September 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 and a major global player in the production and sale of aluminium closures for the beverage industry. With over 4,800 employees, the group operates on five continents with 30 production facilities, selling nearly 20 billion closures each year in more than 100 countries worldwide at the date of this report.

Since August 2018, the parent, Guala Closures S.p.A., has been listed on the STAR segment of the Milan stock exchange. In September 2019, it was admitted to the FTSE Italy Mid Cap index.
At the date of this report, the parent has a significant float (over 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, contingent consideration arising in a business combination (i.e., the put option on non-controlling interests) which are measured at fair value and investments in associates which are measured using the equity method. They have been prepared on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the group's ability to continue as a going concern.

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

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

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

For each asset and liability caption including amounts due within and after one year, the amount which is expected to be received or paid after one year is shown.
Pursuant to Consob 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 the subsidiaries and associates and the method of consolidation at September 30, 2020.

List of investments in subsidiaries and associates at September 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
Guala Closures Turkey Ambalaj ve Kapak Sistemleri Sanayi ve Ticaret Anonim Şirketi	Turkey	TRY	11,000,000	100%	Indirect (*)	Line-by-line
ASIA						
Guala Closures India Pvt Ltd.	India	INR	170,000,000	95.0%	Indirect (*)	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect (*)	Line-by-line
Guala Closures Japan KK	Japan	JPY	100,000,000	100%	Indirect (*)	Line-by-line
LATIN AMERICA and NORTH AMERICA						
Guala Closures Mexico S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect (*)	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect (*)	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	896,749,310	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:

€1 = x foreign currency	Average exchange rate		Spot exchange rate	
	9M 2019	9M 2020	December 31, 2019	September 30, 2020
Pound sterling	0.88304	0.88454	0.8508	0.9124
US dollar	1.12370	1.12411	1.1234	1.1708
Indian rupee	78.84390	83.43356	80.1870	86.2990
Mexican peso	21.63497	24.51478	21.2202	26.1848
Columbian peso	3,639.37111	4,166.00222	3,688.6600	4,550.3700
Brazilian real	4.36458	5.70722	4.5157	6.6308
Chinese renmimbi	7.71193	7.86136	7.8205	7.9720
Argentinian peso	62.39950	89.12320	67.2749	89.1232
Polish zloty	4.30122	4.42258	4.2568	4.5462
New Zealand dollar	1.69254	1.76268	1.6653	1.7799
Australian dollar	1.60739	1.66327	1.5995	1.6438
Ukrainian hryvnia	29.62456	29.84481	26.7195	33.1612
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	16.1321	18.8139	15.7773	19.7092
Japanese yen	122.6207	120.8365	121.9400	123.7600
Chilean peso	770.2844	901.5289	844.8600	920.4700
Kenyan shilling	114.4149	118.6161	113.8986	127.0532
Belarus ruble	2.2851	2.6968	2.3687	3.0717
Turkish lira	n.a.	8.9084	n.a.	9.0990

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

(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
- Rent concessions related to COVID-19 (amendment to IFRS 16 Leases)

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 nine months 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 actions necessary 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.

The group's priorities in the subsequent quarter 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. To this end, it has prepared specific business continuity plans with certain key customers.
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.

All 30 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** 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 at reduced capacity because of the national ban on the sale of alcohol until early May and the shuttering of bars and restaurants until September, 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 and at a rapid pace thanks to the increase in volumes towards brands focused on the off-premises and e-commerce channel which, with Covid-19, had an increase in sales, 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 subsequently the production of closures for spirits resumed, albeit with sales volumes affected by the closure of public places imposed by the local government until September.

In **Oceania**, the group's facilities in Australia and New Zealand continued to operate as they are considered part of essential supply chains.

The group's **African facilities** recorded different trends. The facility in Kenya 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, which the South African government had classified as part of the essential supply chain. Conversely, production was suspended for the spirits market during that period.

Covid-19 had a marginal impact on the group's business starting in the first quarter of 2020, restricted to the group's business in India, China, Argentina and South Africa where the temporary shutdown of business operations was ordered as described above. However, the impact of Covid-19 in the second quarter of 2020 was significant, with a loss of sale volumes mainly in: India, where the government imposed a full lockdown of the country between March 22 and April 27 and banned the sale of alcohol from the end of March to the start of May with the shuttering of bars and restaurants until September; the United Kingdom, where operations are geared more towards global brands and the duty free market; 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 the sale of alcohol was banned from March 27 to June 1 and from July 12 to August 17; Colombia, where production was converted during the March 20 - May 11 lockdown to produce closures for disinfectants and public places of business remained shuttered until September; Spain and Italy, two of the European countries hit the hardest by Covid-19. In the third quarter of 2020, Covid-19 continued to impact the group's business, although with less force than in the second quarter and the effects remained mostly concentrated in India, Spain, Italy and Colombia.

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 €294.4 million in the first nine months of 2019, down to €259.6 million in the first nine months of 2020 at constant exchange rates, a 11.8% decrease equal to €34.8 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, in certain countries, in the third quarter as well. The strict limits to travel also adversely affected sales through the duty free ("Global Travel Retail") channel.

In the first nine months 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 performance bonuses.
In India and South Africa, where the extremely severe April lockdowns imposed by the respective governments resulted in a shutdown of around one month, personnel expense did not decrease in proportion to the drop in volumes 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 negative impact of COVID-19 was less extreme than in the areas of Europe and Asia where the group operates, personnel expense was substantially stable in all countries.
The group received assistance to decrease personnel expense in the United Kingdom, Bulgaria 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, with local governments gradually lifting shuttering orders on the HORECA sector in the third quarter of 2020, albeit with different dynamics and, in certain cases, with the reintroduction of restrictions in specific areas. At the end of the third quarter, the curve of infections rose again in Europe and local authorities ordered new containment measures, which included another round of restrictions on the HORECA sector and travel.

(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 and to concentrate the remaining ones with the newly acquired Guala Closures UCP.

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.

Performance highlights

(€'000)	**Closures**		**Other operations**		**Total**	
	9M 2019 (*)	**9M 2020**	**9M 2019**	**9M 2020**	**9M 2019 (*)**	**9M 2020**
Net revenue	443,426	415,006	4,638	2,192	448,064	417,198
Amortisation and depreciation	(46,904)	(47,505)	(148)	(180)	(47,052)	(47,685)
Profit (loss) before taxation	5,014	(7,216)	(889)	(46)	4,125	(7,263)

(€'000)	Closures		Other operations		Total	
	Q3 2019 (*)	Q3 2020	Q3 2019	Q3 2020	Q3 2019 (*)	Q3 2020
Net revenue	155,825	144,196	1,183	709	157,008	144,905
Amortisation and depreciation	(15,840)	(15,742)	(32)	(59)	(15,872)	(15,800)
Profit (loss) before taxation	2,618	(1,688)	28	1	2,647	(1,687)

(*) The comparative figures for the third quarter of 2019 and the first nine months 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	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020
Trade receivables	103,347	100,813	746	189	104,093	101,001
Inventories	99,799	112,461	543	513	100,342	112,974
Trade payables	(76,141)	(72,031)	(415)	(129)	(76,556)	(72,160)
Property, plant and equipment and Right-of-use assets	255,362	235,330	1,179	1,222	256,541	236,552

Capex

(€'000)	Closures		Other operations		Total	
	9M 2019	9M 2020	9M 2019	9M 2020	9M 2019	9M 2020
Capex (net of sales)	24,577	22,773	823	239	25,400	23,012

Reporting by geographical segment

The Closures segment operates from a network of production facilities in all five continents and the main countries in terms of third-party sales are the United Kingdom, 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)	Q3 2019	Q3 2020	9M 2019	9M 2020
United Kingdom	30,786	26,530	82,560	67,354
Italy	16,940	16,158	50,525	49,077
Poland	15,776	12,066	47,658	40,555
India	19,707	13,982	53,356	37,572
Mexico	12,517	11,558	36,206	32,977
Spain	10,475	7,628	34,244	27,353
Ukraine	11,413	6,966	29,947	24,069
Germany	-	7,830	-	23,120
North America	4,465	7,191	11,943	20,412
Australia	7,801	7,611	21,481	19,956
France	3,224	3,040	10,753	10,490
South Africa	3,463	3,269	11,027	7,693
Other countries	20,440	21,074	58,364	56,569
Net revenue	**157,008**	**144,905**	**448,064**	**417,198**

	Non-current assets other than financial instruments and deferred tax assets: property, plant and equipment, right-of-use assets and intangible assets		Deferred tax assets	
(€'000)	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020
Italy	589,933	585,187	9,342	9,736
Australia	86,761	82,309	2,383	2,264
India	70,746	63,114	751	800
Poland	50,252	48,549	-	-
Spain	40,933	39,547	295	398
Ukraine	40,489	32,772	-	-
Mexico	38,159	30,936	59	48
South Africa	16,826	12,730	400	193
Germany	-	11,021	-	908
Brazil	14,316	9,505	-	-
Chile	8,661	7,948	1,151	1,558
Argentina	3,687	3,203	1,845	676
Other Countries	101,263	78,380	912	1,455
Consolidation adjustments	66,551	65.592	803	899
Total	**1,128,576**	**1,070,794**	**17,940**	**18,934**

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

Information about key customers

In the first nine months of 2020, there is only one customer in the Closures division with which the group generates over 10% of total net revenue (revenue with this customer is approximately €47 million in the first nine months of 2020, i.e., roughly 11% of net revenue).

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

The following non-recurring transactions were completed in the first nine months 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
- Acquisition of 100% of Closurelogic Ambalaj Ve kapak Sistemleri San. Ve Tic. Ltd. Sti, a Turkish company.

(6.1) Acquisition of Closurelogic GmbH's assets

(6.1.1) Introduction

On February 3, 2020, through Guala Closures Deutschland GmbH, the German subsidiary established in December 2019 specifically for this purpose, the group acquired Closurelogic GmbH, a German manufacturer specialising in aluminium closures mainly intended for the glass-bottle beverage and mineral water sector, following insolvency proceedings.
The transaction entailed the acquisition of Closurelogic GmbH's property, plant and equipment and intangible assets, including the building in Worms, worth €7.2 million, inventories of approximately €5.0 million, in addition to advances to suppliers of roughly €0.3 million, i.e., all owned assets and personnel, except for the shares of the Turkish subsidiary, which was acquired in September 2020, following the completion of the step plan identified in the due diligence.

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 €421.6 million and about €11.6 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 statement of profit or loss for nine months.

(6.1.4) Identifiable assets acquired and liabilities assumed

Recognised assets acquired and liabilities assumed at the acquisition date 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 for acquired employees amount to €2,956 thousand, which reflects the present value of the estimated final cost of the benefits, calculated using the projected unit credit method by an actuary specifically engaged to calculate this amount at the acquisition date.

(6.1.5) 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 the applicable legislation, these condensed interim consolidated financial statements provisionally reflect the purchase price allocation (PPA) procedure.

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

On February 26, 2020, the Luxembourg subsidiary GCL International S.à r.l. formalised the subscription of 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 e-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 investment in the associate SharpEnd, with an initial carrying amount of €1.3 million, is periodically adjusted according to the equity method.

(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 statement of profit or loss for the first nine months 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 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.
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.

(6.5) Acquisition of 100% of Closurelogic Ambalaj Ve kapak Sistemleri San. Ve Tic. Ltd. Sti, a Turkish company

(6.5.1) Introduction

To acquire Closurelogic's assets (see note 6.1), the German subsidiary Guala Closures Deutschland GmbH had signed an agreement for the acquisition of Closurelogic Ambalaj Ve kapak Sistemleri San. Ve Tic. Ltd. Sti., subject to certain conditions precedent that would minimise the buyer's liability (such as the conversion of the existing shareholder loan into share capital, the company's conversion from an LLC to a joint stock company, the change of the company's name, etc.). It was acquired on September 4, 2020 for €315 thousand, after having deducted from the initially agreed price certain trade payables that the buyer learned of only after the agreement had been signed.

(6.5.2) Consideration transferred

The consideration transferred at the acquisition date amounts to €171 thousand, calculated as the agreed consideration of €315 thousand, net of cash acquired of €144 thousand.

(6.5.3) Transaction costs

The group had incurred transactions costs of roughly €0.1 million at September 30, 2020.

(6.5.4) 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
Intangible assets	48	(46)	2
Property, plant and equipment	222		222
Right-of-use assets	41		41
Inventories	290	(144)	146
Trade receivables	301	(212)	89
Tax assets	139	(133)	6
Other current assets	107	(103)	4
Cash and cash equivalents	144		144
Trade payables	(45)		(45)
Tax liabilities	(7)		(7)
Provisions for risks	0	(242)	(242)
Current financial liabilities	(41)		(41)
Net identifiable assets and liabilities	**1,195**	**(880)**	**315**

Fair values were calculated on a provisional basis and at the reporting date.
The provisional determination of the fair value of assets acquired and liabilities assumed at the date when 100% of the company was acquired (September 4, 2020), shows that the consideration transferred is substantially equal to the assets acquired and liabilities assumed, net of cash acquired.
Recognising leases acquired in accordance with IFRS 16 entailed the recognition of right-of-use assets of €41 thousand and related lease liabilities of the same amount, recognised as current financial liabilities.

(6.5.5) Goodwill

Goodwill arising from the acquisition was recognised as follows:

(€'000)	Provisional amounts recognised at the acquisition date
Consideration paid at the acquisition date	315
less: net identifiable assets and liabilities	(315)
Provisional goodwill arising from the acquisition	**0**

There is no goodwill arising on the provisional determination of the fair value of assets acquired and liabilities assumed.

STATEMENT OF PROFIT OR LOSS

(7) Net revenue

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

	3M		9M	
(€'000)	**2019**	**2020**	**2019**	**2020**
Europe	91,464	84,326	265,678	254,599
Asia	21,375	15,085	58,480	40,897
Americas	28,559	29,680	80,837	81,744
Oceania	11,125	11,152	30,327	28,677
Africa	4,485	4,662	12,742	11,281
Total	**157,008**	**144,905**	**448,064**	**417,198**

The table below illustrates net revenue by product type:

	3M		9M	
(€'000)	**2019**	**2020**	**2019**	**2020**
Safety closures	70,420	50,175	188,083	144,035
Luxury closures (customised)	8,868	7,706	22,959	21,278
Wine closures	26,948	30,487	82,075	87,458
Pharma closures	1,978	556	6,390	3,564
Roll-on closures (standard)	43,906	51,405	132,374	147,980
PET	1,137	695	4,598	2,179
Other revenue	3,751	3,880	11,585	10,705
Total	**157,008**	**144,905**	**448,064**	**417,198**

The table below illustrates net revenue by destination market:

	3M		9M	
(€'000)	**2019**	**2020**	**2019**	**2020**
Spirits closures	106,602	88,581	294,428	246,489
Wine closures	26,948	30,487	82,075	87,458
Closures for other markets	2,745	3,646	8,707	10,697
Oil and vinegar closures	1,978	556	6,390	3,564
Other revenue	13,848	17,060	40,282	56,106
Pharma closures	1,137	695	4,598	2,179
PET	3,751	3,880	11,585	10,705
Total	**157,008**	**144,905**	**448,064**	**417,198**

(8) Other operating income

This caption includes:

(€'000)	3M 2019	3M 2020	9M 2019	9M 2020
Sundry recoveries/repayments	701	439	2,167	1,505
Government assistance	187	549	434	845
Gains on sale of non-current assets	19	(19)	30	3
Other	115	419	236	872
Total	**1,022**	**1,387**	**2,867**	**3,226**

(9) Internal work capitalised

(€'000)	3M 2019	3M 2020	9M 2019	9M 2020
Internal work capitalised	944	1,826	3,268	3,653
Total	**944**	**1,826**	**3,268**	**3,653**

(10) Costs for raw materials

This caption includes:

(€'000)	3M 2019	3M 2020	9M 2019	9M 2020
Raw materials and supplies	60,803	51,565	190,678	173,988
Packaging	2,759	2,689	8,701	8,131
Consumables and maintenance	1,868	2,089	5,428	6,469
Fuels	96	95	348	274
Other purchases	925	935	2,410	2,976
Change in inventories	(1,750)	(358)	(6,893)	(10,317)
Total	**64,700**	**57,015**	**200,672**	**181,520**

(11) Costs for services

This caption includes:

(€'000)	3M 2019	3M 2020	9M 2019	9M 2020
Transport	6,915	6,285	19,721	19,184
Electricity / heating	7,226	6,383	21,673	19,011
External processing	3,368	2,707	8,680	11,820
Sundry industrial services	1,670	1,880	4,855	5,781
Maintenance	2,013	1,908	5,908	5,695
Legal and consulting fees	1,413	1,522	4,198	4,802
Insurance	810	671	2,611	2,314
Administrative services	657	577	2,336	2,037
External labour / porterage	570	470	1,487	1,536
Travel	1,201	352	3,809	1,513
Technical assistance	478	480	1,317	1,441
Cleaning service	310	380	956	1,070
Commissions	319	244	931	969
Directors' fees	276	201	939	696
Telephone costs	181	167	535	502
Entertainment expenses	162	135	542	343
Security	103	110	334	318
Commercial services	79	56	206	248
Advertising services	81	54	227	238
Expos and trade fairs	78	11	224	156
Other	489	488	1,545	1,430
Total	**28,397**	**25,083**	**83,035**	**81,103**

In the first nine months of 2019, legal and consulting fees included €52 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:

(€'000)	3M 2019	3M 2020	9M 2019	9M 2020
Wages and salaries	23,677	23,999	73,614	74,978
Social security contributions	3,265	3,435	10,608	11,080
Expense from defined benefit plans	397	367	1,070	1,198
Other costs	3,067	2,482	9,372	7,723
Total	**30,406**	**30,283**	**94,665**	**94,979**

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

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

	December 31, 2019	September 30, 2020
Blue collars	3,476	3,529
White collars	1,029	1,057
Managers	259	263
Total	**4,764**	**4,849**

At September 30, 2020, the number included 119 employees related to the change in scope.

(13) Other operating expense

This caption includes:

	3M		9M	
(€'000)	**2019**	**2020**	**2019**	**2020**
Taxes and duties	536	647	1,699	1,619
Use of third-party assets	442	614	1,463	1,527
Accruals to loss allowances	390	22	2,736	1,061
Other charges	783	315	2,279	1,556
Total	**2,150**	**1,598**	**8,177**	**5,763**

The accruals to loss allowances mainly refer to the provision for reorganisation and the provision for returns. Use of third-party assets include €1.3 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 nine months 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:

(€'000)	3M 2019	3M 2020	9M 2019	9M 2020
Net interest expense	(5,284)	(5,136)	(16,090)	(15,278)
Net exchange losses	(3,383)	(2,663)	(3,529)	(9,731)
Net fair value gains (losses) on market warrants	385	(194)	(312)	(1,937)
Net fair value losses on derivatives	(33)	(27)	(203)	341
Net financial income (expense) on financial liabilities to non-controlling investors	(1,930)	11	(3,218)	105
Net other financial expense	(164)	(506)	(366)	(1,350)
Total	**(10,408)**	**(8,514)**	**(23,717)**	**(27,849)**

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 nine months 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 to non-controlling investors in the first nine months 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)	3M 2019	3M 2020	9M 2019	9M 2020
Current taxes	(3,681)	(4,150)	(12,600)	(11,560)
Changes in deferred taxes	5,811	1,649	10,276	7,329
Total	**2,130**	**(2,501)**	**(2,324)**	**(4,231)**

The group's effective tax rate for the nine months ended September 30, 2020 was -58% (56% 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 in the first nine months of 2020 decreased by €1.0 million on the first nine months of 2019 mainly due to the downturn in the group's results because of COVID-19, particularly with respect to its operations in India, Colombia and the UK, which were the hardest hit by COVID-19. The reduction in current taxes in these countries is partly offset by the increase in the current taxes of the group's operations in Mexico, the US, Ukraine, Poland and Bulgaria, where actual results for the first nine months of 2020 are up on the same period of the previous year.

- Deferred taxes in the first nine months of 2020 decreased by €3.0 million mainly due to the reduction in the Indian income tax rate from 35% to 25% applicable as of April 2019, which led to an adjustment to deferred taxes for the first nine months of 2019 (€4.0 million) in connection with the PPA procedure for Guala Closures India.

(17) Loss per share – basic and diluted

	3M		9M	
(€'000)	**2019**	**2020**	**2019**	**2020**
Profit (loss) for the period attributable to the owners of the parent	2,942	(6,302)	(2,954)	(17,344)
Weighted average number of shares	66,372,404	66,372,404	66,372,404	66,372,404
Earnings (loss) per share (in Euro)	**0.04**	**(0.09)**	**(0.04)**	**(0.26)**

	3M		9M	
(€'000)	**2019**	**2020**	**2019**	**2020**
Profit (loss) for the period attributable to the owners of the parent	2,942	(6,302)	(2,954)	(17,344)
Weighted average number of shares (including warrants)	78,032,699	78,032,699	78,032,699	78,032,699
Diluted earnings (loss) per share (in Euro)	**0.04**	**(0.08)**	**(0.04)**	**(0.22)**

The basic loss per share in the first nine months of 2020 amounted to €0.26 compared to €0.04 in the same period of the previous year.

In the first nine months of 2020, the diluted loss per share amounted to €0.22 (€0.04 in the first nine months 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

Cash and cash equivalents amount to €52,517 thousand at September 30, 2020 (€57,056 thousand at December 31, 2019). The decrease is mainly due to the change in net working capital, which historically has a negative impact on cash and cash equivalents in the first half of the year because of the seasonal nature of the business.

(19) Trade receivables

This caption may be analysed as follows:

(€'000)	**December 31, 2019**	**September 30, 2020**
Trade receivables	106,022	103,258
Loss allowance	(1,929)	(2,256)
Total	**104,093**	**101,001**

Trade receivables do not include those transferred under reverse without-recourse factoring agreements (€19.2 million at September 30, 2020 compared to €28.2 million at December 31, 2019).

The loss allowance changed as follows:

(€'000)	**September 30, 2020**
Opening balance	1,929
Net exchange losses	(119)
Impairment losses	484
Utilisations/releases of the period	(37)
Closing balance	**2,256**

At September 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**	**September 30, 2020**
Raw materials, consumables and supplies	51,843	58,117
Allowance for inventory write-down	(1,536)	(1,606)
Work in progress and semi-finished products	25,300	30,704
Allowance for inventory write-down	(492)	(647)
Finished products and goods	25,942	27,493
Allowance for inventory write-down	(1,030)	(1,182)
Payments on account	315	95
Total	**100,342**	**112,974**

Changes in the first nine months of 2020 are as follows:

(€'000)	
January 1, 2020	100,342
Exchange losses	(9,536)
Change in the consolidation scope	2,762
Change in raw materials, consumables and supplies	10,317
Change in finished goods and semi-finished products	9,308
Change in payments on account	(220)
Balance at September 30, 2020	**112,974**

The allowance for inventory write-down changed as follows:

(€'000)		**September 30, 2020**
Opening balance		3,058
Net exchange losses		(138)
Accruals		515
Closing balance		**3,435**

(21) Investments in associates

This caption amounts to €1.1 million at September 30, 2020 and 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 another £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 investment in the associate SharpEnd, with an initial carrying amount of €1.3 million, was impaired to reflect the company's loss for the seven months of 2020 between the capital subscription date and the reporting date.

(22) Property, plant and equipment

The following table shows the changes in this caption in the first nine months 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	2,050	(575)	(25)	-	**4,805**
Net exchange gains (losses)	(4,227)	(12,905)	78	(88)	(43)	**(17,185)**
Increases	170	1,553	109	341	20,200	**22,373**
Disposals	-	(18)	(7)	(5)	(36)	**(65)**
Reclassifications	2,164	9,913	949	(0)	(13,026)	**0**
Depreciation	(1,176)	(24,811)	(2,029)	(525)	-	**(28,542)**
Historical cost at September 30, 2020	45,922	195,277	15,532	2,987	17,515	**277,233**
Accumulated depreciation and impairment losses at September 30, 2020	(3,612)	(57,213)	(4,798)	(1,313)	-	**(66,936)**
Carrying amount at September 30, 2020	**42,310**	**138,065**	**10,734**	**1,673**	**17,515**	**210,297**

The €18.6 million decrease in property, plant and equipment on the balance at December 31, 2019 is mainly due to the negative translation effect (€17.2 million) (for additional information reference should be made to the note to Equity) and the depreciation of the period (€28.5 million), partly offset by the increase due to the change in the consolidation scope (€4.8 million) following the acquisition of Closurelogic's assets for €7.2 million, net of the sale of the GCL Pharma assets for €2.4 million, and capital expenditure (€22.3 million).

Net capital expenditure in the first nine months of 2020, totalling €22.3 million, mainly relates to work on plant and machinery to develop new products and expand production capacity and efficiency, in addition to considerable investments in EHS (environment, health and safety) and sustainability. During the period, the group directed most capital expenditure specifically towards Europe (the facilities in Italy, Poland and Ukraine), Asia (particularly India) and South America (especially Mexico).

At September 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 nine months 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	(662)	(659)	(67)	(65)	**(1,453)**
Increases	1,877	342	395	869	**3,482**
Disposals	-	-	(3)	(27)	**(30)**
Depreciation of right-of-use assets	(2,652)	(622)	(576)	(535)	**(4,385)**
Historical cost at September 30, 2020	27,925	3,239	2,691	2,613	**36,469**
Accumulated depreciation and impairment losses at September 30, 2020	(6,176)	(1,491)	(1,300)	(1,247)	**(10,214)**
Carrying amount at September 30, 2020	**21,750**	**1,748**	**1,391**	**1,366**	**26,255**

The changes of the period in right-of-use assets reflect the capitalisation of right-of-use assets (approximately €3.5 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 €1.5 million) (for additional information reference should be made to the note to Equity) and depreciation (approximately €4.4 million).

The main investments of the period mostly refer to the renewal of property leases.

(24) Intangible assets

The following table shows the changes in this caption in the first nine months 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	(3,532)		**(1,359)**
Net exchange gains (losses)	39	(27)	0	(19,269)	(47)	**(19,303)**
Increases	200	175	-	1	1,252	**1,628**
Impairment losses	-	(4,000)	-	-	-	**(4,000)**
Reclassifications	-	(4)	-	0	4	**0**
Amortisation	(496)	(6,969)	-	(7,292)	-	**(14,758)**
Historical cost at September 30, 2020	3,106	132,863	506,523	234,174	3,128	**879,794**
Accumulated amortisation and impairment losses at September 30, 2020	(1,505)	(23,391)		(20,656)	-	**(45,552)**
Carrying amount at September 30, 2020	**1,601**	**109,472**	**506,523**	**213,518**	**3,128**	**834,242**

The reduction in intangible assets on December 31, 2019 mainly refers to the negative translation effect (€19.3 million; for additional information reference should be made to the note to Equity), amortisation of the period (approximately €14.8 million), the sale of GCL Pharma's assets at March 31, 2020 (roughly €3.6 million) and the impairment losses on the group's proprietary patents to adjust them to their value in use (€4.0 million), partly offset by the increase due to the assets acquired (€2.3 million) in the acquisition of Guala Closures Deutschland in February 2020 and Guala Closures Turkey in September 2020 and capital expenditure of the period.

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

Goodwill 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.

For the recoverability of the assets, the valuation carried out by Management included in the interim financial report at June 30, 2020, which was approved by the board of directors on September 7, 2020, did not indicate any circumstances entailing the recognition of impairment losses on goodwill or intangible assets and substantially confirmed the results of the tests and sensitivity analyses performed for the 2019 annual report.

Sale volumes recovered in the third quarter of 2020, with revenue reaching levels near those of the previous year at constant exchange rates (-2.2%) and a greater gross operating profit (EBITDA Adjusted) than in the same period of the previous year at constant exchange rates (+0.2%). Therefore, these amounts are in line with the forecasts in the update of the impairment test and no other specific trigger events and/or circumstances occurred after June 30, 2020 that would indicate impairment losses and, accordingly, the need to update the impairment test.

(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 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 gross operating profit, 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 September 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 September 30, 2020 are shown below:

(€'000)	**December 31, 2019**	**September 30, 2020**
Current financial liabilities		
Bonds	3,406	3,406
Bank loans and borrowings	7,763	6,802
Other financial liabilities	10,415	11,781
	21,585	***21,989***
Non-current financial liabilities		
Bonds	443,926	445,819
Bank loans and borrowings	14,360	30,375
Other financial liabilities	40,774	40,591
	499,060	***516,785***
Total	**520,645**	**538,773**

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

				Nominal amount				
					Current	Non-current		
(€'000)	Currency	Nominal interest rate	Due date	Total December 31, 2019	Within one year	Between one and five	More than five years	Total Non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	Euribor 3M + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2020	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(11,074)	-	(11,074)	-	(11,074)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.				**447,332**	**3,406**	**443,926**	**-**	**443,926**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	Euribor/Libor GBP 3M+2.5%	2024	12,929	-	12,929	-	12,929
Transaction costs	€	n.a.	2024	(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.	€	n.a.	2020	63	63	-	-	-
Yes Bank loan and facilities (India)	INR	9.70%	2020	1,951	1,951	-	-	-
Handlowy S.A. / Millennium S.A. facilities (Poland)	PLN	Wibor 1M (*)	n.a.	4,410	4,410	-	-	-
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	168	168	0	-	0
Santander loan and facilities (Brazil)	BRL	n.a.	2020	70	45	25	-	25
Advances on receivables (Argentina)	ARS	n.a.	n.a.	2	2	(0)	-	(0)
Bancomer loan (Mexico)	USD	n.a.	2023	3,129	1,126	2,003	-	2,003
TOTAL bank loans and borrowings				**22,123**	**7,763**	**14,360**	**-**	**14,360**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	3,873	3,873	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	20,358	6,542	13,816	-	13,816
Financial liabilities for put options on purchase / withdrawal of minority quotas	€	n.a.	n.a.	26,958	-	-	26,958	26,958
TOTAL other financial liabilities				**51,190**	**10,415**	**13,816**	**26,958**	**40,774**
TOTAL				**520,645**	**21,585**	**472,102**	**26,958**	**499,060**

(*) Acronym Wibor means "Warsaw Inter-bank Bid and Offered Rate"

(€'000)	Currency	Nominal interest rate	Due date	Nominal amount				
					Current	Non-current		
				Total at September 30, 2020	Within one year	Between one and five years	More than five years	Total Non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	Euribor 3M + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2020	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(9,181)	-	(9,181)	-	(9,181)
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.				**449,225**	**3,406**	**445,819**	**-**	**445,819**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	Euribor/Libor GBP 3M+2.5%	2024	29,057	-	29,057	-	29,057
Transaction costs	€	n.a.	2024	(490)	-	(490)	-	(490)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**28,567**	**-**	**28,567**	**-**	**28,567**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2020	49	49	-	-	-
Yes Bank loan and facilities (India)	INR	9.70%	2021	819	819	-	-	-
Handlowy S.A. / Millennium S.A. facilities (Poland)	PLN	Wibor 1M (*)	n.a.	4,274	4,274	-	-	-
Banco de la Nacion Argentina / Banco Chile loans (Chile)	CLP	7.56% / 3.48%	2023	349	110	239	-	239
Santander loan and facilities (Brazil)	BRL	n.a.	2020	25	22	3	-	3
Bancomer / Banamex loans (Mexico)	USD	n.a.	2023	3,094	1,528	1,566	-	1,566
TOTAL bank loans and borrowings				**37,177**	**6,802**	**30,375**	**-**	**30,375**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	5,810	5,810	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	19,708	5,970	13,738	-	13,738
Financial liabilities for put options on purchase / withdrawal of minority quotas	€	n.a.	n.a.	26,853	-	-	26,853	26,853
Other liabilities	€	n.a.	n.a.	1	1	-	-	-
TOTAL other financial liabilities				**52,372**	**11,781**	**13,738**	**26,853**	**40,591**
TOTAL				**538,773**	**21,989**	**489,932**	**26,853**	**516,785**

(*) Acronym Wibor means "Warsaw Inter-bank Bid and Offered Rate"

Other financial liabilities include the fair value of the market warrants at September 30, 2020 and December 31, 2019 (€5,810 thousand and €3,873 thousand, respectively). The difference between the fair value at September 30, 2020 and that at December 31, 2019 was recognised in the statement of profit or loss for the period, under financial income (€1,937 thousand). The impact on the statement of profit or loss 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 €0.30 at September 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 to non-controlling investors relate to the 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 Senior Revolving Credit Facility's availability at September 30, 2020 is shown in the table below:

Facility	**Available amount (€'000)**	**Amount used at September 30, 2020**	**Residual available amount September 30,**	**Repayment date**
Revolving Credit Facility due in 2024	80,000	29,057	50,943	final repayment 02/28/2024
Total	**80,000**	**29,057**	**50,943**	

(26) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2019	September 30, 2020
Suppliers	76,111	71,494
Payments on account	445	667
Total	**76,556**	**72,160**

(27) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2019	September 30, 2020
Provision for reorganisation	677	850
Provision for returns	1,020	809
Provision for contingencies	167	97
Other provisions	115	150
Total current provisions	**1,980**	**1,906**

The provision for reorganisation includes €0.3 million 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 nine months 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)	September 30, 2020
Opening balance	1,980
Change in the consolidation scope	(50)
Exchange losses	(76)
Accruals	1,004
Utilisations	(952)
Closing balance	**1,906**

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, the provisions accrued for the restructuring that began in June 2020 and the utilisation of the provision for returns accrued in 2019 by Guala Closures S.p.A. for one-off qualitative issues it encountered in 2019.

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2019	September 30, 2020
Provision for legal disputes	201	156
Provision for agents' termination indemnity	147	154
Total non-current provisions	**348**	**310**

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

(€'000)	September 30, 2020
Opening balance	348
Exchange losses	(3)
Accruals	57
Utilisations	(92)
Closing non-current provisions	**310**

(28) Equity attributable to the owners of the parent

At September 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 Azionario) 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.

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 September 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;
- Amber Capital UK LLP 6.433% of the voting rights;
- Alantra EQMC Asset Management SGIIC, SA holding 5.911% of the voting rights.

The decrease in equity is due not only to the loss for the period (€17.3 million), but mainly to the change in the translation reserve, down €33.5 million in the first nine months of 2020.
Specifically, since March 2020, as a result of the spread of the COVID-19 pandemic, the Euro has 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 September 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 September 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 translation effect is reflected in the translation reserve recognised in equity at September 30, 2020 with a negative balance of €27.4 million.
Equity attributable to the owners of the parent increased by approximately €0.8 million as a result of the acquisition of non-controlling interests in Guala Closures France. Equity attributable to non-controlling interests decreased by the same amount.

(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 September 30, 2020	Balance at December 31, 2019	Balance at September 30, 2020
Guala Closures Ukraine LLC	30.0%	30.0%	16,987	14,354
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,745	3,361
Guala Closures de Colombia Ltda	6.8%	6.8%	782	554
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,651	2,674
Guala Closures DGS Poland S.A.	30.0%	30.0%	16,570	16,514
Guala Closures France SAS	30.0%	-	783	-
Guala Closures BY LLC	30.0%	30.0%	161	172
Total			**41,680**	**37,629**

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 September 30, 2020, is analysed below, calculated in accordance with ESMA/2013/319 recommendations:

	(€'000)	**December 31, 2019**	**September 30, 2020**
A	Cash	-	-
B	Cash equivalents	57,056	52,517
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**57,056**	**52,517**
E	**Current loan assets**	**627**	**358**
F	Current bank loans and borrowings	6,598	5,766
G	Current portion of non-current indebtedness	4,571	4,441
H	Other current loans and borrowings	6,542	5,971
	Of which: related parties	*0*	*0*
I	**Current financial indebtedness (F+G+H)**	**17,711**	**16,179**
J	**Net current financial indebtedness (I-E-D)**	**(39,971)**	**(36,696)**
K	Non-current bank loans and borrowings	14,360	30,375
L	Bonds issued	443,926	445,819
M	Other non-current liabilities	40,774	40,591
	Of which: related parties	*0*	*0*
N	**Non-current financial indebtedness (K+L+M)**	**499,060**	**516,785**
O	**Net financial indebtedness as per the ESMA's recommendation (J+N)**	**459,089**	**480,089**

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	September 30, 2020
O	Net financial indebtedness as per the ESMA's recommendation	459,089	480,089
P	Non-current financial assets	(451)	(481)
Q	Market warrants	3,873	5,810
	Of which: related parties	*0*	*0*
R	**Total net financial indebtedness (O-P+Q)**	**462,511**	**485,418**

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 September 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 to 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 liabilities not measured 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.

September 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		72				**72**		72		**72**
Aluminium derivatives held for trading		-	223			**223**		223		**223**
		72	**223**	-	-	**295**	-	**295**	-	**295**
Financial assets not measured at fair value (*)										
Trade receivables	19			101,001		**101,001**				-
Financial assets				839		**839**				-
Investments in associates	21			1,077		**1,077**				
Cash and cash equivalents	18			52,517		**52,517**				-
		-	-	**155,434**	-	**155,434**	-	-	-	-
Financial liabilities measured at fair value										
Currency derivatives held for trading		-				-		-		-
Market warrants	25				(5,810)	**(5,810)**	(5,810)			**(5,810)**
Aluminium derivatives held for trading		-	-			-		-		-
Financial liabilities to non-controlling investors	25	(26,853)				**(26,853)**			(26,853)	**(26,853)**
		(26,853)	-	-	**(5,810)**	**(32,663)**	**(5,810)**	-	**(26,853)**	**(32,663)**
Financial liabilities not recognised at fair value (*)										
Bank overdraft	25				(5,093)	**(5,093)**		(5,093)		**(5,093)**
Secured bank loans	25				(31,710)	**(31,710)**		(30,715)		**(30,715)**
Unsecured bank loans	25				(374)	**(374)**		(374)		**(374)**
Secured bond issues	25				(449,225)	**(449,225)**		(469,563)		**(469,563)**
Lease liabilities (IFRS 16)	25				(19,708)	**(19,708)**				-
Trade payables	26				(72,160)	**(72,160)**				-
		-	-	-	**(578,271)**	**(578,271)**	-	**(505,744)**	-	**(505,744)**

(*) The group has not disclosed the fair values of some financial instruments, such as cash and cash equivalents, trade receivables, financial assets, investments in associates, 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 company'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; • Statement of financial position, statement of profit or loss and 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 expected exercise date for the put option was earlier
Forward interest rate swaps, currency forwards and aluminium derivatives	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions of similar instruments.	Not applicable.	Not applicable.

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

Financial instruments not measured at fair value

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

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

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

(€'000)	
December 31, 2019	26,958
Profit included in "(financial income) / financial expense" - Net fair value gain/loss (unrealised)	(105)
Balance at September 30, 2020	**26,853**

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at September 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%	1,921
	(1%)	(2,265)
Growth rate	1%	(1,152)
	(1%)	907
Expected date of put option exercise	+ 1 year	1,507
	- 1 year	(1,619)

(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 nine months 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 Sept 30, 2020	Other liabilities at September 30, 2020	Cash flows for the period
Total directors/key managers	366	784	1,734	15	8	221	**3,127**	1	1,121	2,351

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 September 30, 2020 are summarised below:

- it appointed four members to the board of directors of Guala Closures S.p.A. on August 6, 2018, as well as two independent members, whom it appointed jointly with Space Holding S.r.l.;
- it has two standing members and a substitute member of the board of statutory auditors of Guala Closures S.p.A. appointed on September 10, 2018, whom it appointed on the indication of GCL Holdings S.à r.l.;
- 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..
- On August 4, 2020, Guala Closures S.p.A. bonds listed on the Luxembourg Stock Exchange were purchased for a value of € 998,207;
- 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 September 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. on 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 appointed on 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;
- no transactions were carried out with Space Holding S.r.l. in the period.

Peninsula Capital II S.à r.l. (as general partner of Peninsula Investments II S.C.A., which controls PII G S.à r.l.) can be considered a related party.
The transactions and relationships between this company and the group at September 30, 2020 are summarised below:

- it has one member whom it appointed to the board of directors of Guala Closures S.p.A. on 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;
- no transactions were carried out with Peninsula in the period.

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 nine months of 2020, 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).

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 nine months 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

Settlement of the Geo-Tag LLC case

A mediation hearing was held on October 20, 2020 for the case pending with Geo-Tag LLC. The lengthy mediation process with Judge Stephanie K. Bowman of the Southern District of Ohio presiding resulting in an agreement which entails payment of USD50 thousand to Geo-Tag LLC settling all of its claims (which the claimant had quantified as one million dollars at the start of the mediation process). The agreement was reached taking into account the significant legal costs (which will be difficult to recover from the losing party), which were estimated to be far higher than the amount paid to Geo Tag LLC, despite the claimant's claims appearing to be completely groundless.

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

November 11, 2020

Annexes to the condensed interim consolidated financial statements:

Annex 1)
Statement of the manager in charge of financial reporting pursuant to article 154-bis.2 of Legislative decree no. 58/1998 (“Consolidated finance act”)

ANNEX 1)

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

The undersigned Anibal Diaz Diaz, manager in charge of financial reporting, states that pursuant to article 154-bis.2 of the Consolidated finance act, the accounting figures included in this interim financial report at September 20, 2020 are consistent with the accounting records, books and entries.

November 11, 2020

Anibal Diaz Diaz

Manager in charge of

financial reporting

(signed on the original)