2020

2020 ANNUAL 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

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

Guala Closures Group

2020 GROUP HIGHLIGHTS

1954 Establishment	**30** Production sites	**4,852** Employees	**572M€** Turnover 2020	**5** R&D Centres Italy, Luxembourg, Mexico, Ukraine, UK
17.3bn Closures per year	**300+** Closure models	**4** Product lines: safety, roll-on, roll-on for wine and luxury	**170+** Active patents	**100** Countries where we have strong customer partnerships

NET REVENUES BY GEOGRAPHICAL AREA

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA	GROUP
€345.3m	€112.5m	€59.4m	€38.2m	€16.6m	€572m
60.4%	*19.7%*	*10.4%*	*6.7%*	*2.9%*	*100.0%*

NET REVENUES BY PRODUCT

SAFETY	LUXURY	ROLL-ON	ROLL-ON FOR WINE	OTHER	GROUP
€203.8m	€29.7m	€201.0m	€115.9m	€21.6m	€572m
35.6%	*5.2%*	*35.1%*	*20.3%*	*3.8%*	*100.0%*

LETTER TO SHAREHOLDERS

Dear Shareholders,

Year 2020 will go down in history as the year of a new "social revolution" dictated by the Covid-19 pandemic. We have deeply changed our working habits because of the travel ban and have upset many of our family habits because we were not allowed to leave our homes to visit.
However, we have managed to overcome emotions and frustrations thanks to digital communications technology which has enabled us to continue being citizens of the world and, above all, to persevere in our activities.

All of you and us at Guala Closures, have reacted with speed, attention and respect for both health regulations and the different rules and restrictions that the various governments in the countries where we operate have imposed.
This has allowed us to keep on working successfully, both in our standard production and in the development of new closures also to adapt to the requests from the pharma world.
As a result, we were able to significantly absorb the impact of Covid-19 by closing the year with a turnover of € 572 million, about 5.7% less than in 2019, with a margin of 17.1% and an operating cash flow of € 77.2 million.

Clearly, the most significant impact was represented by the collapse of the HORECA sector, linked to travel and tourism, which strongly impacted Spain, Italy and Germany.

However, I would like to point out that we have quantified the impact that Covid-19 has had on the Group's turnover and adjusted EBITDA as the difference in volumes produced for our customers in 2020 compared to the volumes produced in 2019.
The result of this analysis is surprising but extremely positive since, adding up all the effects, at constant exchange rates we would have had a growth of 6.4% in sales and 5.1% in adjusted EBITDA.
This thanks to the efficiency recovery of our plant in Chile, the excellent performance of our plant in the USA, the significant growth in Belarus and Kenya and the new products developed in Ukraine.

Furthermore, to confirm the solidity of our customer portfolio around the world, the Group did not have any liquidity problems and confirmed the excellent financial performance thanks to the control of net working capital and investments.

Despite such a challenging context, we have not slowed down our path in the Sustainability programme, pushing further on multiculturalism and diversity, with an increase in the percentage of women in positions of responsibility from 18% in 2019 to 20.8% in 2020.

Taking note of the current situation of financial markets and although we have the opportunity and reserves to pay a reasonable dividend, the Board of Directors has preferred a prudent approach and allocated all cash generation to debt reduction.

Marco Giovannini

Chairman and CEO

(signed on the original)

COMPANY OFFICERS

BOARD OF DIRECTORS

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

RISK AND CONTROL COMMITTEE

Chairman	Francesco Caio
Independent director	Lucrezia Reichlin
Director	Nicola Colavito

REMUNERATION COMMITTEE

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

BOARD OF STAUTORY AUDITORS

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

INDEPENDENT AUDITORS

KPMG S.p.A.

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1. Directors' report

Guala Closures Group

1.1 Introduction

€ 572.0 MLN
NET REVENUE

SALES NETWORK
IN OVER **100**
COUNTRIES

OVER **17.3 BILLION**
CLOSURES
PRODUCED IN 2020

4 PRODUCT
CATEGORIES

OVER
170 PATENTS AND
INTELLECTUAL RIGHTS

30 FACILITIES
&
3 SALES OFFICES

4,852
EMPLOYEES
AROUND THE WORLD

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

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

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

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

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

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

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

Vision and mission

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

The mission of the Sustainability plan reflects Guala Closures' commitment:
Working together for sustainable growth

Values

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

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

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

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

1.2 The group's history

2020
Acquisition of 20% of **SharpEnd** in the UK and acquisition of **Guala Closures Deutschland** and **Guala Closures Turkey** (formerly Closure Logic)

2019
Start of operations at **Guala Closures East Africa Limited** in Kenya and the opening of the **facility in Belarus**;

2018
Listing on the Italian stock market (STAR segment), start of operations in **Chile**, opening of **Guala Closures East Africa Ltd** in Kenya, acquisition of **United Closures and Plastics (UCP)** in Scotland

2017
Acquisition of **Axiom Propack Pvt Ltd in India**, acquisition of the assets of **LIMAT S.A. de C.V.** and **ICSA** in Mexico and Chile, respectively, and the opening of research center in Luxembourg

2016
Acquisition of 70% of **Capmetal** in France (100% from 2020)

2015
Opening of the new production facility in **Santiago de Chile**

2014
Celebration of the **Guala Closures Group's 60th anniversary** and opening of a production facility and avant-garde design lab in **Fairfield** (California)

2012
Acquisition of **Metal Closures Industries** in South Africa

2011
Acquisition of **Metalprint** in Magenta (Italy), a facility specialised in the degreasing, cutting and lithographic printing of aluminium, and acquisition of 70% of **DGS** in Poland

2010
Acquisition of 70% of **Danik** in Bulgaria

2009
Roll-out of the **Pharma** division based in Vasto (sold in 2020)

2008
Acquisition of 70% of **Technologia Closures** in Ukraine, Guala Closures Group's delisting from the Italian stock market

2007
Acquisition of **Auscap** in Australia

2006
Opening of new sales offices and production facilities in the **US** and **France**

2005
Founding of **Guala Closures North America** to enter the US and Canadian market; **Guala Closures Group's flotation on the Italian stock market** on November 22

2003
Acquisition of **GlobalCap S.p.A.** and **Padesa** in Spain, **21** facilities owned by the Group around the world

2002
Acquisition of **Plasticos Dumex** in Mexico and 70% of **Supertap** in Argentina (later renamed Guala Closures Argentina and owned 100% from 2018)

2000
After **Spain**, **Mexico**, **Brazil**, **Colombia** and **India**, expansion continues in **Argentina**, **China** and **Russia**

1998
Marco Giovannini named president of Guala Closures S.p.A., **founding of Guala Closures Group**, sponsored by private investors

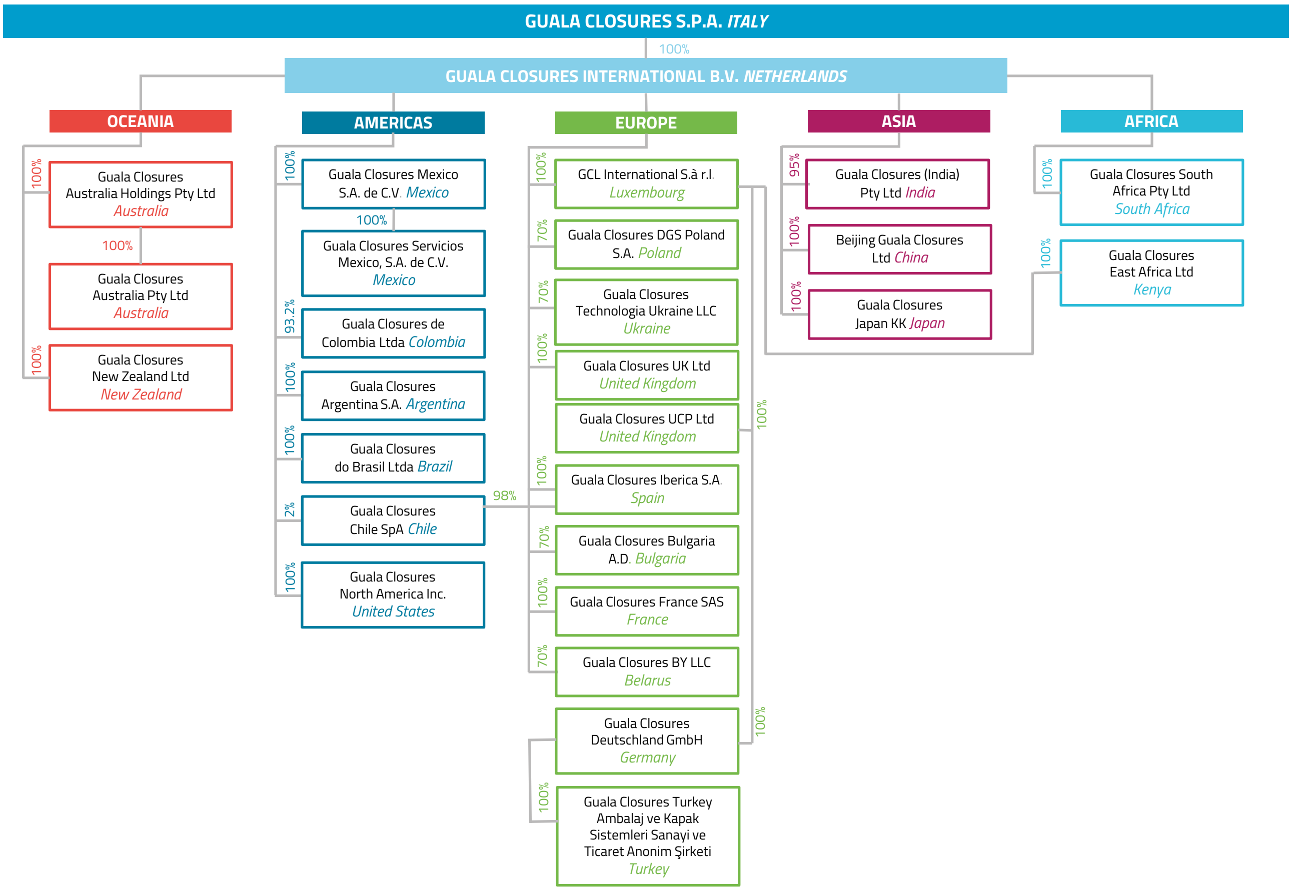
1960
Production of the first patented **non-refillable** closures

1954
Founding of **Guala**, a company specialised in the production of plastic components

1.3 The group structure

The Guala Closures Group, owned by the operational holding company Guala Closures S.p.A., operates on five continents.
The following charts illustrate the group structure at December 31, 2020 and 2019:

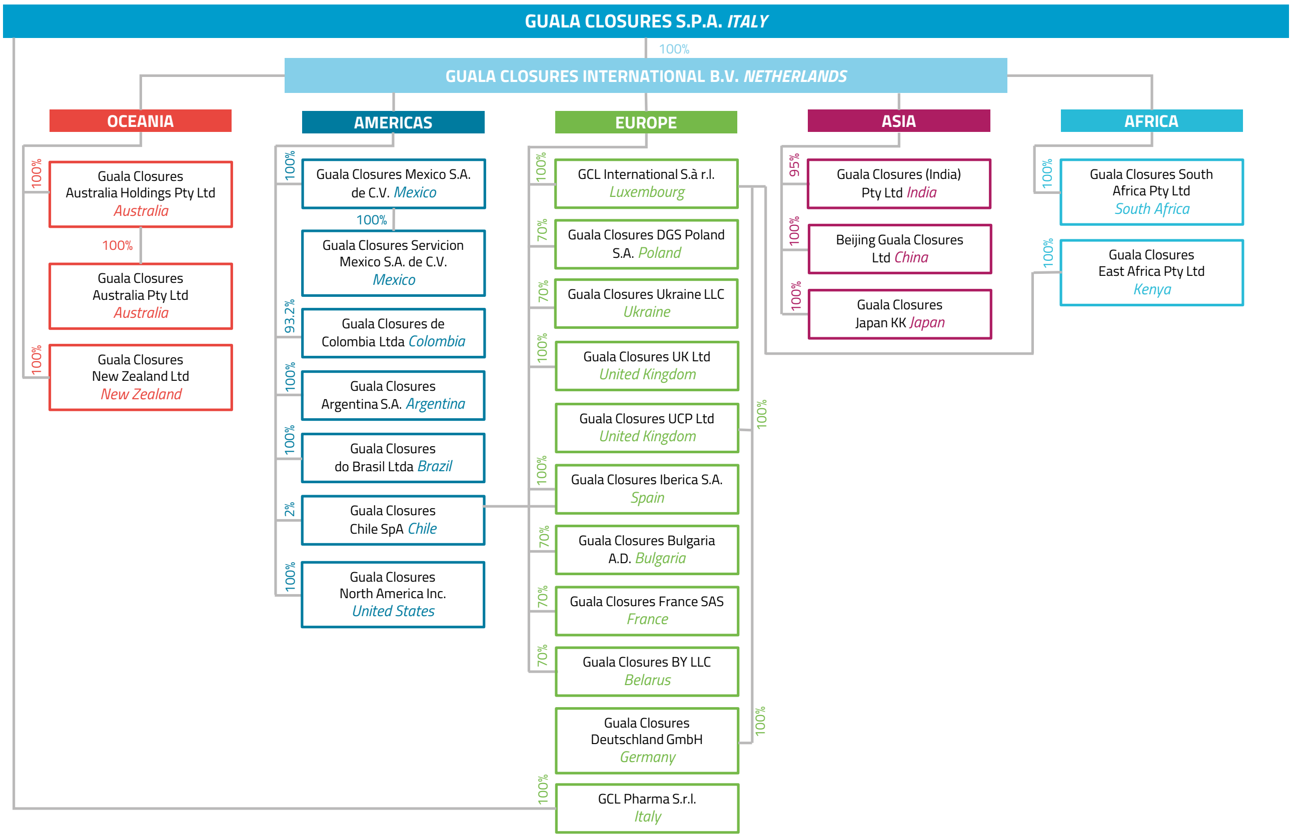
Chart at December 31, 2020:



The group structure changed in 2020 as follows:

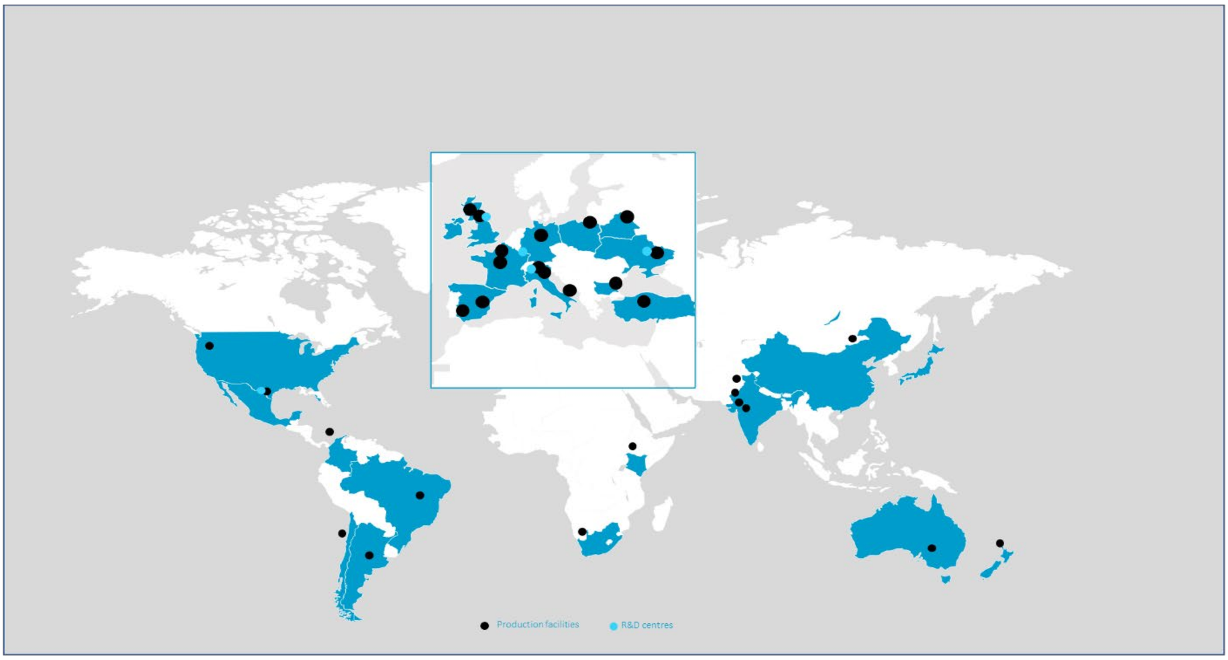
- In February 2020, the German company Guala Closures Deutschland acquired the assets of Closurelogic, a German manufacturer specialised in the production of aluminium closures mainly for beverages and mineral water in glass bottles;
- In February 2020, the Luxembooourg subsidiary GCL International S.à r.l. formalized the subscription of a 20% stake in the share capital of SharpEnd Partnership Ltd., an innovative technology services agency based in London. As the company is associated with the Group, it does not fall within the scope of full consolidation;
- The investment in GCL Pharma S.r.l. was sold in April 2020;
- In September 2020, the German company Guala Closures Deutschland finalised the acquisition of the investment in Guala Closures Turkey as part of the Closurelogic business, after certain previously-agreed conditions were met.

Chart at December 31, 2019:

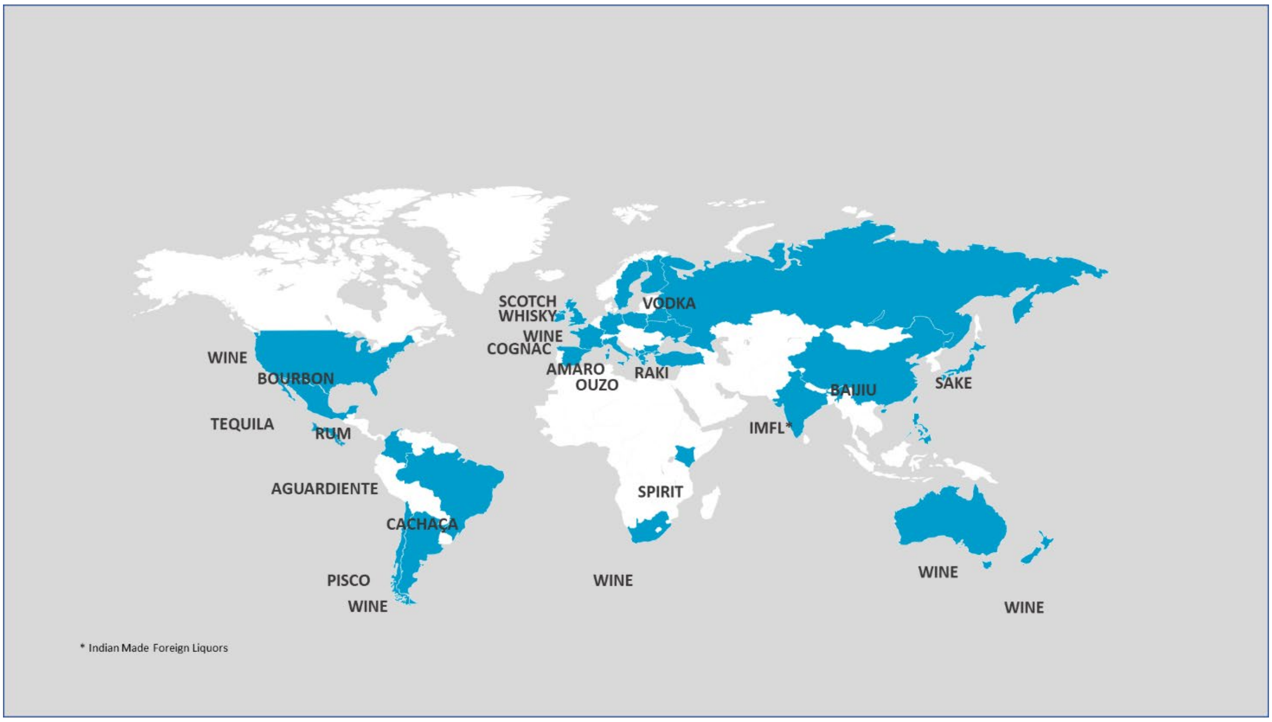


1.4 International footprint

The Guala Closures Group is a multinational group with 30 facilities and five research and innovation centres (in Italy, Luxembourg, United Kingdom, Ukraine and Mexico).



With a widespread presence, the group enjoys a close relationship and affiliation with its customers given its nearness to their production sites.



1.5 Product lines and destination markets

In 2020, the group produced and sold over 17 billion closures in four product lines and across four destination markets.

Product lines:

Safety closures:

Complex closures designed to combat the phenomenon of counterfeiting of the product, wine or vegetable oil. Made up of various components, they offer systems that prevent fraudulent filling of the bottle.

Luxury closures:

Closures designed in precious materials, such as wood or metal, used above all by spirits producers to give a luxury image to their most prestigious brands.

Roll-on for wine:

Aluminum closures specifically dedicated to the wine sector. They offer a guarantee of functionality and durability over time and, thanks to special sealing gaskets, can adapt to the aging requirements of the most varied wines.

Roll-on:

Aluminum closures specifically designed for the spirits, mineral water and vegetable oils sectors.
Offered in various sizes, they are customized thanks to the use of numerous decoration technologies.

Destination markets

Spirits:

The Guala Closures Group is renowned as a key partner in the spirits market. Through technological innovation, the group offers spirits makers solutions that increasingly prevent counterfeiting while meeting their needs for premiumisation and differentiation.

Wine:

With screw-on aluminium closures, wine is more stable over time and its delicate balance is not compromised during transport. Guala Closures caps also make it easier to open and close the bottle and feature liners that keep the oxygenation of the wine in check so the wine retains its quality and flavour longer.

Water & beverages:

The group produces aluminium closures for carbonated and still beverages in glass bottles, fruit juice and non-alcoholic beverages. It supplies some of the top international brands with generic closures or tamper-evident closures that feature capsules based on a patented system to show when a bottle has been opened.

Olive oil & condiments:

The group offers the oil sector a varied range of long and short capsules, spouts specifically designed for the viscosity of oil, for a perfect pour, and non-drip devices to prevent dripping at the end of the pour.

1.6 Product and process research and innovation

Product and process innovation to design and provide the world's markets with valid solutions for the individual brands and with increasingly effective and sustainable production processes was again the focus of the business for the Guala Closures Group in 2020. The group continued to lead the way in pinpointing new market trends and converting them into cutting-edge solutions thanks to the close collaboration between its marketing, sales and innovation areas.

In order to provide a range of harmonised products, designed to provide effective sustainable development solutions, the group has adopted a rigorous design method, starting from the understanding of packaging production issues. The three biggest challenges in terms of sustainable development comprise the use of finite resources, greenhouse gas emissions, mainly due to the production of materials and, to a lesser extent, their transport or processing, and the product end-of-life.

In order to address these challenges, the Guala Closures Group has developed some guidelines for eco-design for the five research and development centers (Italy, Mexico, United Kingdom, Ukraine and Luxembourg) in order to facilitate the development of sustainable closures following four defined design templates:

DESIGN TO REDUCE

This principle is based on eco-design and the elimination of anything not necessary: by reducing the use of finite materials and renewables necessary for a product to function properly we have a lower impact on the environment. In fact, not only does the reduced use of resources lead to more responsible behaviour, as well as promoting sustainable development, but it can also reduce the volume of carbon dioxide emitted in relation to closures.

DESIGN TO CHANGE

Product sustainability requires changing the resources used. This can be achieved by no longer using limited resources and adopting the use of recycled or renewable materials. In the case of ALUMINIUM, this means increasing the amount of recycled alloys used in production, which would significantly reduce the associated carbon dioxide emissions and energy consumption. In the case of POLYMERS, the use of recycled materials is more challenging as polymers from mechanical recycling are often not suitable for food contact and have different properties compared to petroleum-based polymers. There are two categories of recycled polymers: those from mechanical recycling and those from oil-based recycling.

DESIGN TO FADE

This approach involves the elimination of waste by using biodegradable polymers. This type of closure has only a few components, no aluminium or glue, and can be easily removed from the bottle. Where biodegradable waste can be disposed of properly, this solution could have a positive impact on waste treatment and potentially reduce carbon dioxide emissions.

DESIGN TO REVIVE

As far as possible, existing recycling systems should be adopted, as future technological advances may mean that closures may also become recyclable. Accordingly, we could potentially resolve scrap pollution and the waste of resources by recovering the materials used in closures as much as possible.

These four design models address early life and recycling issues. Each model has been given a name, a concept and a series of actions to facilitate the application of the concept to closures. Each model responds differently to the challenges identified and has been created to be applied individually or in combination with other models.

All four models focus on the use of materials, the sources from which the materials are derived and their possible end-of-life in different ways. Specifically, research focused on polymers: both materials produced from renewable or recycled sources, in order to abandon the use of oil, and biodegradable and compostable materials. Research has led to the validation of certain grades of polyethylene derived from sugar cane or vegetable waste which cut greenhouse gas emissions and allow to abandon oil and which can easy be incorporated into production processes.

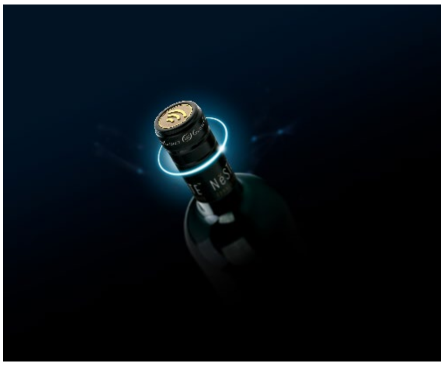
The many successfully tested recycled materials that can be incorporated into the existing products include, in particular, the materials provided by Oceanworks: all recycled materials provided by this company come from oceanbound locations. The materials tested include plastics from old fishing nets recovered from port areas and materials recovered from islands without waste recycling systems. In 2020, the Group signed an exclusive agreement with Oceanworks which guarantees the provision of these recycled polymers for the whole of 2021.

Finally, the materials that have been successfully tested and are ready to be incorporated into industrial processes include PHBs, i.e., polymers that are completely biodegradable in all conditions, produced from renewable sources.

The Guala Closures Group has launched a new range of sustainable closures under the umbrella brand name, **Blossom™**. With sustainability as a fundamental pillar of Guala Closures' strategy, which aims to use 35% recycled material worldwide by 2025 and aspires to offer the largest variety of state-of-the art sustainable closures for wine, spirits, water, beverages and olive oil with the only dedicated closure range of this kind for all these markets. These closures use different materials and will undergo a process of continuous development, for future market needs.

In tandem with the study of new materials, research and innovation on new technologies have constantly developed. Among these, the project that received the most attention during the year is that related to e-closures.

E-closures NěSTGATE



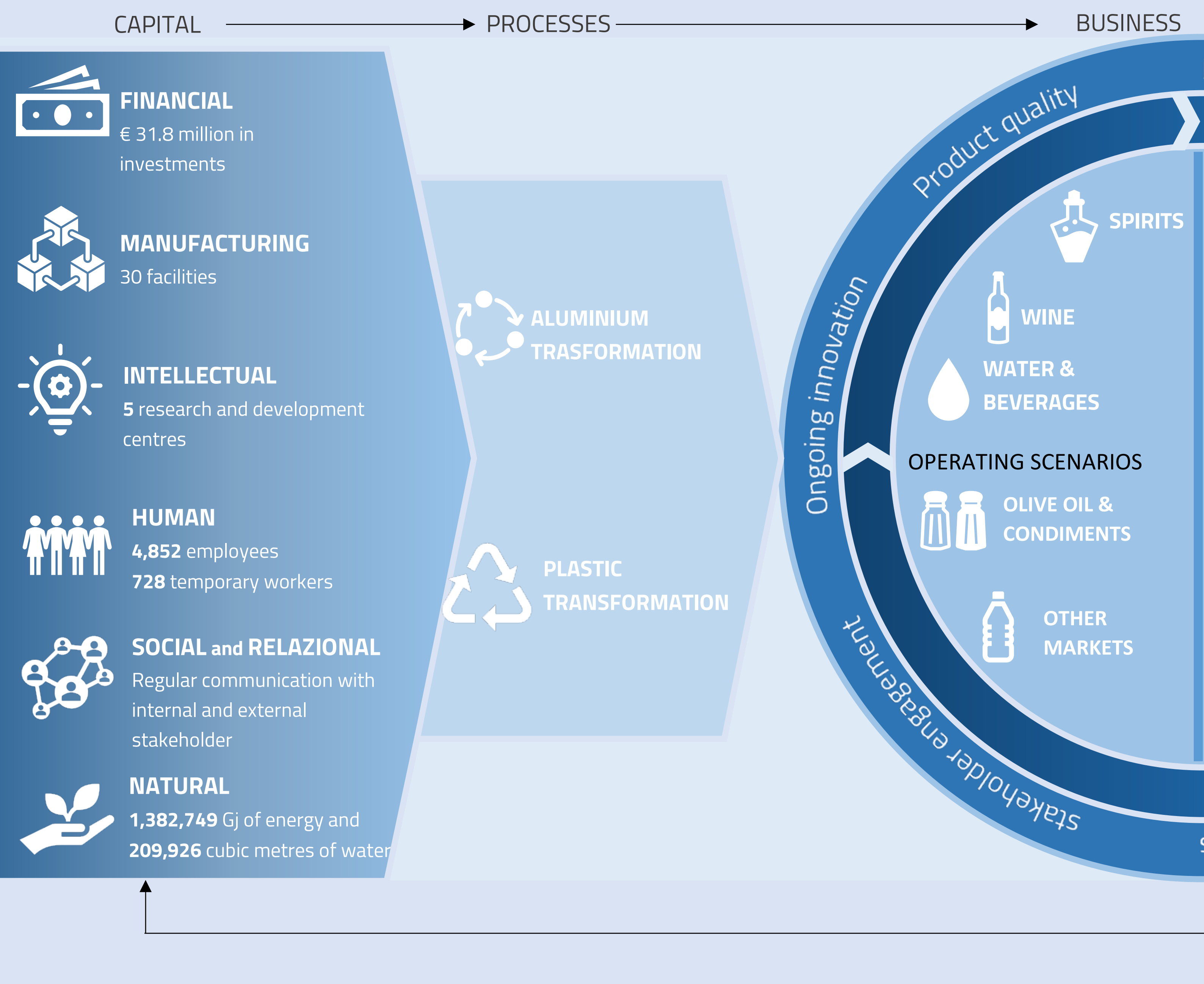
In 2020, the group focused on the production of e-closures with NFC for Irish whiskey Jameson, which allowed the Group to test also new digital technologies. A lot of work has been done to expand the range of closures equipped with connection to the digital world, in order to offer this new family of smart closures to all target markets: spirits, wine, water and vegetable oils. The technology behind NFC NěSTGATE closures is based on a special microchip inside the capsule which is readable by all compatible smartphones, without downloading any specific app, providing consumers with the certification of authenticity and unlocking all information about the product, directly linking them to the brand and boosting loyalty. Again with respect to e-closures, the Divinum NěSTGATE NFC closure, which has been prototyped and is in the final testing phase, is expected to have a significant commercial impact. In the field of the NěSTGATE range of e-closures, various QR code-based models for wine and beverages have been developed: despite being cheaper than the NFC type, this closure can in any case be unequivocally identified thanks to an internal code written on the liner.

1.7 The value creation model

Guala Closures Group produces closures that offer consumers innovation, protection and safety, while also enhancing its customers' brands.

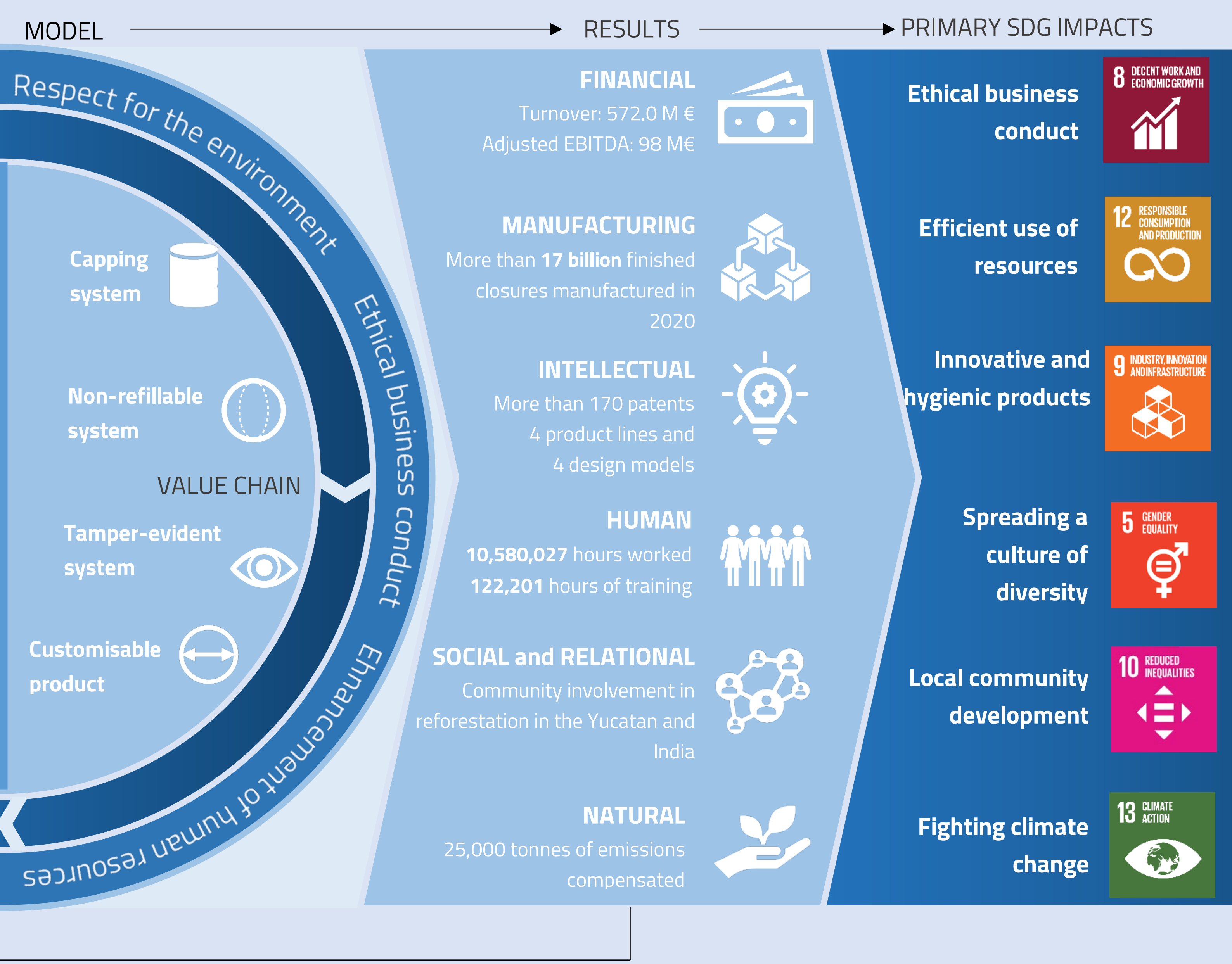
The Group business model reflects its vision and values and harnesses its resources and production capacity to provide customers with quality products and added value.

The Group creates economic, social and environmental value benefiting all its stakeholders and thus contributing to strengthening the performance of the Group and its customers.



The six types of capital (financial, manufacturing, intellectual, human, social and relational and natural) are the basis of the Group business model on which the organisation depends to develop and supply its products.
The processes of transformation of plastic materials and aluminum forming, through the use of innovative decoration technologies and thanks to the results of research on materials, increase the value of the products supplied to customers.
The results obtained are reused in the form of investments in the business, both for the research of new products and in the improvement of processes, creating value also for its employees. The goal of sustainable development is also reflected in the attention and commitment to the communities in which the Group operates.

Accordingly, the Group operational approach combines business objectives with sustainability goals, resulting in Sustainability plan: "**Working together for sustainable growth**", whose ultimate goal is to restore value to each type of capital and a positive mark on every area where the group operates.



1.8 Strategy

The group's mission is to maintain its market leadership, increase profitability and expand its business through organic growth and acquisitions aimed at consolidating/increasing the market share. The group's management has a clear strategy for sustainable growth, which includes:

- increasing sales revenue by **entering the markets of emerging countries**, focusing, in particular, on safety closures and the promotion of the added value of safety and luxury closures;
- developing the **packaging digitisation process** with the launch of new connected near field technology **(NFC)** closures or with **QR code**;
- **optimising production processes and the supply chain** by sharing best practices within the group in order to improve the profitability of facilities;
- the **continuous improvement of the new product offering** by promoting innovative, technological and increasingly attractive products to meet its customers' brand promotion needs;
- carefully **evaluating targeted acquisition opportunities** in order to expand the group's foothold in new geographical areas and/or relevant markets.

In 2020, despite the effects of the pandemic, we worked intensely on the development of new products. The ongoing projects reflected the two biggest current market trends:

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

The Group's strategic priorities can be summarized in the following 4 points:

#1 Confirm leadership as a large-scale manufacturer of connected packaging

#2 Accelerate CSR commitment across all activities

#3 Maintain leadership in safety closures for spirits

#4 Increase leadership in aluminium closures, including water

With respect to **sustainability**, the Guala Closures Group is committed to strengthening its leadership in the closures market thanks to research with international partners into cutting-edge materials and solutions. Research is complex since there is no global solution. However, there is a need for solutions that are consistent with local recycling systems and consumer habits and sensitivity.

In addition to materials, research increasingly focuses on aesthetic features to convey an idea of "natural" packaging to consumers and on functional features. Meanwhile, the group is conducting many tests, some with key customers on the US market, to offer a new range of highly-sustainable closures. By developing solutions using materials from renewable sources, the group is working also on solutions made with recycled materials and new biodegradable polymers, materials that can be easily separated by facilities currently handling end-of-life bottles.

In the last part of 2020, **re-packaging** demand from top brands remained strong.
In this respect, although the pandemic has slowed the trend among players in specific market segments (e.g., bottled water) to upgrade towards the high end, on other hand major spirits brands are driving a sharp presentation update trend.

Leading brands are submitting to the Guala Closure Group new packaging concepts developed by independent designers, in order to have new packaging, which in all cases reflects the need to combine a prestigious image with a message of sustainability. Thanks to this research axis, a new range of closures characterized by high sustainability is being created.

1.9 Corporate governance

Guala Closures S.p.A.'s corporate governance system consists of a set of rules, approaches and processes which ensure corporate efficiency and transparency and the effective functioning of governance bodies and control systems. The company follows the principles and application criteria set out in the Code of conduct for listed companies, promoted by Borsa Italiana (the Italian stock exchange). Starting from January 1, 2021, the Company has started a process of adapting its governance structure to the contents envisaged by the new Corporate Governance Code.

The corporate governance system adopted by Guala Closures S.p.A. is structured according to the traditional administration and control model e consists of the following bodies:

- Shareholders' meeting;
- Board of Directors;
- Board of Statutory Auditors.

The **Sharehoders' meeting** is the body that represents the interest of the generality of shareholders and expresses, through its resolutions, the will of the company.

The **Board of Directors**, pursuant to the by-laws, is the body vested with the fullest powers for the ordinary and extraordinary management of the Company. Specifically, it has the power to perform all the acts it deems appropriate to achieve the company's objectives, excluding only those acts that exclusively pertain to shareholders' meeting.

The Board of Directors is composed as follows:

Pursuant to the by-laws, the **Board of Statutory Auditors** is made up of three standing auditors and two substitute auditors. The statutory auditors are appointed by the Shareholders' Meeting through the list voting mechanism in order to ensure the presence of a standing auditor and a substitute auditor elected by the minority, as well as compliance with the provisions on gender balance. They remain in office for three years, can be re-elected and expire on the date of the Shareholders' Meeting called for the approval of the financial statements relating to the third year of their office. The Board of Statutory Auditors performs the functions attributed to it by law and other applicable regulatory provisions.

The Board of Statutory Auditors is composed of:

- Benedetta Navarra (Chairwoman)
- Piergiorgio Valente (Standing Auditor)
- Franco Aldo Abbate (Standing Auditor)
- Ugo Marco Maria Pollice (Substitute Auditor)
- Daniela Delfrate (Substitute Auditor)

1.10 Management regulations and procedures

The governance of the Company consists of the following internal committees of the Board of Directors:

- Control and risk committee;
- Remuneration committee.

The **Control and risk committee** is an internal committee of the Board of Directors, having - among other things - the task of assisting the Board in evaluations and decisions relating to the internal control and risk management system, as well as those relating to the approval of periodic financial reports. The Control and Risks Committee is also entrusted with the assessments relating to Related Party Transactions, as required by the Related Party Procedure adopted by the Company on March 8, 2019.

The Control and risk committee is composed of:

- Francesco Caio (Chairman)
- Lucrezia Reichlin
- Nicola Colavito

The Control and risk committee has the task of supporting the Board of Directors, with adequate preliminary activities, of a propositional and consultative nature, in the assessments and decisions relating to:

- internal control and risk management system;
- issues relating to the approval of periodic financial reports.

The **Remuneration committee** is an internal committee of the Board of Directors, having - among other things - investigative functions, of a propositional and consultative nature, in evaluations and decisions relating to the remuneration of directors and executives with strategic responsibilities of the Issue.

The Remuneration committee is composed of:

- Luisa Maria Virginia Collina (Chairwoman)
- Francesco Caio
- Edoardo Subert

The Board of Directors has attributed to Mr. Anibal Diaz, as Group Chief Financial Officer, effective from August 6, 2018 and subject to the favorable opinion of the Board of Statutory Auditors, the role of executive in charge of preparing the accounting and corporate documents referred to in art. 154-bis of the TUF (the "**Financial Reporting Manager**"). The Financial Reporting Manager prepares adequate administrative and accounting procedures for the preparation of the separate financial statements and consolidated financial statements, as well as any other communication of a financial nature. The deeds and communications of the Company disclosed to the market and relating to accounting information, including interim reports, must be accompanied by a written declaration from the Financial Reporting Manager, with which he certifies the correspondence with the documentary results, books and accounting records.

Art. 19 of the by-laws provides that the statutory audit of the accounts is carried out, in accordance with the applicable provisions of the law, by a person having the requisites envisaged by current legislation. The **Independent auditors** represents the external control body of the Company which is entrusted with the functions of legal control of the accounts. In particular, the Independent Auditors are required to verify, during the year, the regular keeping of the company accounts and the correct recording of the management facts in the accounting records, as well as to express an opinion on the financial statements and on the consolidated financial statements.

The Board has attributed to Mr. Anibal Diaz Diaz, the role of director in charge of overseeing the functionality of the internal control and risk management system ("**Director in Charge**"). The Director in Charge is entrusted with the task of supervising the functions of the internal control and risk management system and implementing the guidelines defined by the Board of Directors, with the support of the Control and Risks Committee, ensuring that all necessary actions are taken to the realization of the system.

The Company has an **Internal Audit function** that reports to the Board of Directors, outsourced to the consulting firm RC Advisory S.r.l. under the guidance of Elisabetta Ubertini appointed in the formal role of Internal Audit Manager, to whom functions substantially compliant with those envisaged by the Code of conduct have been assigned. In particular, the function has the task of assessing the adequacy and functionality of the Governance, Control and Risk Management processes, through an independent and objective assurance and consultancy activity also aimed at adding value and improving the Internal Control System and Risk Management.

In compliance with Legislative Decree no. 231/01, the **Supervisory Body** of Guala Closures S.p.A. meets at least four times a year to plan quarterly audits and to evaluate the results which are subsequently communicated to the Board of Directors. Roberto Malvezzi is the chairman of the Body, while Marco Andreoletti has been confirmed as vice president and external technical expert.

Furthermore, on December 18, 2018, the Company approved the new MAR (Market Abuse Regulation) code which established the register of relevant information, in addition to that of inside information; the MAR Code has also incorporated the regulations relating to the treatment of internal dealing transactions.
The Related Party Transactions procedure approved in March 2019 is currently in force.

The powers and operating procedures of the corporate bodies are governed by the law, the by-laws and the resolutions passed by the competent bodies. For a detailed description of each body and / or entity that makes up the governance of the Company, it should be noted that the information referred to in paragraphs 1 and 2 of art. 123-bis of Legislative Decree no. 58/1998 are contained in the separate "Report on Corporate Governance and Ownership Structures", which refers for certain information relating to remuneration to the "Remuneration Report" drawn up pursuant to art. 123-ter of Legislative Decree no. 58/1998.

Both of these Reports, approved by the Board of Directors, are published within the terms established on the Company's website www.gualaclosures.com.

The Group also has an executive committee, which meets every month to analyze the progress of the business and the achievement of objectives. This committee is made up of the CEO, COO, CFO and CMO, as well as the heads of the Group functions. Country General Directors are also periodically invited to participate in the committee.

1.11 CSR governance

The Guala Closures Group's CSR (Corporate Social Responsibility) governance is defined by the Green Board. This body was set up in 2015 to ensure the effective implementation of the sustainability strategy and to monitor progress.
In 2019, the Green Board was composed of 11 group managers, of which seven corporate department heads and four country managers from different geographical areas and continents, and was chaired by the COO, Franco Bove. In 2020, the Green Board members rotated in order to fulfil one of the objectives of the Diversity project, concerning gender equality. Therefore, the Green Board is currently composed of 12 group managers and continues to be chaired by the COO, Franco Bove.

It meets two to four times a year to discuss the progress of the plan, listen to top management feedback, identify opportunities and suggest strategic solutions.

The group's sustainability team is the contact point for all country managers and business unit teams for the sustainable growth of the Guala Closures Group. This team is responsible for the implementation and sharing of sustainability reporting at group level, the coordination of the activities for the certification of environmental data and the review of the non-financial statement data, carried out by third party companies and the implementation of inputs for Green Board meetings. The organisation of CSR at local level rests with country directors, based on local resources and needs. In each business unit, the country director appointed a CSR manager, who is responsible for implementing the group strategy, defining and implementing action plans to achieve the objectives of the programme and reporting on local indicators and the projects carried out.

1.12 Policies and guidelines

The values promoted by top management are shared with all group companies' personnel through the group's corporate policies. The group uses several tools to support the company in ensuring efficient and transparent management, namely:

- **Ethics and social policy,**
- **Environmental policy,**
- **Quality policy,**
- **Occupational safety policy,**
- **Food safety policy,**
- **Land acquisition policy**
- **Modern Slavery Act and Human Trafficking**

ETHICHS AND SOCIAL POLICY

All policies share an ongoing commitment to sustainable development to strengthen market leadership, while fully respecting ethical/social aspects, product and occupational safety and protecting the environment. In order to guarantee and harmonise these policies, the group's ethics and social policy is based on three lines of action:

- **Our people:** focusing on equal opportunities and respect for diversity and with the purpose of promotion of inclusion;
- **Our suppliers:** requiring that suppliers fully adopt Guala Closures' ethics and social policy, with Guala Closures commitment to both develop joint projects and to include ethics and social topics in its suppliers' qualification and evaluation process;
- **External communities and other stakeholders:** with the declaration that sustainability and integrity are a priority in relationships with all stakeholders and the commitment to respect the external environment and to support improvement initiatives or projects with local communities.

ENVIRONMENTAL POLICY

The environmental policy extensively involves internal and external stakeholders and intends to protect the environment and reduce emissions by improving products and processes, enhancing energy efficiency and taking specific actions in the supply chain.

QUALITY POLICY

The aim of this policy is to satisfy customers by exceeding their expectations, supporting their needs and ensuring the responsible use of resources. This is made possible, on the one hand, by focusing on the management of production resources through the control and updating of products and processes, encouraging strong relationships with key suppliers, fully complying with all applicable requirements and applying the idea of continuous improvement, and, on the other hand, by constantly investing in our employees, through training, communication, developing specific skills, pride in belonging to the group, recognition and celebration of results.

OCCUPATIONAL SAFETY POLICY

The operational tools of occupational safety policy are effective communication, listening to employees and developing the methods and tools for safe working conditions and sharing best practices between facilities.
This policy ensures occupational safety for employees and freelancers through training, constant updating of procedures and best practices to comply with international, national and local laws and standards, as well as additional stakeholder requirements.

FOOD SAFETY POLICY

The food safety policy ensures both safe products and safe processes: **products** must be hygienically suitable for contact with food, complying with legislative and regulatory requirements; the development and production **processes** must meet hygiene and food safety standards. This is ensured by effective internal communication and of implementation, aimed at evaluating and improving manufacturing best practices.

LAND ACQUISITION POLICY

The land acquisition policy prohibits any form of forced land acquisition, free trade or payment not in line with market value. Its aim is to respect and empower local communities by minimising the environmental impact and employing local people to work on the production sites, ensuring a safe and suitable workplace, free from discrimination.

MODERN SLAVERY ACT AND HUMAN TRAFFICKING

The company policy in this matter aims to:

- Refusing any form of child labour or practices that inhibit children's development;
- Banning all forms of forced or compulsory labour;
- Respecting and protecting the rights of all employees, those working in the supply chain and those involved in business activities;
- Banning all forms of discrimination;
- Offering legitimate employment contracts for all employees, guaranteeing a minimum wage in line with the country in which they work;
- Respecting privacy and personal data.

Code of ethics

All Guala Closures Group's operations and internal and external relationships are based on compliance with the principles, values and rules of conduct contained in the Code of ethics, which was approved by the board of directors in January 2018. The Code sets out the rules of ethics and conduct established for all employees, directors, statutory auditors and freelancers, with specific reference to relationships with interested parties.

Through this Code, the group **intends** to:

- define and make explicit the values and principles that characterise its business and the relations with all stakeholders;
- formalise the commitment to act fairly, transparently and correctly;
- reaffirm its commitment to protect the legitimate interests of its investors;
- communicate to its employees and freelancers the values, rules of conduct and responsibilities that they are required to follow when carrying out their work.

The group ensures the fullest dissemination and understanding of this code among the various recipients and will investigate any report of non-compliance with or violation of the Code by employees, assessing the incident and applying appropriate sanctions.

The Ethics and social committee was set up in 2019 to ensure that the ethics and social policy and the Code of ethics are known and correctly implemented at in all group facilities. It has the following objectives:

- the dissemination of group policies and objectives on ethics and social topics;
- the definition of tools for training and raising personnel awareness;
- the definition and dissemination of group procedures to manage the ethics and social topics applicable both internally and in relations with interested parties;
- the coordination and checking of the results of internal audits on ethics and social matters in conjunction with internal audits on other systems.

During 2020, the Ethics and social committee focused on reviewing certain aspects concerning internal audits, personal data management, the Code of ethics and supply chain management and assessment.

1.13 Approach to taxation

As a multinational group operating on all five continents and in 25 jurisdictions, the Guala Closures Group is committed to improve the local communities in which it is active and is aware that the taxes paid in each country and community in which it operates represent a fundamental contribution to their improvement and development. For this reason, it is committed to adopting transparent and responsible tax policies, based on the following principles:

- Complying with the tax laws of each country in which the group operates, respecting both the letter and the spirit of the law;
- Applying the arm's length principle in intercompany transactions;
- Adopting tax positions based on sound economic or business reasons or generally accepted practices, avoiding abusive tax planning schemes or practices;
- Providing true and comprehensive information on our transactions;
- Cooperating transparently with the tax authorities in the case of audits, privileging out-of-court settlements to resolve any disputes.

Specifically, the Guala Closures Group:

- adopts a decentralised corporate structure as the distinguishing element of its organisation, as it believes that decentralisation is a virtue and a strength of the group. Accordingly, each group company must comply with the tax requirements of the country in which it operates;
- applies transfer prices based on the value-creation logic and the arm's length principle (i.e., market prices);
- is committed to ensuring that transparency underpins its actions in taking tax positions;
- adopts internal control processes to ensure tax compliance;
- is committed to building relationships with tax authorities based on the principles of trust, good faith, professionalism, cooperation and loyalty to facilitate compliance with tax regulations, increase legal certainty and reduce disputes.

The Guala Closures Group is committed to adapting each group company's organisational structure to ensure tax compliance in each country in which it operates. Each company of the Group makes use of qualified local tax consultants and the Group, in order to mitigate the risk of tax non-compliance and to apply uniform tax management processes aligned with best practices, has started a process the gradual integration of all the Group companies into a leading international tax consultancy company. The global consultant, where already present according to the aforementioned integration process, has already assisted the Group with reference to the years 2019 and 2020 in the management of tax compliance according to the best practices on the subject, mitigating the risk of tax non-compliance to an adequate level and implementing a system for monitoring compliance with tax obligations and compliance in compliance with the specific legislation of each country.

Tax jurisdiction	Resident entity	Activity of the organization	Employees number	Net revenue - third parties	Net revenue - intercompany	Tangible assets other than cash and cash equivalents	Profit/ (loss) before taxes*	Income taxes paid on a cash basis	Income taxes accrued (current taxes)**
			number	€ ml	€ ml	€ ml	€ ml	€ ml	€ ml
Italy	Guala Closures S.p.A.	Industrial holding company for production, distribution, research and development	466	67.0	70.1	72.5	4.9	(1.0)	(0.7)
The Netherlands	Guala Closures International B.V.	Sub-Holding	1			0.0	12.2	(2.9)	(2.9)
Luxembourg	GCL International S.à r.l.	Sub-Holding, research and innovation	22	0.2	0.5	1.7	(3.9)	(0.0)	(0.0)
Italy	GCL Pharma S.r.l.	Production and distribution		2.2	0.1	0.0	0.0	(0.0)	(0.0)
Spain	Guala Closures Iberica S.A.	Production and distribution	147	34.6	2.5	14.3	(1.9)	(0.0)	0.0
Germany	Guala Closures Deutschland GmbH	Production and distribution	160	30.5	0.9	12.0	(3.5)	0.0	0.0
Turkey	Guala Closures Turkey	Production and distribution	10	0.4	0.0	0.4	(0.4)	0.0	0.0
United Kingdom	Guala Closures UK Ltd	Production, distribution, research and innovation	160	58.5	0.6	12.2	(1.2)	0.0	(0.0)
United Kingdom	Guala Closures UCP Ltd	Production and distribution	268	36.8	3.3	22.6	(6.6)	(0.3)	(0.3)
France	Guala Closures France	Production and distribution	25	13.1	0.4	3.0	(0.6)	(0.0)	(0.0)
Bulgaria	Guala Closures Bulgaria A.D.	Production and distribution	253	3.9	6.1	2.1	2.5	(0.3)	(0.3)
Belarus	Guala Closures BY LLC	Production and distribution	59	11.1	0.0	1.4	0.2	(0.0)	(0.0)
Ukraine	Guala Closures Technologia Ukraine LLC	Production, distribution, research and innovation	785	31.8	25.2	21.4	13.3	(2.1)	(2.9)
Polond	Guala Closures DGS Poland S.A.	Production and distribution	675	55.3	44.6	36.8	15.7	(3.7)	(2.5)
China	Beijing Guala Closures Ltd	Production and distribution	48	5.4	0.2	4.4	(0.4)	(0.1)	(0.1)
India	GualaClosures India Pvt Ltd	Production and distribution	576	54.1	1.5	32.1	8.0	(3.2)	(3.3)
Japan	Guala Closures Japan KK	Commercial office	2			0.0	(0.6)	(0.0)	(0.0)
Argentina	Guala Closures Argentina S.A.	Production and distribution	223	12.4	1.3	6.2	(1.7)	(0.0)	0.0
Brazil	Guala Closures do Brazil LTDA	Production and distribution	75	9.3	0.0	7.0	(0.7)	(0.2)	(0.2)
Colombia	Guala Closures de Colombia Ltda	Production and distribution	79	8.2	0.4	2.8	1.6	(1.0)	(0.7)
Mexico	Guala Closures Mexico S.A. de C.V.	Production, distribution, research and innovation	453	45.4	7.4	23.5	4.1	(2.3)	(1.9)
Chile	Guala Closures Chile SpA	Production and distribution	42	10.3	0.1	8.8	(2.0)	(0.0)	(0.0)
USA	Guala Closures North America Inc.	Production and distribution	14	26.8	0.0	1.7	1.2	0.0	(0.6)
Australia	Guala Closures Australia Holdings	Production and distribution	97	26.3	3.3	14.5	(1.2)	(0.1)	(0.2)
New Zealand	Guala Closures New Zealand Ltd	Production and distribution	43	11.9	0.5	6.2	1.3	(0.5)	(0.5)
South Africa	Guala Closures South Africa Pty Ltd	Production and distribution	168	11.6	0.1	10.0	(1.3)	0.0	0.0
Kenya	Guala Closures East Africa Limited	Production and distribution	1	5.0	0.0	2.0	(0.7)	0.0	0.0
Consolidation adjustments - Reversal of intra-group dividends							(49.2)		
Other consolidation adjustments						1.2	6.4		
Total			**4,852**	**572.0**	**169.1**	**320.8**	**(4.4)**	**(18.2)**	**(17.3)**

(*) Guala Closures S.p.A. (Italy) only recognizes the write-down of foreign tax credits deemed irrecoverable on the basis of the company's tax planning in current taxes. Guala Closures S.p.A. having a significant amount of tax losses that can be carried forward, it does not therefore recognize current taxes.

(**) The profits / (losses) reported refer to the result inferable from the 'Financial reporting package' of each company of the Group drawn up in accordance with the IFRS international accounting standards and may differ from the profits / (losses) resulting from the separate local financial statements of the individual companies drawn up in accordance with local legislation and locally accepted accounting principles.

1.14 Competition and corruption

The group's Code of ethics and ethics and social policy are the two pillars underpinning the group's employees' conduct and the awareness of all the parties involved about the respect for corporate integrity and sustainable development that the group pursues. In particular, those involved in the supply chain are required to actively comply with the ethics and social policy, ensuring the full respect for ethical aspects, avoiding any potential act of corruption, intimidation or fraud, and the group undertakes to do the same. Relationships with external communities must be based on respect for people, without discrimination or exploitation, and considering the suggestions and needs of the different parties. Respect for customers, suppliers and competitors is the root of the group's business relationships. As outlined in the Code of ethics, particular care is taken to avoid any anti-competitive practices:

"… the group intends to safeguard the value of fair competition by refraining from collusion, predatory behaviour and abuse of dominant position."

In its relationships with customers and suppliers, the group undertakes to comply with EU and national laws, which protect competition, and to compete solely on the basis of the quality of its products and service. The Code of ethics also explicitly states that any form of gift, exceeding normal commercial practices, which may be interpreted as favourable treatment in the conduct of any activity connected with the Guala Closures Group, is not permitted. This also applies to any gifts to public officials, auditors, directors of Guala Closures and subsidiaries, statutory auditors and their families, in order to influence the independence of judgement or gain benefits. In case of doubts or non-compliance, all persons involved must comply with the provisions of the Code of ethics, the provisions of the antitrust compliance policy and consult with the group's legal and general affairs department. In 2020, despite the slowdown in training caused by the pandemic, the awareness and training plan for the content of the Code of ethics continued, involving the relevant managers and employees.

In 2020, there were no incidents of corruption or anti-competitive behaviour.

1.15 Sustainability

The Guala Closures Group began to take an active commitment to sustainability in 2011 with an initial project involving the Italian facilities on 20 objectives covering 12 indicators for up to 2015.
The satisfactory results achieved (15 objectives achieved and exceeded, 3 partially achieved and 2 not achieved) and the lessons learnt enabled us to enter a second phase, extending the programme globally. The Working together for sustainable growth programme was launched in 2016, extending the sustainability goals to the entire group.
Guala Closures' sustainability strategy relies on three pillars:

- **Planet**: help preserve the planet
- **People**: promote and develop all the conditions for our employees' well-being
- **Business**: ensure customer and investor satisfaction with a focus on consumers and local communities.

The three pillars are described in the **Working together for sustainable growth** programme and reflect the ambitions for the future through an agenda made up of 12 indicators and 21 objectives to be achieved by 2022 (initially 2020, but rescheduled following the group's growth).

INDICATOR	OBJECTIVE
CO2 EMISSIONS Air emissions from production facilities and CO2 equivalent	Reduce carbon dioxide equivalent per tonne of finished product by 25% (Scope 1 and 2)
	Certify CO2 emissions (Scope 3)
	Develop partnerships with suppliers to reduce the use of raw materials and transport
ENERGY CONSUMPTION Consumption from all sources	Reduce energy consumed per tonne of finished product by 25%
	Facilitate the transition to energy consumption from renewable sources
WASTE Waste generated by type and destination	Reduce waste per tonne of finished product by 20%
	Reduce hazardous waste compared to total waste
	Zero waste to landfill.
RAW MATERIALS Raw materials, accessories and packaging	Reduce production scrap by 2%
	Increase the amount of recycled or environmentally-friendly aluminium
WATER RESOURCES Water withdrawal	Reduce water withdrawal per tonne of finished product by 20%
ENVIRONMENTAL MANAGEMENT Environmental management systems	Obtain the ISO 14001 certification for all group production facilities
HEALTH AND SAFETY Frequency and severity of injuries	Reducing the frequency rate indicator
TRAINING Type and hours of training provided	100% of employees with two hours of training on the sustainability plan
	Strengthening the internal resource development programme
DIVERSITY	Promote campaigns to raise awareness and foster social integration within the group.
PRODUCTION EFFICIENCY	Overall equipment efficiency >85%
INNOVATION	Development of 26 new patentable products
CUSTOMER SATISFACTION	On Time In Full delivery (OTIF)
	All facilities with SEDEX accreditation
	Obtain the ISO 22000 certification for all group production facilities

In 2020, the Group focused, in particular, on continuous improvement by strengthening the team and putting it under the supervision of the technical department for better coordination and support in the implementation of the improvement plans for the individual facilities.

Planet

National and international communities' growing sensitivity to environmental sustainability has led to increased awareness and attention throughout the production cycle in order to minimise the environmental impact. In recent years, social and technological trends related to climate risk have gradually emerged, impacting the context and continuing to influence changes in values and, consequently, the behaviour of generations, making them more sensitive to the purchase of environmentally-friendly products (recyclable materials, plastic-free products, etc.) and to companies that promote production and, more generally, a sustainable or zero-impact value chain.

Guala Closures operates in accordance with a rigorous environmental policy which applies to all its facilities. Similarly to the group's other policies, the environmental policy is characterised by a commitment to sustainable development, fully observing ethics and social values, product and occupational safety, combining all this with environmental protection through three fundamental pillars:

- research, development and improvement of products and processes based on the products' life cycle, with the aim of safeguarding the environment and saving energy, reducing pollution and CO_2 emissions per kg of finished product;
- the engagement of all stakeholders, especially in the supply chain, to involve them in the goals of the Sustainability plan;
- confirmation of respect for the environment as a company value through concrete and measurable actions.

This policy applies to all group facilities. Each general or facility manager is committed to complying with it, applying and disseminating it by sharing it with their organisation, setting concrete targets in accordance with the Sustainability plan.

Based on these assumptions, the Group developed its strategy on multiple topics in order to estimate the environmental footprint of all production resources and act in the event of critical issues. The programme covers six main topics and sets a total of 12 objectives. CO2 emissions, energy consumption, management of water resources, raw materials and waste, together with obtaining the ISO 14001 certification on environmental management, are the pillars of the "Working together for sustainable growth" programme.

People

The group's primary objective in maintaining its market leadership and developing its business is strictly and necessarily pursued by stimulating and promoting the personal and professional growth of its employees.
This path is promoted through training, greater involvement and the enhancement of individual sensitivities and respect for diversity, which fosters, within a shared framework, alignment with the company culture and its role as a company that produces economic and social value.

In all the countries in which it is present, the group works to guarantee its employees full respect for social and ethical principles, first and foremost respect for labour and workers, avoiding all forms of discrimination and ensuring complete compliance with the Fundamental Human Rights, as formulated in the United Nations Declaration.

The group maps social sustainability both within its facilities and its supply chain. The latter is assessed applying the EcoVadis platform's scoring processes and by filling in new supplier qualification questionnaires. The group's ethical/social standards are assessed through the SMETA audits offered on the SEDEX platform. The members of SEDEX, a not-for-profit organisation committed to improving the ethical performance of supply chains, share and manage information on occupational, health and safety, environment and work ethics standards through a navigable platform.
Participation confirms the members' willingness to maintain and consolidate high ethical standards and improve global policies and processes to avoid any potential incidents of human rights violations in their own operations and their supply chain.

All these values and aspirations make up the social strategy of the Working together for sustainable growth programme whose aim is to promote the wellbeing of employees by setting occupational safety, training and social inclusion objectives. Focus on training, encouraging engagement, enhancing multiculturalism and different sensitivities and attention to the safety and health of employees and freelancers are at the core of the Guala Closures Group's value system, whose objective is to pursue corporate values, foster a sense of belonging and engagement, stimulate professional growth and protect workers in respect of their rights and the dignity of their work.
Specifically, the "**zero accident**" strategy envisages a reduction in the frequency rates of work-related injuries, respect for diversity and the promotion of social inclusion through the Diversity and inclusion programme. Furthermore, it ensures solid knowledge of the Sustainability plan with two hours of specific training for each employee.

Business

As the world's leading manufacturer of closures, the group's main objective is to maintain and strengthen its leadership not only through ongoing product innovation, but also by continuously striving to fully satisfy its customers, consumers and investors.

Because of market trends, packaging companies are constantly faced with the major challenge to change not only product design and composition, but also how products are developed and created: we need to be fast, be able to manage many projects at the same time and be flexible about how we turn them into products, regardless of the volumes requested and the different designs. Careful observation of the markets is necessary in order to react promptly to changing trends and anticipate customer expectations.

Therefore, the Sustainability plan includes five objectives related to production efficiency, innovation and customer satisfaction.

By constantly monitoring business KPIs, the Group can promptly identify critical issues within the production and distribution chain, while the above objectives drive us to focus increasingly on product and process innovation and absolute transparency in our business.

Financial performance

2.1 Group performance

Key figures

	Reported figures			Like-for-like scope [1]		
	2019	2020		2019	2020	
(€ mln)		Spot exchange rates	Constant exchange rates [2]		Spot exchange rates	Constant exchange rates [2]
Net revenue [2]	**606.5**	**572.0**	**603.8**	**606.5**	**548.3**	**580.1**
% variation		*(5.7%)*	*(0.4%)*		*(9.6%)*	*(4.4%)*
Adjusted gross operating profit[2]	**113.5**	**98.0**	**104.2**	**113.5**	**99.6**	**105.8**
% variation		*(13.7%)*	*(8.2%)*		*(12.3%)*	*(6.8%)*
Adjusted gross operating profit margin	***18.7%***	***17.1%***	***17.3%***	***18.7%***	***18.2%***	***18.2%***

	December 31, 2019	December 31, 2020
Net financial indebtedness[3]	462.5	464.2

Employees	4,852
Facilities	30 production facilities and 3 sales offices in 25 countries on 5 continents
Patents and intellectual property rights	over 170

Note:

(1) *The like-for-like scope figures exclude the effect of the acquisition of Closurelogic's assets, 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.*

The group's key economic and financial indicators for 2020 show a slowdown in its organic growth, as this singular year, in which we experienced one of the largest global pandemics in modern human history, forced the group to slacken its pace. Covid-19 inevitably triggered a slump in revenue and a contraction in profit margins, with an impact concentrated mainly in the second and third quarters, when the virus containment policies significantly restricted travel and social gatherings and brought the entertainment and restaurant industry to a halt. It was only through the resilience of this anti-cyclical business, which enjoys steady demand even in the face of exogenous shocks, that the group was able to contain the effects of Covid-19 and consolidate economic and financial results that clearly demonstrate the group's potential in the near future, thereby laying a solid foundation on which to stand in this next, rapidly approaching stage of global economic recovery.

Excluding the Covid-19 impact, at constant exchange rates, the Group would have recorded growth of 6.4% in sales and 5.1% in adjusted gross operating profit (adjusted EBITDA) (€-41.7 million Covid-19 effect on sales volumes compared to the previous year and €-15.1 million Covid-19 effect on adjusted EBITDA compared to the previous year. For further details, see the section "Financial performance" of this chapter).

The trend over the quarters and the main countries in which the Group operates is briefly summarized.
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 an improvement in the 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 led to a drop in revenue (-9.7% at constant exchange rates) and the adjusted gross operating profit (-21.9% at constant exchange rates) due to, among other things, the outbreak containment measures implemented by the various local governments in the countries where the group operates, which caused a decline in on-premises consumption (at bars and restaurants) and sales in travel shops (duty free). On the other hand, the **third quarter** marked a recovery in sales volumes, with revenue reaching nearly the same levels as the previous year at constant exchange rates (-2.2%) and an adjusted gross operating profit at constant exchange rates above that for the same period of 2019 (+0.2%). This positive trend held strong in the **fourth quarter** of the year, and revenue at constant exchange rates outperformed the same period of 2019 by 6.3%, a result that was also reflected in revenue (+2.5% at constant exchange rates) on a like-for-like scope basis, and therefore excluding the dilution effect of the group's German operations.

The group managed to achieve satisfactory results for 2020, with revenue at constant exchange rates down by only 0.4% and adjusted gross operating profit at constant exchange rates down by 8.2%, by diversifying its business in terms of region, product and customer portfolio, and this softened the blow of Covid-19. The greatest impacts were seen in the Asian market, particularly the group's operations in India, and in the European market, especially in the UK, Italy and Spain, which were hardest hit by the pandemic, while the Americas and Africa performed well, posting actual revenue above that recorded in the previous year and thereby offsetting the impact of Covid-19 and contributing to remarkable annual results considering the operating context.

Specifically, in India, the group's business suffered a substantial drop in sales volumes in the second and third quarters due to the forced shuttering of four group facilities from March 22 to April 27, combined with the drop in domestic demand as a result of the ban on sales of alcohol between the end of March and the beginning of May and the closure of bars and restaurants for most of the year.

In the UK, the group's operations focus mainly on large global brands, which suffered the global Covid-19 outbreak and consequent restrictions on the HORECA market and on mobility. Indeed, these restrictions had a massive impact on the airline industry, with negative repercussions on travel shops/duty free sales, a crucial distribution channel for certain large global brands.

In Italy and Spain, the group's operations focus on the Spirits and Water & Beverage markets, which saw a decline in volumes due to Covid-19, mainly because of the restrictions on the HORECA segment and, with specific regard to the business in Spain, because of the drop in tourism during the summer.

On the other hand, the group's operations in the Americas grew as it expanded its penetration of the US market and sales volumes in this region rose significantly.

The adjusted gross operating profit is down 6.8% on a like-for-like scope basis and at constant exchange rates, with a profit margin substantially in line with the previous year (+18.2% in 2020 versus +18.7% in 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, profit margins in 2020 reflect the dilution effect of Closurelogic's business, whose integration into the group is in progress in order to achieve profit margins in line with the group's other companies.

Net financial indebtedness at December 31, 2020 amounts to €464.2 million, substantially in line with 2019 (€462.5 million), demonstrating management's tight focus on generating cash through careful management of cost containment, working capital and capex.

M&A activities in the 2020 period impacted net financial debt for €7.2 million.

Significant events of the year

The main events which affected the Guala Closures Group in 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. The consideration paid was €12.2 million.
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 €0.3 million, after having deducted from the initially agreed price certain trade payables that the buyer learned of only after the agreement had been signed.

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 fully diluted 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 paid 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. ("**SPSI**"), a company indirectly held by the Investindustrial VII L.P. investment fund, 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 that can be exercised 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 of directors 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 appropriate.

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 held 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.

On December 8, 2020, Special Packaging Solutions Investments S.à r.l. announced to the market that it had signed binding agreements for the acquisition of an equity investment in Guala Closures which, together with the shares that it already held, would constitute an interest of 48.9% of Guala Closures' fully diluted share capital[7]. As indicated in the press release of the announcement, once these binding agreements are finalised, SPSI will be required to promote a mandatory tender offer for all residual Guala Closures ordinary shares. Furthermore, in the press release, SPSI announced its intention to launch a voluntary tender offer for all Guala Closures market warrants.

BUSINESS:

Reorganisation of Beijing Guala Closures

In 2019, the premises' lessor informed Beijing Guala Closures that it intended 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 notices, the Chinese company has now received informal confirmation that the lease will not be terminated before the end of the term under the current contractual agreement.

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

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

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 example of innovative technology in the wine sector.

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

In March 2020, Jameson Irish Whiskey (Pernod Ricard) unveiled Jameson Connects, the new digital platform that allows consumers to get more from their bottle and feel closer to the brand. Using innovative NFC NĕSTGATE™ technology in the bottle cap, the Jameson Connects community can now enjoy incredible experiences and exclusive content, including awarded competitions ad distillery tours, updated every month.

Ballantine's: first e-commerce launch in China

Ballantine's has decided to equip its caps with Guala Closures' innovative NFC NĕSTGATE™ technology for the launch of Ballantine's Finest Limited Edition, "*The Clubs Collection*". For the campaign, four different bottle designs celebrate four iconic nightclubs in Europe, the Middle East and America celebrated as pioneers around the world: *Nitsa* in Barcelona, *Output* in New York, *Sub club* in Glasgow and *The Gärten by Uberhaus* in Beirut. These special bottles were sold exclusively online.

The campaign consists of four main steps:

- Check out online posts, then click on the link to the e-commerce site
- Buy a bottle
- Receive the bottle at home, scan the NFC closure using your smartphone
- After that, you can interact with the brand and the four nightclubs by playing games, watching videos and finding recipes for your drinks.

New launches 2020

During 2020, numerous repacks of the major world brands were tackled, which decided to collaborate with the Group in order to be able to launch new products on the market; the R&D centers have developed new closures with models (safety, luxury t-bar, roll-on and cosia) and the most varied decorations.

Guidelines for eco-design

In September 2020, the Guala Closures Group published its eco-design guidelines, a leap forward in the development of sustainable packaging.
Four sustainable closure design models were developed as part of the group's CSR programme and strategies. Guala Closures also set the target of using 35% recycled materials by 2025. The guidelines are meant to inspire the group and all its research and development teams.

New range of sustainable closures: Blossom

In November, the Guala Closures Group launched a new range of sustainable closures under the umbrella brand, Blossom ™. The creation of the Blossom ™ range of sustainable closures is an important step in achieving Guala Closures' corporate social responsibility (CSR) objectives and the result of a long-term commitment to designing sustainable solutions. Each new closure follows one of the four design models defined in the Group's eco-design guidelines.

Sign an exclusivity contract with Oceanworks

In December, an exclusivity agreement was signed with Oceanworks®, the largest global marketplace for sustainable materials, in order to develop a line of T-bar closures manufactured using ocean plastic. Oceanworks®, based in California, is a digital platform capable of guaranteeing the supply of recycled material from coastal ecosystems, in the vicinity of which there is a high risk due to the fact that these materials can easily end up in the ocean, contributing to its pollution. Oceanworks® will supply the Guala Closures Group with 100% recycled polymers that will be used for the development of Guala closures. These polymers will initially be used in the production of the T-bar models for spirits included in the recently launched Blossom ™ range and more models will be introduced soon. The closures produced with Oceanworks® polymers, 100% recycled, are designed following the "design to change" model of the eco-design guidelines recently published by the company.

Awards 2020

In early 2020, Guala Closures received the "**WorldStar Packaging Award**" for e-WAK (the closure for wine, part of the range of NĕSTGATE e-closures). The contest, organised by the WPO (World Packaging Organization), was held in Bali (Indonesia) in November 2019, with representatives of 36 WPO packaging associations judging the 321 submitted projects from 36 countries.

The first edition of the **Food & Wine Italy Awards** was held on February 19, 2020 to celebrate and reward talent, innovation and corporate social responsibility in the food and wine industry. Guala Closures and Vigneti Massa shared the special award for "Innovation in the wine sector" for NĕSTGATE TM e-closures, a world-class example of innovative technology in the wine sector in Europe.

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

Covid-19 emergency

The worldwide outbreak of Covid-19 and the consequent restrictive measures implemented by the public authorities of the affected countries to contain it characterised the 2020 international scenario. In addition to its enormous social impact, this ongoing public health emergency is also having direct and indirect effects on general economic performance and on consumption and investments, leading to 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.

To this end, 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. Specific business continuity plans have been prepared with the group's key customers specifically for this purpose.

In addition to the measures taken to prevent the spread of Covid-19, such as the distribution of disposable masks and gloves, social distancing between workers, measuring body temperature when entering the workplace and the sanitisation of all premises every two weeks, the group entered into a Covid-19 insurance policy with AON, a leading insurance company, covering all its workers worldwide.
Furthermore, the group's focus on the communities in which it operates has seen it begin production of polycarbonate face shields in Luxembourg which are sold to businesses in order to finance the free supply of such face shields to healthcare structures in Italy, Spain, France and Luxembourg.

In 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 half of 2020 in order to limit the effect on the profit margin.
These policies have resulted in the use of welfare benefits or tax relief in countries where the local government provided them, optimising production through the planning of employees' time off, reducing its reliance on temporary staff, cutting overtime hours and reducing the workforce.

In financial terms, the group's liquidity, both current and prospective, was monitored constantly. In 2020, there were no significant impacts on collection or payment times 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, 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 2020, 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.

Financial performance

ANALYSIS OF THE FINANCIAL PERFORMANCE

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

Income statement	2019		2020	
	(€'000)	% of net revenue	(€'000)	% of net revenue
Net revenue	**606,546**	**100.0%**	**572,035**	**100.0%**
Change in finished goods and semi-finished products	1,929	0.3%	1,791	0.3%
Other operating income	4,945	0.8%	5,592	1.0%
Internal work capitalised	5,087	0.8%	5,437	1.0%
Costs for raw materials	(263,706)	(43.5%)	(243,380)	(42.5%)
Costs for services	(109,874)	(18.1%)	(105,808)	(18.5%)
Personnel expense	(125,316)	(20.7%)	(129,873)	(22.7%)
Other operating expense	(10,895)	(1.8%)	(9,794)	(1.7%)
Impairment losses	(599)	(0.1%)	(3,378)	(0.6%)
Gains on sales of equity investments	-	-	2,830	0.5%
Gross operating profit	**108,117**	**17.8%**	**95,452**	**16.7%**
Amortisation and depreciation	(62,909)	(10.4%)	(64,734)	(11.3%)
Operating profit	**45,208**	**7.5%**	**30,719**	**5.4%**
Financial income	11,263	1.9%	12,838	2.2%
Financial expense	(39,683)	(6.5%)	(47,992)	(8.4%)
Net financial expense	**(28,420)**	**(4.7%)**	**(35,154)**	**(6.1%)**
Profit (loss) before taxation	**16,788**	**2.8%**	**(4,435)**	**(0.8%)**
Income taxes	(2,129)	(0.4%)	(1,483)	(0.3%)
Profit (loss) for the year	**14,659**	**2.4%**	**(5,918)**	**(1.0%)**
Attributable to:				
- the owners of the parent	7,705	1.3%	(14,546)	(2.5%)
- non-controlling interests	6,954	1.1%	8,627	1.5%

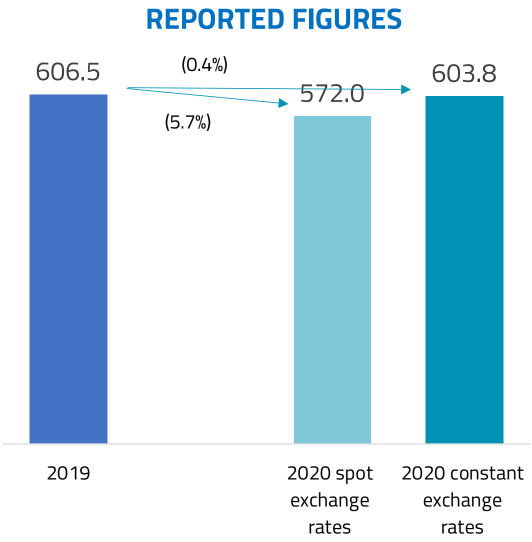
Adjusted gross operating profit	**113,543**	**18.7%**	**97,972**	**17.1%**

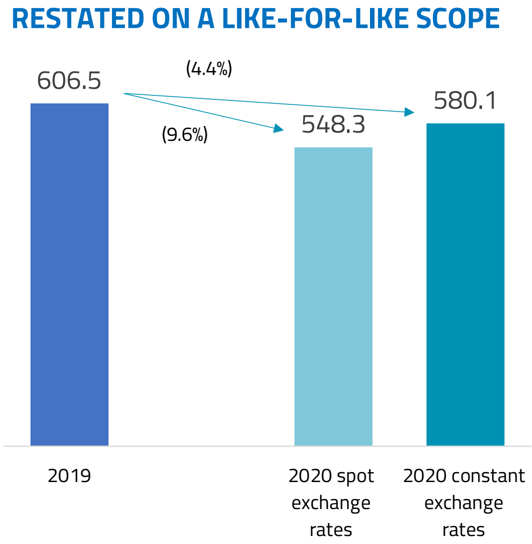
Note:

- *For information on the calculation of the adjusted gross operating profit reference should be made to page 77.*

NET REVENUE

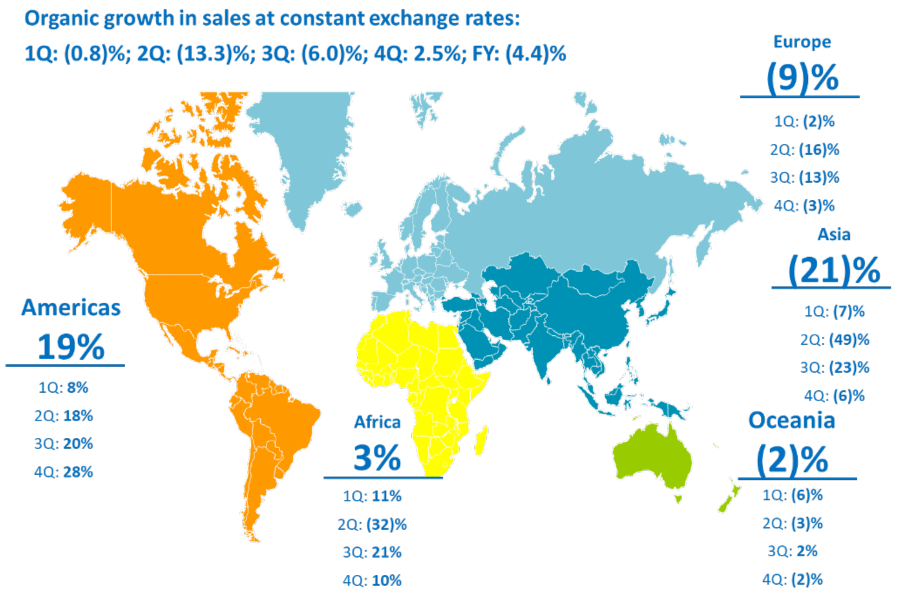
The following charts illustrate the 2020 trend in revenue compared to 2019.
The restated like-for-like scope figures exclude €23.7 million deriving from the net effect of the consolidation of Closurelogic's assets in 2020 (+€30.9 million) and the normalisation of the effects of the sale of the Spanish assets of the PET division in the second half of 2019 (-€1.2 million) and the sale of GCL Pharma in April 2020 (-€6.0 million).





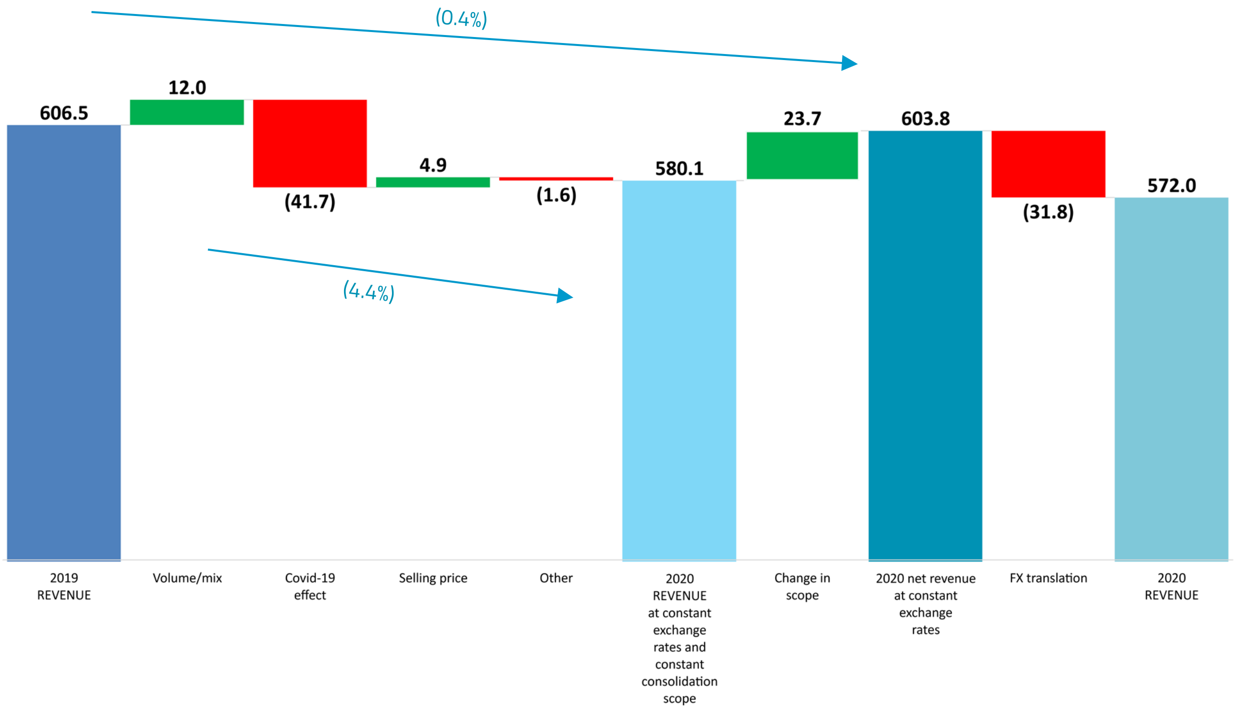
In 2020, consolidated net revenue totalled €572.0 million, down €34.5 million (-5.7%) on 2019 at spot exchange rates and down €2.7 million (-0.4%) at constant exchange rates.
The negative translation impact on revenue for 2020 came to €31.8 million following the appreciation of the Euro against almost all currencies with which the group operates.
The change in consolidation scope generated a positive contribution of €23.7 million.

On a like-for-like scope basis and at constant exchange rates, consolidated net revenue would have been €580.1 million, down €26.4 million (-4.4%) on 2019, mainly because of the effects of the global Covid-19 outbreak.



As shown in the chart above, following a rocky second quarter, sales on a like-for-like scope basis and at constant exchange rates recovered in the third quarter and grew in the fourth compared to 2019.

The chart below shows the difference between net revenue for 2019 and 2020:



As illustrated in the chart above, consolidated volumes grew by €12.0 million in 2020 and the price increase policy generated a benefit of €4.9 million. However, these positive effects were completely offset by the estimated impact of a loss of sale volumes (approximately -€41.7 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 38% 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 18% 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 20% and 11% 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.
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.

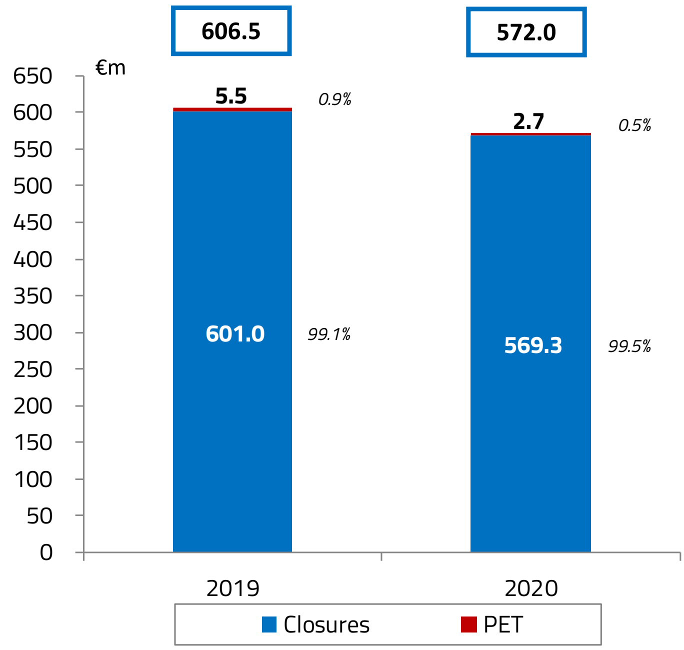
Below is a description of the effects indicated in the bridge of net revenue 2019-2020:
The "**Volume/mix effect**" includes the change in sales due to a change in the volume/mix of products sold and due to the impact of foreign currency transactions. It is calculated according to the following definitions:

- 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 effect on volumes**" specifically determined as the estimated increase/decrease in sale volumes resulting from the impacts of the Covid-19 pandemic. On one hand, this effect consists of the loss of sale volumes due to the shutdown of facilities pursuant to specific local regulations, alcohol sale bans in certain jurisdictions, the reduction in demand as a result of restrictions on travel, with repercussions on the HORECA sector and the related drop in consumption in the on-premises and travel shops/duty free channels, as well as the decrease in sales due to potential logistics issues in the supply chain. On the other hand, the Covid-19 effect reflects the increases in sale volumes due to customers' increases in their safety stocks and the rise in demand in the off-premises channels (supermarkets and e-commerce).
The "**Selling price effect**" is calculated by each group company as the difference in the average price of the current year versus the previous year, applied to the unit volume of the reporting year.
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 year.
The "**Translation effect**" is generated at consolidation level following the translation into Euros of subsidiaries' sales in local currency.
"**Other**" includes non-core sales (e.g., the sale of aluminium scraps) and residual amounts not specified in the aforementioned categories, as well as the "hyperinflation effect" of the revaluation of the Argentine peso following the application of IAS 29 (-€0.7 million in 2020).

NET REVENUE BY DIVISION

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



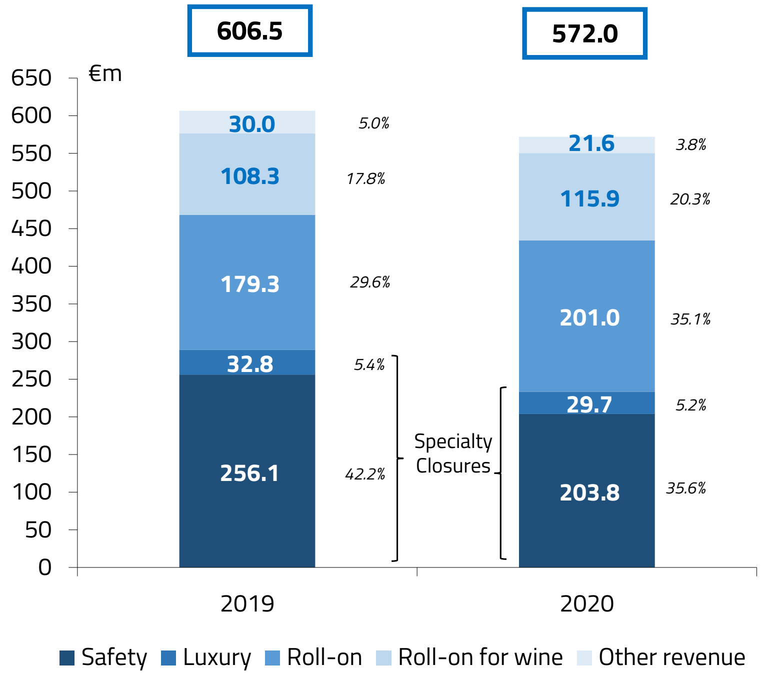
As the group's core business, the "Closures" division accounts for over 99% of net revenue in 2020. It is specialised in the production of safety closures, customised luxury closures, aluminium closures for wine, standard roll-on closures and closures for the pharmaceutical sector.

The net revenue of the Closures division decreased by €31.7 million (-5.3%) in 2020 from €601.0 million in 2019 to €569.3 million in 2020.

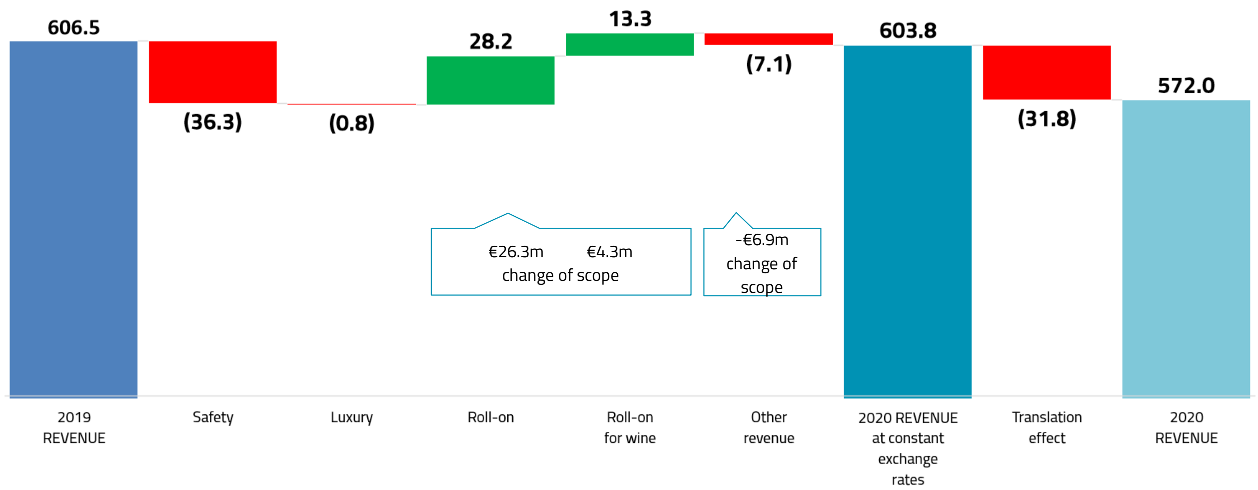
The "PET" division, active in the production of PET bottles and miniatures, is no longer considered a core business for the group. Its revenue decreased in 2020 as a consequence of the reorganisation of the division in 2019 entailing the transfer of part of the plant and machinery. As the PET division 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)	2019	2020	change		% change	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Safety (Specialty Closures)	256.1	203.8	(52.4)	(36.3)	(20.4%)	(14.2%)
Luxury (Specialty Closures)	32.8	29.7	(3.1)	(0.8)	(9.4%)	(2.6%)
Roll-on	179.3	201.0	21.7	28.2	12.1%	15.7%
Roll-on for wine	108.3	115.9	7.6	13.3	7.0%	12.3%
Other revenue	30.0	21.6	(8.4)	(7.1)	(28.0%)	(23.6%)
Total net revenue	**606.5**	**572.0**	**(34.5)**	**(2.7)**	**(5.7%)**	**(0.4%)**

Revenue from **safety** closures decreased by €52.4 million from €256.1 million in 2019 (42.2% of net revenue) to €203.8 million in 2020 (35.6%), with a negative translation impact of €-16.1 million.

At constant exchange rates, net revenue would have decreased by €36.3 million or 14.2% mainly as a consequence of the lower sales following the Covid-19 outbreak, which mainly impacted the spirits market.

Revenue from **luxury** closures decreased by €3.1 million from €32.8 million in 2019 (5.4% of net revenue) to €29.7 million in 2020 (5.2%), with a negative translation impact of €-2.2 million.
At constant exchange rates, the net revenue of this segment would have decreased by only €0.8 million (-2.6%) compared to 2019.

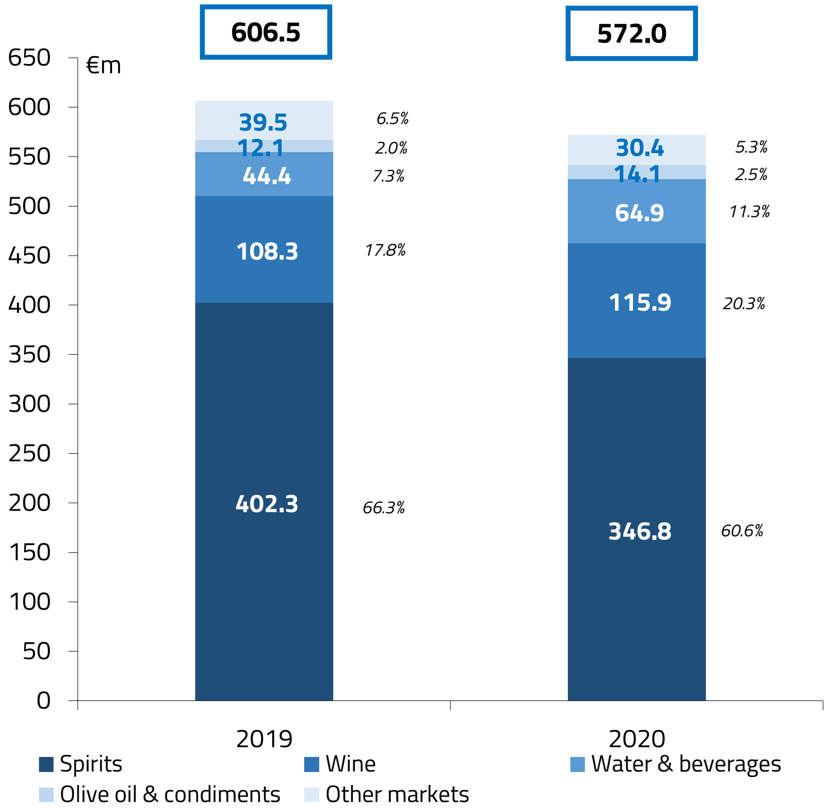
Revenue from **roll-on** closures increased by €21.7 million from €179.3 million in 2019 (29.6% of net revenue) to €201.0 million in 2020 (35.1%), with a negative translation impact of €6.5 million. This increase was mainly due to the acquisition of Closurelogic's assets (€26.3 million).

Revenue from the sale of **roll-on closures for wine** increased by €7.6 million from €108.3 million in 2019 (17.8% of net revenue) to €115.9 million in 2020 (20.3%), despite begin penalised by the negative translation impact (€-5.7 million).
At constant exchange rates, net revenue from wine closures would have increased by €13.3 million, or 12.3%, on 2019 mainly as a consequence of the acquisition of Closurelogic's assets (which contributed around €4.3 million) and the growth in sales in the UK, Chile and North America.

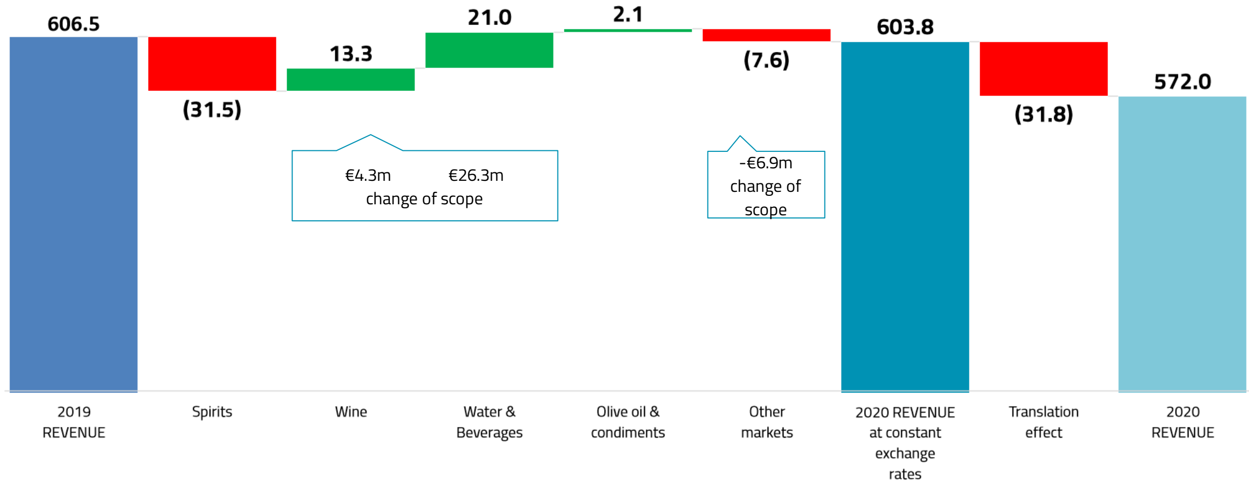
Other revenue decreased by €8.4 million from €30.0 million in 2019 (5.0% of net revenue) to €21.6 million in 2020 (3.8%). Other revenue include that realised from the sale of closures for the pharmaceutical sector, PET and other revenue not included in the previous categories. The reduction is mainly due to the sale of GCL Pharma in April 2020 and the sale of part of the PET business in 2019.

NET REVENUE BY DESTINATION MARKET

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



Source: *Internal data*



(€ mln)	**2019**	**2020**	**change**		**% change**	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Spirits	402.3	346.8	(55.4)	(31.5)	(13.8%)	(7.8%)
Wine	108.3	115.9	7.6	13.3	7.0%	12.3%
Water & beverages	44.4	64.9	20.5	21.0	46.2%	47.2%
Olive oil & condiments	12.1	14.1	2.0	2.1	16.3%	17.4%
Other markets	39.5	30.4	(9.2)	(7.6)	(23.2%)	(19.2%)
Total net revenue	**606.5**	**572.0**	**(34.5)**	**(2.7)**	**(5.7%)**	**(0.4%)**

Net revenue in the **spirits market** decreased by €55.4 million from €402.3 million in 2019 (66.3% of net revenue) to €346.8 million in 2020 (60.6%), with a negative translation impact of €-23.9 million. At constant exchange rates, the net revenue of this segment would have decreased by €31.5 million (-7.8%) compared to 2019.
The reduction is mainly due to the negative impact of Covid-19 on sales, particularly lower sales in the UK, India, Poland, Italy, Spain and Colombia for the reasons described earlier.

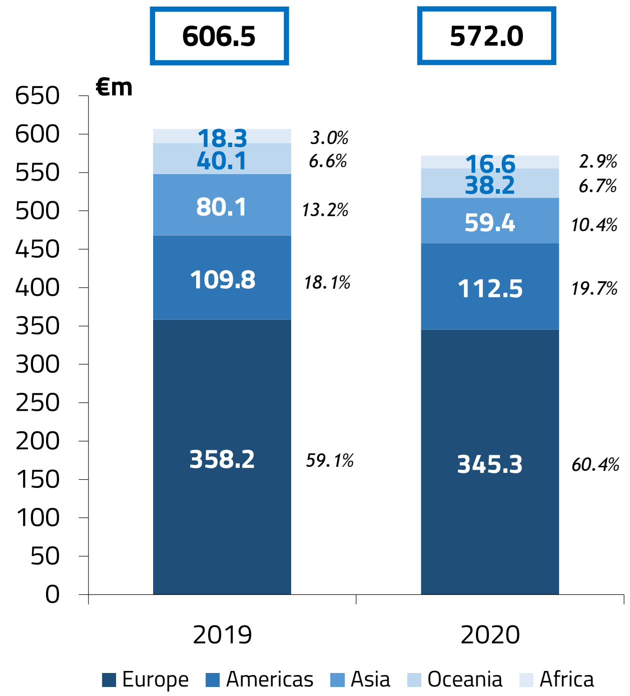
The **wine market** is the group's second largest destination market and generated 20.3% of net revenue in 2020.

Revenue from the sale of wine closures rose €7.6 million from €108.3 million in 2019 (17.8% of net revenue) to €115.9 million in 2020 (20.3%), despite being penalised by the negative translation effect (€-5.7 million).
At constant exchange rates, net revenue from wine closures would have increased by €13.3 million, or 12.3%, on 2019 mainly as a consequence of the acquisition of Closurelogic's assets (which contributed around €4.3 million) and the growth in sales in the UK, Chile and North America.

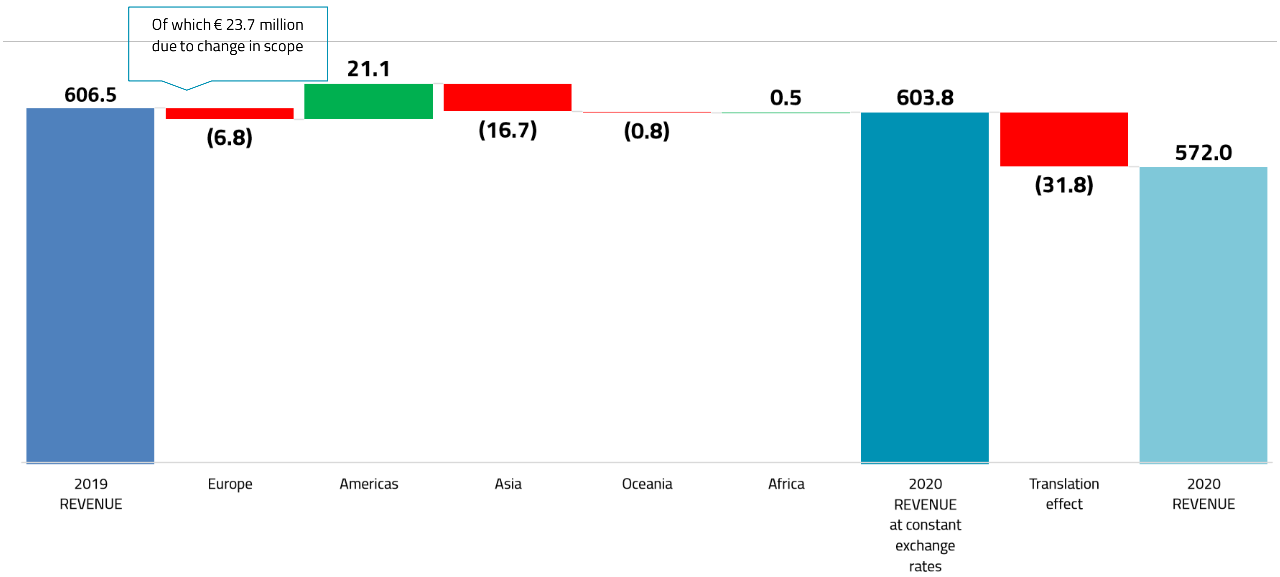
The increase in the **water & beverages market** (which in 2020 accounts for 11.3% of net revenue compared to 7.3% in 2019) reflects the acquisition of Closurelogic's assets, which are mainly in this market.

NET REVENUE BY GEOGRAPHICAL SEGMENT

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



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



(€ mln)	2019	2020	Change		% change	
			Spot exchange rates	Constant exchange rates	Spot exchange rates	Constant exchange rates
Europe	358.2	345.3	(12.9)	(6.8)	(3.6%)	(1.9%)
Americas	109.8	112.5	2.7	21.1	2.5%	19.2%
Asia	80.1	59.4	(20.7)	(16.7)	(25.8%)	(20.8%)
Oceania	40.1	38.2	(1.9)	(0.8)	(4.7%)	(1.9%)
Africa	18.3	16.6	(1.7)	0.5	(9.3%)	2.6%
Total net revenue	**606.5**	**572.0**	**(34.5)**	**(2.7)**	**(5.7%)**	**(0.4%)**

Net revenue from operations in Europe decreased by €12.9 million from €358.2 million in 2019 (59.1% of net revenue) to €345.3 million in 2020 (60.4%), with a negative translation impact of €-6.1 million.
The decrease is mainly due to the change in scope (€23.7 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. in the second quarter of 2020. 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 €2.7 million from €109.8 million in 2019 to €112.5 million in 2020 (impacts of 18.1% and 19.7% of net revenue, respectively), despite the negative translation impact of €-18.4 million recorded mainly in Mexico, Argentina and Brazil.
At constant exchange rates, the net revenue of this region would have increased by €21.1 million (+19.2%) compared to 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 €2.7 million) and in Mexico due to greater sales in the US market (positive impact of €0.7 million) and the increase in sales in the Chilean wine market. The total net effect of Covid-19 in the Americas was €-1.1 million.

Net revenue from operations in Asia went from €80.1 million in 2019 (13.2% of net revenue) to €59.4 million in 2020 (10.4%). 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 (the entire region had an overall negative impact of €-17.2 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 €1.9 million from €40.1 million in 2019, or 6.6% of net revenue, to €38.2 million in 2020, or 6.7%, including the negative translation impact of €-1.1 million. At constant exchange rates, the net revenue of this region decreased by €0.8 million, or 1.9%, on 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 Covid-19 outbreak has partly eroded sales volumes.

Net revenue from operations in Africa decreased by €1.7 million from €18.3 million in 2019 (3.0% of net revenue) to €16.6 million in 2020 (2.9%), with a negative translation impact of €-2.2 million.
At constant exchange rates, the net revenue of this region would have increased by €0.5 million (+2.6%) compared to 2019.
The decrease in revenue is due to operations in South Africa and, in particular, 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 & beverage and pharma markets included in the essential supply chain by the South African government (overall impact of €-2.5 million).
Despite Covid-19, operations in Kenya continue to grow at sustained rates on the previous year, partly offsetting the downturn 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 €0.6 million from €4.9 million in 2019 (0.8% of net revenue) to €5.6 million in 2020 (1.0%), mainly due to higher government grants received in 2020.

INTERNAL WORK CAPITALISED

This caption increased by €0.3 million from €5.1 million in 2019 (0.8% of net revenue) to €5.4 million in 2020 (1.0%). Internal work capitalised includes capitalised development expenditure and internal personnel expense for extraordinary maintenance on property, plant and equipment.

COSTS FOR RAW MATERIALS

Costs for raw materials decreased by €20.3 million from €263.7 million in 2019 (43.5% of net revenue) to €243.4 million in 2020 (42.5%), despite the effect of the change in the consolidation scope which, in 2020, also includes the operations of Guala Closures Deutschland and Turkey (+€18.0 million), partly offset by a decrease in costs due to the deconsolidation of GCL Pharma (-€2.8 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 2019 (from 43.5% to 42.5%), mainly due to lower raw materials prices (aluminium and plastic).

COSTS FOR SERVICES

Costs for services decreased by €4.1 million from €109.9 million in 2019 (18.1% of net revenue) to €105.8 million in 2020 (18.5%) 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 previous year, travel 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 €4.6 million from €125.3 million in 2019 (20.7% of net revenue) to €129.9 million in 2020 (22.7%), mainly as a result of the change in the consolidation scope (approximately €7.2 million).

On a like-for-like scope basis, personnel expense decreased by €2.6 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.

This resulted in a decrease in personnel expense, mainly in those European countries hit the hardest by the Covid-19 pandemic, particularly the United Kingdom, where the social shock absorbers introduced by the UK government (furlough) meant production could be reduced commensurate with the lower sales volumes using this income support measure, and in Spain and in Italy, where production was optimised by scheduling holiday leave for employees, concentrating production on the weekdays, avoiding production during the weekend and curtailing bonuses.

In India and South Africa, where the extremely 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 fewer overtime hours worked, the greater use of holiday leave and the decrease in employee numbers in South Africa.

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

In Colombia, where only closures for disinfectants were produced from March 20 to May 11, savings were achieved in personnel expense by using holidays and the assistance granted by the local government, which suspended welfare contributions for two months.

OTHER OPERATING EXPENSE

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

(€'000)	2019	2020	diff.
Accruals to loss allowances	3,667	2,074	(1,594)
Taxes and duties	2,280	2,993	713
Use of third-party assets	2,258	1,964	(294)
Impairment losses on trade receivables and contract assets	39	791	752
Other charges	2,651	1,972	(679)
Total	**10,895**	**9,794**	**(1,101)**

Other operating expense decreased by €1.1 million from €10.9 million in 2019 (1.8% of net revenue) to €9.8 million in 2020 (1.7%), mainly due to the smaller accruals to loss allowances, which mainly refer to accruals for company reorganisation and returns.

The reduction mainly relates to the smaller accruals for company reorganisation following the accruals of 2019 for the reorganisations of the PET division (€1.6 million), Guala Closures France (€0.9 million) and Guala Closures UCP (€0.1 million). In 2020, the accruals for company reorganisation mainly consist of that by Guala Closures UCP, which in June began a reorganisation process entailing around 30 redundancies and a cost of approximately €0.6 million, and the accrual of €0.3 million for Closurelogic's planned reorganisation.

IMPAIRMENT LOSSES

They increased by €2.8 million from €0.6 million in 2019 (0.1% of net revenue) to €3.4 million in 2020 (0.6%). Impairment losses in 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 2020 include €3.4 million to adjust the carrying amount of the group's proprietary patents to their value in use following the adjustment of the sales estimates of the products covered by these patents.

GAINS ON SALES OF EQUITY INVESTMENTS

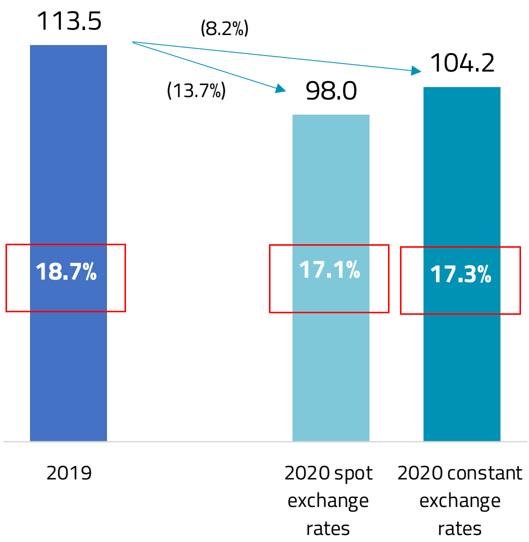
This caption amounts to €2.8 million in 2020 and relates to the gain realised in April 2020 on the sale of the investment in GCL Pharma S.r.l..

ADJUSTED GROSS OPERATING PROFIT

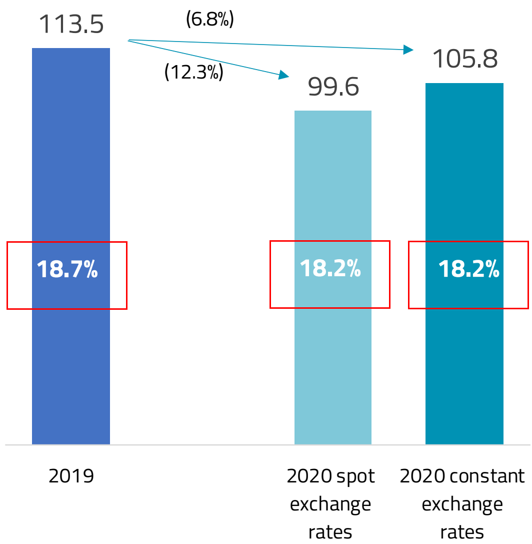
In 2020, the adjusted gross operating profit totals €98.0 million, down €15.6 million (-13.7%) on 2019 (€113.5 million), including the negative translation impact of €6.2 million following the appreciation of the Euro against almost all currencies with which the group operates.
At constant exchange rates, the adjusted gross operating profit is €9.3 million (-8.2%) lower than in 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 -€15.1 million).

The following charts show the trend in the adjusted gross operating profit for 2020 compared to 2019. The figures restated on a like-for-like scope basis exclude the -€1.6 million effect of the change in scope.

REPORTED FIGURES



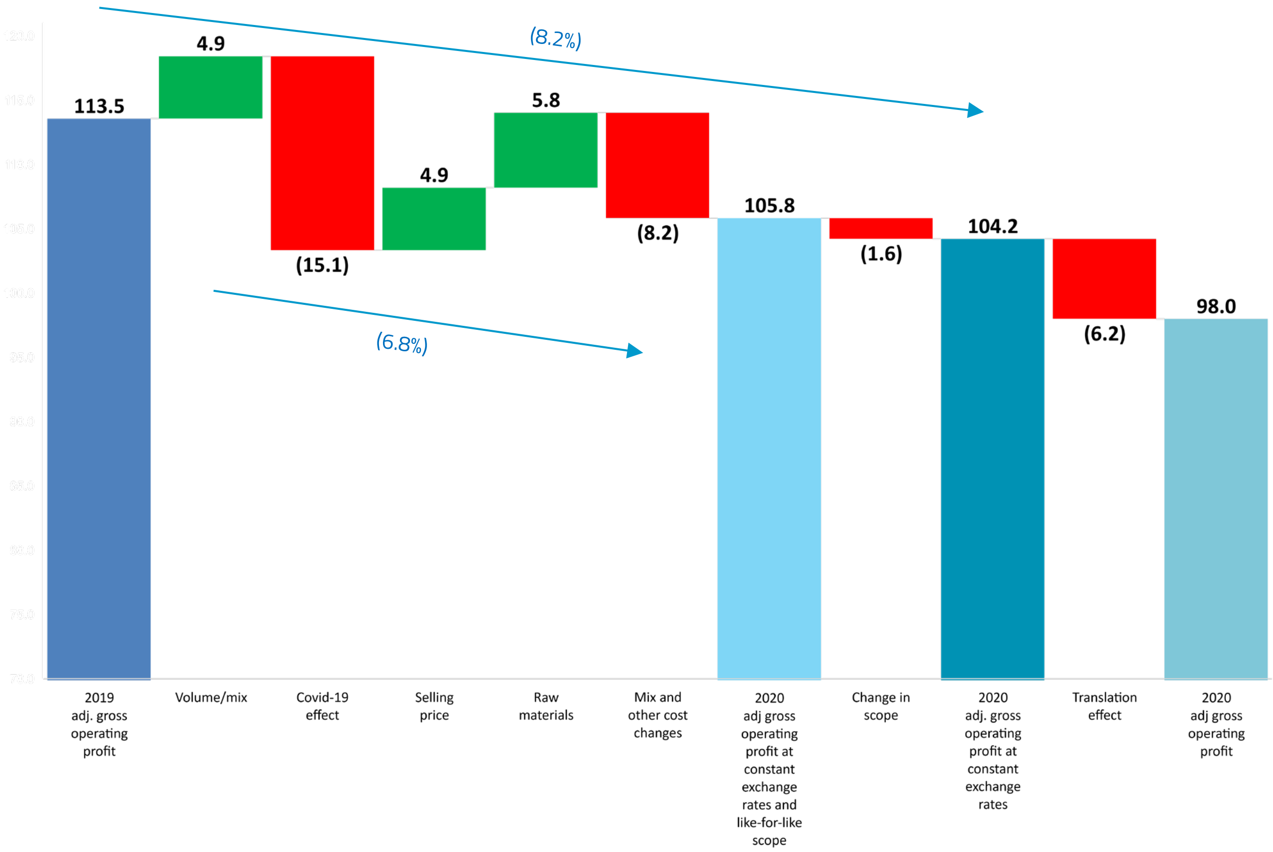
RESTATED ON A LIKE-FOR-LIKE SCOPE



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

As a percentage of net revenue, the adjusted gross operating profit for 2020 is 17.1%, compared to 18.7% in 2019 due to the dilution effect caused by the consolidation of Closurelogic's assets acquired in 2020. On a like-for-like scope basis and at constant exchange rates, the 2020 profit margin would have been 18.2%

The chart below shows the difference between adjusted gross operating profit in 2019 and 2020.



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 2020, totalling €4.9 million, mainly because of the group's higher sale volumes, excluding the contraction due to the Covid-19 pandemic and the translation effect.

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

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

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

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

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

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

The "**Change in scope**" shows the adjusted gross operating profit from the consolidation of Closurelogic's 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 year reflects the negative translation impact (-€6.2 million).
The reduction in the adjusted gross operating profit at constant exchange rates is mainly due to the results of smaller sale volumes because of Covid-19.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation increased by €1.8 million from €62.9 million in 2019 (10.4% of net revenue) to €64.7 million in 2020 (11.3%).

FINANCIAL INCOME AND EXPENSE

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

(€'000)	**2019**	**2020**	**diff.**
Net interest expense	(21,255)	(20,384)	871
Net exchange losses	(4,556)	(9,064)	(4,507)
Net fair value gains (losses) on market warrants	465	(2,092)	(2,556)
Net fair value gains (losses) on currency derivatives	(485)	308	793
Net fair value losses on liabilities to non-controlling investors	(2,311)	(2,074)	237
Net other financial expense	(277)	(1,849)	(1,571)
Net financial expense	**(28,420)**	**(35,154)**	**(6,734)**

Net financial expense increased by €6.7 million from €28.4 million in 2019 to €35.1 million in 2020.
This increase is mainly due to the increase in net exchange losses (€4.5 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 (€2.6 million). These negative effects were partly offset by the following positive factors:

a. €0.9 million decrease in net interest expense;
b. positive impact of €0.8 million due to the fair value gains on currency derivatives.
c. positive impact of €0.2 million due to the fair value gains on liabilities to non-controlling investors.

INCOME TAXES

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

(€'000)	2019	2020	diff.
Current taxes	(20,511)	(17,257)	3,254
Deferred taxes	18,382	15,774	(2,608)
Total income taxes	**(2,129)**	**(1,483)**	**646**

Income taxes decreased by €0.6 million from €2.1 million in 2019 (0.4% of net revenue) to €1.5 million in 2020 (0.3%). The decrease in the tax burden is mainly due to lower current taxes, partly offset by the reduced reversal of deferred taxes.

Current taxes in 2020 decreased by €3.2 million on 2019 mainly due to the contraction in the group's results because of Covid-19, with specific regard to the group's business in India. The reduction in current taxes in the countries hardest hit by Covid-19 was partly offset by an increase in the current taxes on the group's business where actual results are up on the previous year, e.g., the group's operations in Ukraine and United States.

The decrease in deferred taxes is mainly due to the smaller reversal of deferred taxes on the gains recognised in connection with the group's PPA procedure and, in particular, the one-time recognition in 2019 of the €4.0 million reversal of deferred taxes recognised on the gains that arose in connection with the PPA procedure for the group's operations in India following the reduction in the tax rate applicable in India from 35% to 25%.

PROFIT (LOSS) FOR THE YEAR

The loss for 2020 amounts to €5.9 million, down €20.6 million on the profit of €14.7 million for the previous year.

The decrease on 2019 is mainly due to the following effects: the contraction in the gross operating profit (loss) (-€12.7 million), the increase in net financial expense (-€6.7 million, of which -€4.5 million for greater exchange losses as the Euro appreciated against the other currencies with which the group operates) and the increase in amortisation and depreciation (-€1.8 million), partly offset by lower taxes (+€0.6 million).

Reclassified statement of financial position

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

(€'000)	December 31, 2019	December 31, 2020
Intangible assets	872,035	830,239
Property, plant and equipment	228,911	220,793
Right-of-use assets	27,630	16,516
Net working capital	127,880	123,806
Investments in associates	-	1,028
Derivative assets (liabilities)	(162)	634
Employee benefits	(6,599)	(9,631)
Other net liabilities	(122,123)	(103,214)
Net invested capital	**1,127,572**	**1,080,170**
Financed by:		
Net financial liabilities to third parties	468,378	476,109
Financial liabilities - IFRS 16 effects	20,358	16,986
Financial liabilities to non-controlling investors	26,958	29,032
Market warrants	3,873	5,965
Cash and cash equivalents	(57,056)	(63,882)
Net financial indebtedness	**462,511**	**464,210**
Equity	**665,060**	**615,959**
Sources of financing	**1,127,572**	**1,080,170**

INTANGIBLE ASSETS

The €41.8 million reduction in intangible assets compared to December 31, 2019 mainly refers to amortisation of 2020 (approximately €19.9 million), the negative translation effect (€18.2 million; for additional information reference should be made to the note to Equity), the sale of GCL Pharma's assets on 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 (€3.4 million) following the update of the estimates of the sales volumes of the products covered by these patents, partly offset by the increase due to the assets acquired (€0.9 million) in the acquisition of Guala Closures Deutschland and capital expenditure of the year (€2.3 million).

PROPERTY, PLANT AND EQUIPMENT

The €8.1 million reduction in property, plant and equipment compared to December 31, 2019 mainly refers to depreciation of 2020 (€39.1 million), the negative translation effect (€16.2 million; for additional information reference should be made to the note to Equity), partly offset by the €6.8 million increase due to the change in scope following the acquisition of Closurelogic's assets (net of the sale of GCL Pharma's assets sold in April 2020), the net investments of the year (€31.0 million) and a reclassification of €9.4 million from "Right-of-use assets" after Guala Closures S.p.A. exercised the purchase option on the leased warehouse.
Net capital expenditure in 2020, totalling €31.0 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 year, 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 December 31, 2020, right-of-use assets amount to €16.5 million and mainly relate to the leases of the facilities where the group operates.
This caption decreased by €11.1 million due to depreciation (roughly €5.8 million), the negative translation effect (approximately €1.4 million; for additional information reference should be made to the note to Equity) and the reclassification of €9.4 million to "Property, plant and equipment" after Guala Closures S.p.A. exercised the purchase option on the leased warehouse, partly offset by the capitalisation of right-of-use assets (around €4.4 million) and the effect of the change in scope following the acquisition of Closurelogic's assets (approximately €1.3 million), net of the sale of GCL Pharma's assets in April 2020 (€0.3 million).
Amounts capitalised in the year mostly refer to the renewal of property leases.

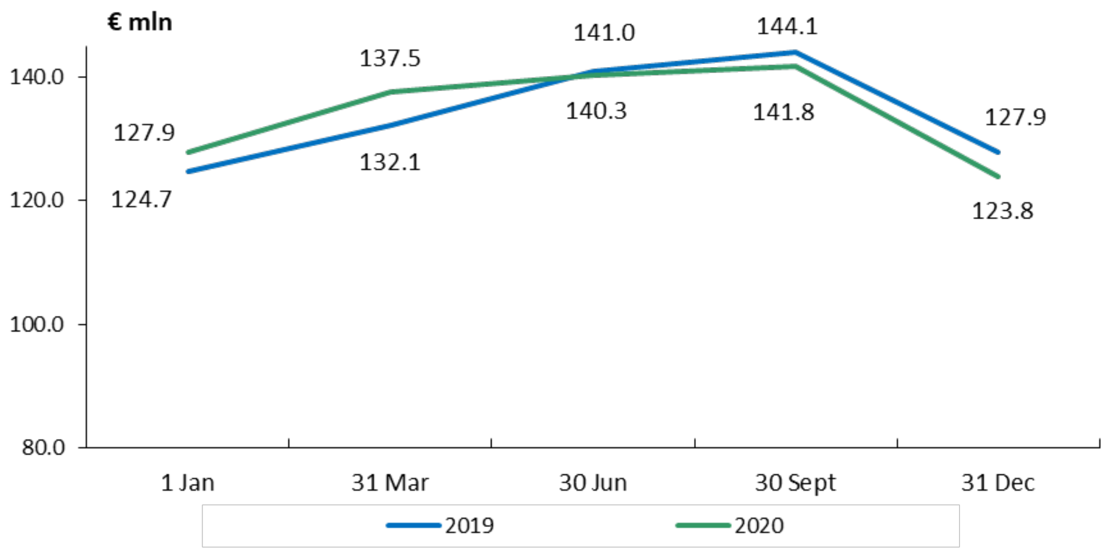
NET WORKING CAPITAL

The table below provides a breakdown of net working capital:

(€'000)	December 31, 2019	December 31, 2020
Inventories	100,342	100,021
Trade receivables	104,093	92,620
Trade payables	(76,556)	(68,835)
Net working capital (*)	**127,880**	**123,806**

(*) These figures do not match those used to calculate the change in working capital in the statement of cash flows for the applicable year 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 B) to this report

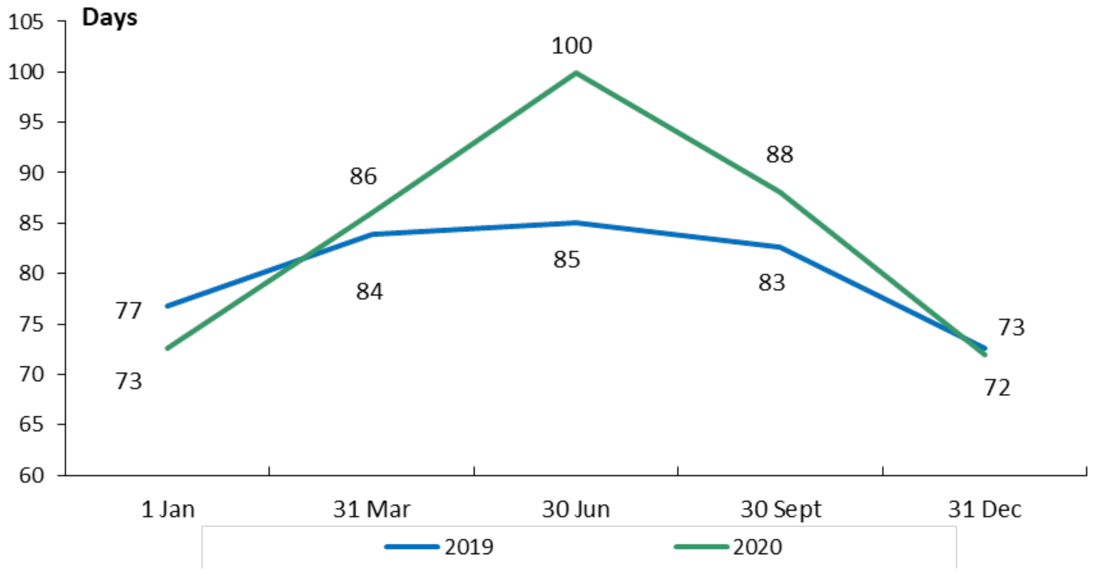
The chart below refers to the historical trend in net working capital:



Net working capital at December 31, 2020 amounts to €123.8 million, down €4.1 million on December 31, 2019, despite the increase due to the change in scope.

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

Days	December 31, 2019	December 31, 2020
Inventories	57	58
Trade receivables	59	54
Trade payables	(43)	(40)
Net working capital days	**73**	**72**



Compared to December 31, 2019, net working capital days decreased by one at the end of the year thanks to the special focus and steps taken by management.
There were no significant payment delays or deferrals on the part of customers because of Covid-19.
Trade receivables reflect the positive impact of the various group companies' use of without-recourse factoring, also related to the purchasing policies of its main customers.
The impact of without-recourse factoring at December 31, 2020 amounts to €26.7 million, compared to €28.2 million at December 31, 2019. The decrease is due to an overall reduction in turnover with customers whose receivables are usually factored.

EMPLOYEE BENEFITS

Employee benefits, amounting to €9.6 million at December 31, 2020, increased by €3.0 million on the balance at December 31, 2019 mainly as a result of the recognition of the defined benefit plan acquired from Closurelogic (€3.4 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 of GCL Pharma's employee benefits (-€0.9 million).

OTHER NET LIABILITIES

Other net liabilities amount to €103.2 million at December 31, 2020, compared to €122.1 million at December 31, 2019. At December 31, 2020, this caption mainly consists of deferred tax liabilities of €97.8 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 €24.5 million.

EQUITY

The table below shows a breakdown of equity:

(€'000)	December 31, 2019	December 31, 2020
Equity attributable to the owners of the parent	623,381	577,817
Equity attributable to non-controlling interests	41,680	38,143
Equity	**665,060**	**615,959**

The decrease in equity is due to the loss for the year (€5.9 million) and the distribution of dividends to non-controlling investors (€6.0 million) and, in particular, to the change in the translation reserve which decreased by €31.7 million in 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 December 31, 2020, translated using the closing spot rate, are significantly affected by the translation effect arising during the consolidation process following the translation of the assets and liabilities of the foreign operations which prepare their financial statements in a functional currency other than that of the consolidated financial statements.

The impact on the group's consolidated financial statements at December 31, 2020 is a general decrease in the group's assets and liabilities in a functional currency other than the Euro, affecting, in particular, non-monetary assets and liabilities.

The related translation effect is reflected in the translation reserve recognised in equity attributable to the owners of the parent at December 31, 2020 with a negative balance of €25.7 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 (30%) 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)	December 31, 2019	December 31, 2020
Net financial liabilities to third parties	468,378	476,109
Financial liabilities - IFRS 16 effects	20,358	16,986
Financial liabilities to non-controlling investors	26,958	29,032
Market warrants	3,873	5,965
Cash and cash equivalents	(57,056)	(63,882)
Net financial indebtedness	**462,511**	**464,210**

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

In 2020, net financial indebtedness increased by €1.7 million from €462.5 million at December 31, 2019 to €464.2 million at December 31, 2020 due to the non-recurring transactions of the year, which had an impact of €7.2 million. In particular:

1. a €13.7 million increase on the acquisition of Closurelogic's assets in Germany (transferred consideration of €12.2 million 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 €0.9 million increase on the acquisition of 20% of the British company Sharpend;
3. a €7.4 million decrease on the sale of the Italian company GCL Pharma (consideration of €7.3 million collected on the sale and €0.3 million for the transfer of lease liabilities, less transferred cash of €0.2 million).

The €1.7 million increase in net financial indebtedness in 2020 was the net effect of positive cash flows from operating activities of €77.2 million, which were more than offset by the flows used in investing activities, totalling €37.9 million (including €6.2 million from non-recurring transactions) and the €41.0 million rise in net financial indebtedness due to financing activities (of which €1.0 million due to non-recurring transactions).
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 2020, compared with 2019, is given below.

(€'000)	2019	2020
Opening net financial indebtedness	**(459,509)**	**(462,511)**
Effects of IFRS 16 FTA	(16,962)	-
A) Opening net financial indebtedness	**(476,471)**	**(462,511)**
Gross operating profit	108,117	95,452
Gain on bargain purchase of Closurelogic (Turkey)	-	(487)
Gains on sales of equity investments		(2,830)
Net gains on sale of non-current assets	(404)	(166)
Change in net working capital	991	(4,950)
Other operating items	(3,064)	5,956
Taxes	(18,989)	(15,782)
B) Net cash flows from operating activities	**86,651**	**77,193**
Capex	(35,438)	(31,751)
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)	-	(897)
Sale of GCL Pharma S.r.l. (net of cash transferred)	-	7,088
C) Cash flows used in investing activities	**(35,991)**	**(37,917)**
Increases in right-of-use assets	(4,604)	(4,386)
Effects of initial application of IFRS 16 FTA on Closureslogic	-	(1,312)
Lease liabilities transferred as part of the sale of GCL Pharma S.r.l.	-	264
Transaction costs paid for bonds issued in 2018	(718)	
Net interest expense	(21,533)	(22,201)
Dividends paid	(8,643)	(6,930)
Change in financial liabilities for put options	(2,311)	(2,074)
Fair value losses on market warrants	465	(2,092)
Derivatives and other financial items	(778)	(616)
Effect of exchange fluctuation	1,423	(1,629)
D) Change in net financial indebtedness due to financing activities	**(36,700)**	**(40,976)**
E) Total change in net financial indebtedness (B+C+D)	**13,960**	**(1,699)**
F) Closing net financial indebtedness (A+E)	**(462,511)**	**(464,210)**

***Note**: 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 C) Reconciliation between the change in net financial indebtedness and the change in cash and cash equivalents for the reconciliation between the above reclassified statement of changes in net financial indebtedness and the statement of cash flows included in these consolidated financial statements.

The following chart gives a breakdown of the change in net financial indebtedness, detailing the various items in 2020, compared with 2019:

Net cash flows from operating activities

Net cash flows from operating activities total €77.2 million, down €9.5 million on 2019 (€86.7 million) mainly due to the decrease of:

- €12.7 million in the gross operating profit;
- €3.3 million due to the non-monetary impact of non-recurring transactions (gain realised on the sale of the equity investment in GCL Pharma S.r.l. (€2.8 million) and the gain from the bargain purchase of Closurelogic Turkey (€0.5 million));
- €5.9 million in net working capital.

These decreases were partly offset by the €9.0 million improvement in other operating items and the €3.2 million improvement in cash flows for taxes, mainly due 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

In 2020, cash flows used in investing activities amount to €37.9 million, up €1.9 million on 2019 (€36.0 million).
This increase is mainly due to M&A activities which generated net negative outflows of €6.2 million in 2020 (€12.4 million for the acquisition of Closurelogic's assets in Germany and Turkey and €0.9 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 GCL Pharma). This compares to outflows for M&As of just €0.6 million in 2019 for the deferred payment of the Indian company Axiom Propack.
Cash flows used for net capex decreased by €3.7 million from €35.4 million in 2019 to €31.8 million in 2020.

Change in net financial indebtedness due to financing activities

The increase in net financial indebtedness due to financing activities in 2020 amounts to €41.0 million, up €4.3 million on 2019 (-€36.7 million).

The following are the main factors behind this increase:

- the negative translation effect of €3.0 million;
- the increase in fair value losses on market warrants (-€2.6 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 and Guala Closures Turkey;
- the greater payment of net interest expense (-€0.7 million);

Partially offset by the following positive factors:

- smaller payment of dividends to non-controlling investors (+€1.7 million);
- the smaller increase in financial liabilities for right-of-use assets (+€0.2 million)
- the smaller decrease in derivatives and other financial items (+€1.4 million), partly due to the fair value gain on the liability to non-controlling investors.

KEY FINANCIAL AND OTHER INDICATORS

Financial indicators

	2019	2020
Adjusted gross operating profit (€ mln)	113.5	98.0
Gross operating profit margin as a percentage of revenue (Adjusted gross operating profit/net revenue)	18.7%	17.1%
ROS (Adjusted operating profit/Net revenue)	8.3%	5.8%
ROE (Profit/Equity)	2.2%	(1.0)%
ROCE (Adjusted gross profit/(Current assets - liabilities, net of current financial liabilities))	3.9%	2.6%
ROI (Adjusted operating profit/Net invested capital)	4.5%	3.1%
Gearing ratio (Net financial indebtedness/Equity)	0.70	0.75
NWC days (Net working capital/Turnover of last quarter)	73	72

Source: *consolidated financial statements figures company data*

Notes:

In relation to the gross operating profit and adjusted gross operating profit, reference should be made to the section "Alternative performance indicators" in this report.
In relation to the net invested capital and net working capital, reference should be made to the reclassified statement of financial position in this report.

Other indicators

The following table gives a breakdown of the group's personnel by gender and number:

	December 31, 2019			December 31, 2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Managers	212	47	259	214	56	270
White collars	725	304	1,029	738	324	1,062
Blue collars	2,694	782	3,476	2,782	738	3,520
Total	**3,631**	**1,133**	**4,764**	**3,734**	**1,118**	**4,852**

In addition, the Group also employed 728 temporary workers as at December 31, 2020 (739 as at December 31, 2019)

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 the same figures for 2020 at constant exchange rates [average exchange rates 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 year to exclude the impact of taxation, net financial expense and amortisation/depreciation.

Adjusted gross operating profit is calculated by deducting, from the profit (loss) for the year, income taxes, net financial expense, amortisation/depreciation, the effects of the entries following the PPA and related effects on the fair value valuation of inventories and other costs, such as due diligence and other exit income, reorganisation costs, merger and acquisition ("M&A") net expenses, costs relating to significant production accidents, gains and losses on equity investments, impairment losses and non-recurring accruals.

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

Adjusted operating profit is calculated by deducting, from the profit (loss) for the year, income taxes, net financial expense, the effects of the entries following the PPA and related effects on the fair value valuation of inventories and other costs, such as due diligence and other exit income, reorganisation costs, merger and acquisition ("M&A") net expenses, costs relating to significant production accidents, gains and losses on equity investments, impairment losses and non-recurring accruals.

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

Adjusted gross operating profit

(€'000)	2019	2020
Profit (loss) for the year	14,659	(5,918)
Income taxes	2,129	1,483
Profit (loss) before taxation	**16,788**	**(4,435)**
Net financial expense	28,420	35,154
Amortisation and depreciation	62,909	64,734
Gross operating profit	**108,117**	**95,452**
Adjustments:		
Due diligence and other exit income	(113)	
Purchase price allocation - fair value gains on inventories		273
Reorganisation costs	3,303	1,228
Merger and acquisition ("M&A") net expenses	1,598	298
Gain from the bargain purchase of Guala Closures Turkey		(487)
Costs related to significant production accidents	39	
Change in equity-accounted investments		160
Gain on sale of GCL Pharma S.r.l.		(2,830)
Non-recurring accruals		500
Impairment losses	599	3,378
Adjusted gross operating profit	**113,543**	**97,972**

Adjusted operating profit

(€'000)	2019	2020
Profit (loss) for the year	14,659	(5,918)
Income taxes	2,129	1,483
Profit (loss) before taxation	**16,788**	**(4,435)**
Net financial expense	28,420	35,154
Operating profit	**45,208**	**30,719**
Adjustments:		
Due diligence and other exit income	(113)	-
Purchase price allocation - fair value gains on inventories	-	273
Reorganisation costs	3,303	1,228
Merger and acquisition ("M&A") net expenses	1,598	298
Gain from the bargain purchase of Guala Closures Turkey	-	(487)
Costs related to significant production accidents	39	-
Change in equity-accounted investments	-	160
Gain on sale of GCL Pharma S.r.l.	-	(2,830)
Non-recurring accruals		500
Impairment losses	599	3,378
Adjusted operating profit	**50,634**	**33,238**

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 2020 amounts (2020 income and expense of foreign operations are translated into Euros at the average exchange rates of 2020) and the 2020 amounts recalculated at constant 2019 average exchange rates (2020 income and expense of foreign operations are translated into Euros at the average exchange rates 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 B) to this report "Reconciliation between the tables included in the directors' report and the 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 for IFRS indicators.

2.2 Guala Closures S.p.A. performance

Operating offices

Guala Closures S.p.A. currently operates in Italy out of the following production facilities:
- Alessandria, Via Rana 12 Frazione Spinetta Marengo: the company's registered and operating offices and a plant for the production of plastic safety closures and aluminium closures;
- Termoli (Campobasso), località Pantano Basso Zona Industriale: a plant producing plastic safety closures and aluminium closures;
- Termoli (Campobasso), località Pantano Basso Zona Industriale: a warehouse;
- Basaluzzo (Alessandria), Via Novi 46: a warehouse;
- Basaluzzo (Alessandria), Via Novi 44: a warehouse and samples production;
- Magenta (Milan), Strada per Cascina Peralza 20: a site for printing and cutting aluminium.

Financial performance

The table below summarises the comparable financial performance of Guala Closures S.p.A. for 2019 and 2020:

Statement of profit or loss Guala Closures S.p.A.	**2019**		**2020**	
	(€'000)	***% of net revenue***	**(€'000)**	***% of net revenue***
Net revenue	**133,736**	***100.0%***	**137,106**	***100.0%***
Change in finished goods and semi-finished products	1,253	*0.9%*	1,227	*0.9%*
Other operating income	22,425	*16.8%*	27,214	*19.8%*
Internal work capitalised	2,680	*2.0%*	2,380	*1.7%*
Costs for raw materials	(77,688)	*(58.1%)*	(79,937)	*(58.3%)*
Costs for services	(41,189)	*(30.8%)*	(42,057)	*(30.7%)*
Personnel expense	(29,154)	*(21.8%)*	(28,927)	*(21.1%)*
Other operating expense	(1,975)	*(1.5%)*	(2,530)	*(1.8%)*
Losses from the sale of equity investments	-	-	(2,144)	*(1.6%)*
Impairment losses	(13)	*(0.0%)*	(10)	*(0.0%)*
Gross operating profit	**10,076**	***7.5%***	**12,322**	***9.0%***
Amortisation and depreciation	(16,416)	*(12.3%)*	(16,603)	*(12.1%)*
Operating loss	**(6,340)**	***(4.7%)***	**(4,281)**	***(3.1%)***
Financial income	11,324	*8.5%*	11,719	*8.5%*
Financial expense	(21,715)	*(16.2%)*	(24,575)	*(17.9%)*
Gains on equity investments	22,500	*16.8%*	22,000	*16.0%*
Net financial income	**12,109**	***9.1%***	**9,144**	***6.7%***
Profit before taxation	**5,769**	***4.3%***	**4,864**	***3.5%***
Income taxes	6,706	*5.0%*	6,282	*4.6%*
Profit for the year	**12,475**	***9.3%***	**11,146**	***8.1%***

Adjusted gross operating profit	**10,398**	***7.8%***	**15,104**	***11.0%***

Net revenue

During 2020, the company recognised net revenue of €137.1 million, up €3.4 million on 2019, mainly due to the growth in sales of semi-finished products in aluminium to the English related company Guala Closures UCP Ltd and the supplies to the newco Guala Closures Deutschland GmbH, which joined the group in 2020 and, to a smaller extent, the growth in the segment of closures for Olive oil & Condiments, which offset the downturn in the Spirits and Water & Beverages markets due to Covid-19.
Export sales represented around 75% of turnover in 2020. Such exports mainly went to Great Britain, Spain, the US, Australia, Mexico, France, Sweden and South Africa.

Other operating income

Other operating income increased by €4.8 million from €22.4 million in 2019 (16.8% of net revenue) to **€27.2 million** in 2020 (19.8%).

Other operating income mainly comprises:
a) the **Service Agreement** for the recharge to subsidiaries of costs incurred by Guala Closures S.p.A. on behalf of other group companies for accounting, financial, treasury, purchasing, personnel management and data management services and the recharge of insurance and other costs incurred by Guala Closures S.p.A. on behalf of other group companies (**€15 million**);
b) **royalties** charged to other group companies to use the Guala Closures trademark (**€7.2 million**);
c) charging of **transport costs** (**€0.9 million**);
d) charging of **insurance costs** (**€0.7 million**);
e) recharging of **fees** (**€0.7 million**);
f) recharging of **personnel expense** (**€0.5 million**);

Internal work capitalised

Internal work capitalised decreased from €2.7 million in 2019 (2.0% of net revenue) to **€2.4 million** in 2020 (1.7%).
This item consists of capitalised development expenditure for new closures and personnel expense for capitalised extraordinary maintenance. The portion of these costs relating to foreign subsidiaries is recharged thereto.

Costs for raw materials

These costs increased from €77.7 million in 2019 (58.1% of net revenue) to **€79.9 million** in 2020 (58.3%). This increase is due to higher aluminium purchases to meet the growing demand for semi-finished products and lithographed sheets for the related companies (the raw materials for these products have a higher impact on turnover).

Costs for services

Costs for services increased from €41.2 million in 2019 (30.8% of net revenue) to **€42 million** in 2020 (30.7%), mainly due to the Covid-19 emergency, which led the company to take all steps necessary to ensure the safety of workers and work areas by purchasing personal protective equipment and sanitising and updating work spaces for the required social distancing.

Personnel expense

Personnel expense decreased from €29.2 million in 2019 to **€28.9 million** in 2020 following the company's actions in 2020.
Personnel expense decreased by 0.78% on 2019. As a percentage of net revenue, it decreased from 21.8% of net revenue in 2019 to 21.1% in 2020.

Personnel expense includes part of the accrual for the long-term incentive plan for key managers (€0.2 million).

The average number of employees in the year is 460 (447 in 2019), including 18 managers, 151 white collars and 291 blue collars.

Other operating expense

Other operating expense increased to **€2.5 million** (1.8% of net revenue) following the negative effect of the €500 thousand accrual to the provision for tax risks and the accrual to the loss allowance for unrecoverable trade receivables. These accruals were partly offset by the decrease in the provision for returns.

Loss on the sale of equity investments

Loss on the sale of equity investments of **€2,144 thousand** relate to the sale of the investment in GCL Pharma S.r.l. to the Bormioli Pharma Group in April 2020.

Impairment losses

Impairment losses mainly relate to previously capitalised development expenditure and decreased from €13 thousand in 2019 to **€10 thousand** in 2020.

Adjusted gross operating profit

The **gross operating profit** amounts to **€12.3 million** in 2020 (€10.1 million in 2019).

In 2020, the gross operating profit was impacted by the increase in operating income from subsidiaries for recharges under the Service Agreement (+€2.7 million) and royalties (+€1.5 million), by the improvement in the operating performance of the closure production and sale business and by the growth in sale volumes of semi-finished products in aluminium partially offset by the loss of € 2.1 million deriving from the sale of the investment in GCL Pharma S.r.l..

In 2019, gross operating profit was impacted by non-recurring costs of €0.3 million incurred by the company mainly for residual exit expense related to the 2018 business combination.

In 2020, gross operating profit was impacted by non-recurring costs of €2.1 million loss deriving the sale of the investment in GCL Pharma S.r.l., €0.5 million from penalties accrual and €0.1 million for other expense on non-recurring transactions.
Excluding the above costs, the adjusted gross operating profit for the 2020 is €15.1 million, compared to €10.4 million in 2019.

Amortisation and depreciation

Amortisation and depreciation increased from €16.4 million in 2019 (12.3% of net revenue) to **€16.6 million** in 2020 (12.1%).

Net financial income

Net financial income went from €12.1 million in 2019 to **€9.1 million** in 2020.

This €3.0 million decrease was mainly due to the following negative effects: a) the negative effect of the net fair value losses on market warrants (€2.6 million); b) the increase in net exchange losses (€1.3 million) and c) the increase in net interest expense - third parties (€0.2 million). These negative factors were only partially offset by the following positive effects: a) the impact of aluminium and currency derivatives on profit or loss (€0.8 million) and b) the increase in net interest income - related parties (€0.8 million).

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

(€'000)	2019	2020
Net exchange gains (losses)	314	(953)
Net impact on profit or loss of aluminium and currency derivatives	(481)	316
Net income from equity investments	22,500	22,000
Net fair value gains (losses) on market warrants	465	(2,092)
Net interest expense - third parties	(20,224)	(20,448)
Net interest income - related parties	9,535	10,320
Net financial expense	**12,109**	**9,144**

Net interest expense - third parties increased by €0.2 million on the previous year mainly due to the greater average use of the revolving credit facility to meet cash requirements for the group's acquisitions.
Net interest income - related parties increased by €0.8 million on the previous year, mainly due to the disbursement of new intragroup loans granted by Guala Closures S.p.A. to finance the group's acquisitions.
The fair value gains and losses on market warrants refer to the difference between Borsa Italiana S.p.A.'s official price at December 31, 2020 and December 31, 2019.

Income taxes

Income taxes decreased from €6.7 million (5.0% of net revenue) in 2019 to €6.3 million (4.6%) in 2020. This decrease is mainly due to the recognition of prior year income on the regional production tax (IRAP) referring to previous years.

Profit for the year

The **profit for the year** shows a decrease, going from €12.5 million (9.3% of net revenue) in 2019 to **€11.1 million** (8.1%) in 2020, mainly due to the negative impact of the fair value losses on market warrants and the recognition of the impairment loss on the investment in GCL Pharma (€2,144 thousand) after the 100% investment in this company was sold, partly offset by the rise in revenue.

Reclassified statement of financial position

The following table shows the reclassified financial position as at December 31, 2020 of Guala Closures S.p.A. with comparative figures as at December 31, 2019:

(€'000)	December 31, 2019	December 31, 2020
Intangible assets	159,433	153,055
Property, plant and equipment	46,540	54,403
Right-of-use assets	12,057	1,778
Non-current assets held for sale	-	2,042
Net working capital	32,482	28,256
Investments	669,310	658,030
Derivative assets (liabilities)	(162)	637
Employee benefits	(3,754)	(3,567)
Other liabilities, net	(41,604)	(32,128)
Net invested capital	**874,303**	**862,506**
Financed by:		
Net financial liabilities to third parties	459,727	468,673
Financial liabilities - IFRS 16 effects	4,790	1,822
Market warrants	3,873	5,965
Financial assets - related parties	(234,584)	(260,948)
Cash and cash equivalents	(14,463)	(19,538)
Net financial indebtedness	**219,343**	**195,974**
Equity	**654,961**	**666,532**
Sources of financing	**874,303**	**862,506**

Source: reclassified data

Note:
The above reclassified statement of financial position includes certain reclassifications compared to the statement of financial position presented in the financial statements. A reconciliation schedule is attached as Annex E) to this report.

Intangible assets

The decrease in intangible assets compared to December 31, 2019 is mainly the net effect of amortisation of the year, totalling approximately €7.3 million, and capex of €1.0 million.

Property, plant and equipment

Property, plant and equipment increased by €7.9 million from €46.5 million at December 31, 2019 to €54.4 million at December 31, 2020.
This increase is due to depreciation of the year, totalling €7.5 million, the reclassification of assets previously under lease for which the company exercised the purchase option in December (€9.3 million) and the redevelopment of assets under construction.

Equity investments

These mainly refer to the equity investment in the Dutch subsidiary Guala Closures International B.V. (€657.9 million). They also include equity investments in other companies of negligible amounts.
The balance decreased from €669.3 million at December 31, 2019 to €658 million at December 31, 2020 due to the sale of the investment in GCL Pharma S.r.l. in April 2020.

Net working capital

The table below provides a breakdown of net working capital:

(€'000)	December 31, 2019	December 31, 2020
Inventories	16,603	18,134
Trade receivables - third parties	12,952	12,285
Trade receivables - related parties	30,567	23,373
Trade payables - third parties	(24,291)	(23,301)
Trade payables - related parties	(3,348)	(2,235)
Net working capital	**32,482**	**28,256**

Note:
The above net working capital includes certain reclassifications compared to the separate financial statements format. A reconciliation schedule is attached as Annex E) to this report.

The table below analyses net working capital days, calculated on the fourth quarter revenue of the year.

Days	December 31, 2019	December 31, 2020
Inventories	47	50
Trade receivables - third parties	37	34
Trade receivables - related parties	87	65
Trade payables - third parties	(69)	(64)
Trade payables - related parties	(10)	(6)
Net working capital days	**93**	**78**

Net working capital went from €32.5 million at December 31, 2019 to **€28.3 million** at December 31, 2020, reflecting a reduction in terms of net working capital days from 93 to 78 days, mainly because of the decrease in trade receivables - related parties.

Other assets and liabilities

Net other liabilities total **-€32.1 million** at December 31, 2020, compared to -€41.6 million at December 31, 2019. This caption mainly consists of deferred taxes and, in particular, the increase is due to deferred tax liabilities (-€40.2 million), partly offset by deferred tax assets (+13.5 million).

Net financial indebtedness

The table below gives a breakdown of net financial indebtedness:

(€'000)	**December 31, 2019**	**December 31, 2020**
Net financial liabilities to third parties	459,727	468,673
Financial liabilities - IFRS 16 effects	4,790	1,822
Market warrants	3,873	5,965
Financial assets - related parties	(234,584)	(260,948)
Cash and cash equivalents	(14,463)	(19,538)
Net financial indebtedness	**219,343**	**195,974**

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

Net financial indebtedness decreased by €23.3 million from €219.3 million at December 31, 2019 to €196.0 million at December 31, 2020.

The details of the above are provided in the reclassified statement of changes in net financial indebtedness – Guala Closures S.p.A..

Reclassified statement of changes in net financial indebtedness

The table below summarises the trend of the reclassified statement of changes in net financial indebtedness of Guala Closures S.p.A. for 2019 and 2020:

(€'000)	2019	2020
Opening net financial indebtedness	**(230,029)**	**(219,343)**
Effects of IFRS 16 FTA	**(1,797)**	-
A) Opening net financial indebtedness	**(231,826)**	**(219,343)**
Gross operating profit	10,076	12,322
Losses from the sale of equity investments	-	2.144
Net gains on sale of non-current assets	(191)	(90)
Change in net working capital	700	4,226
Other operating items	(3,457)	(102)
Taxes	(559)	(1,864)
B) Net cash flows from operating activities	**6,570**	**16,636**
Net investments	(9,285)	(8,872)
Change in liabilities for investments	906	598
Sale of the investment in GCL Pharma S.r.l.	-	7,284
C) Cash flows used in investing activities	**(8,380)**	**(990)**
Increase (decrease) in lease liabilities	2,532	(896)
Net interest expense	(10,686)	(10,128)
Transaction costs paid for the new debt refinancing	(718)	-
Fair value gains (losses) on market warrants	465	(2,092)
Derivatives and other financial items	(302)	(362)
Dividends from Guala Closures International B.V.	22,500	22,000
Effect of exchange fluctuation	502	(800)
D) Change in net financial indebtedness due to financing activities	**14,294**	**7,722**
E) Total change in net financial indebtedness (B+C+D)	**12,483**	**23,368**
F) Closing net financial indebtedness (A+E)	**(219,343)**	**(195,974)**

Net financial indebtedness is calculated by subtracting cash and cash equivalents and financial assets from financial liabilities, as reconciled in Annex F) to the Management Report "Reconciliation between the tables included in the Management Report with the classification used in the financial statements separate".

This indicator is provided in order to offer a better understanding of the Company's financial statements and is not to be considered a substitute for IFRS indicators.

Key financial and other indicators

Financial indicators

	2019	2020
Adjusted gross operating profit (€ mln)	10.4	15.1
Gross operating profit margin as a percentage of revenue (Adjusted gross operating profit/net revenue)	7.8%	11.0%
ROS (Adjusted operating profit/Net revenue)	(4.5%)	(1.1%)
ROCE (Adjusted gross profit/(Current assets - liabilities, net of current financial liabilities))	(0.5%)	(0.1%)
ROI (Adjusted operating profit/Net invested capital)	(0.7%)	(0.2%)
Gearing ratio (Net financial indebtedness/Equity)	0.33	0.29
NWC days (Net working capital/Turnover of last quarter)	93	78

Source: *separate financial statements figures*

Notes:
In relation to the adjusted gross operating profit, reference should be made to the section "Alternative performance indicators - Guala Closures S.p.A." in this report.
In relation to the net invested capital and net working capital, reference should be made to the section 'Reclassified statement of financial position - Guala Closures S.p.A.' in this report

Other indicators

The following table gives a breakdown of the company's personnel by gender and number:

Number	December 31, 2019			December 31, 2020		
	Men	Women	TOTAL	Men	Women	TOTAL
Managers	15	1	16	16	2	18
White collars	112	38	150	115	40	155
Blue collars	263	27	290	266	27	293
Total	**390**	**66**	**456**	**397**	**69**	**466**

With reference to the legislative requirements related to the protection of personal data (Regulation (EU) 2016/679), the company updated its privacy manual in 2018. This contains the minimum security measures for the protection and safeguarding of personal data in compliance with the rights of the data subjects.
There were no fatalities or serious accidents at work during the year that caused serious or very serious injuries to personnel on the company's payroll.
No charges for occupational diseases contracted by employees or former employees or mobbing lawsuits were brought against the company.

Alternative performance indicators - Guala Closures S.p.A.

In addition to the financial indicators required by IFRS, this report includes some alternative performance indicators (gross operating profit (loss), adjusted gross operating profit (loss), adjusted operating profit (loss) and net financial indebtedness) which, although not required by IFRS, are based on IFRS values.

Management has presented the gross operating profit, adjusted gross operating profit and adjusted operating profit because they monitor these performance measures and it believes that these measures are relevant to an understanding of Guala Closures S.p.A.’s financial performance and should not be considered as substitutes of IFRS indicators.

Gross operating profit is calculated by adjusting the profit for the year to exclude the impact of taxation, net financial expenses and amortisation/depreciation.

Adjusted gross operating profit is calculated by deducting, from the profit for the year, income taxes, net financial expense, amortisation and depreciation and other costs, such as due diligence and other exit expense, merger and acquisition (“M&A”) expenses, loss on the sale of equity investments, non-recurring accruals and impairment losses.

Adjusted operating profit is calculated by deducting, from the profit for the year, income taxes, net financial expense and other costs, such as due diligence and other exit expense, merger and acquisition (“M&A”) expenses, loss on the sale of equity investments, non-recurring accruals and impairment losses.

Gross operating profit, adjusted gross operating profit and adjusted operating profit are not defined performance measures in the IFRS. The company’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)	2019	2020
Profit from continuing operations	12,475	11,146
Income taxes	(6,706)	(6,282)
Profit before taxation	**5,769**	**4,864**
Net financial expense	(12,109)	(9,144)
Amortisation and depreciation	16,416	16,603
Gross operating profit	**10,076**	**12,322**
Adjustments:		
Due diligence and other exit expense	291	-
Merger and acquisition (“M&A”) expenses	18	127
Loss on the sale of equity investments	-	2,144
Non-recurring accruals	-	500
Impairment losses	13	10
Adjusted gross operating profit	**10,398**	**15,104**

Adjusted operating profit

(€’000)	2019	2020
Profit from continuing operations	12,475	11,146
Income taxes	(6,706)	(6,282)
Profit before taxation	**5,769**	**4,864**
Net financial expense	(12,109)	(9,144)
Operating loss	**(6,340)**	**(4,281)**
Adjustments:		
Due diligence and other exit expense	291	-
Merger and acquisition (“M&A”) expenses	18	127
Loss on the sale of equity investments	-	2.144
Non-recurring accruals	-	500
Impairment losses	13	10
Adjusted operating loss	**(6,018)**	**(1,499)**

Consolidated

Non-financial Statement

Drafted pursuant to art. 3 and 4 of Legislative Decree 254/2016

To promote sustainable development within all the realities in which it operates, the Guala Closures Group bases its business on the values of professionalism, transparency, recognition of results and environmental protection. Business objectives meet sustainability objectives within the "Working together for sustainable growth" program.

3.1 Stakeholder engagement

Relationships, dialogue and collaboration with all stakeholders are increasingly part of the culture of the Guala Closures Group, with the aim of jointly developing commitments and projects, thereby contributing to sustainable and inclusive growth.

As a global player, the Group is well aware that the environment in which it operates is constantly changing. For this reason, regular dialogue with interested parties, whether they are shareholders, investors, customers, employees, suppliers or civil society, is essential for conducting activities in a responsible manner, identifying common priorities in terms of sustainability and opportunities for collaboration for common objectives in a changing regulatory environment and trends, minimizing risks and identifying business opportunities. This is made possible through ongoing dialogue with stakeholders and understanding their interests.

The Group regularly interacts with its stakeholders through meetings, e-mails and surveys. The frequency of communications and contacts depends on the type of stakeholder and its needs, in particular:

- **customers and the market:** meetings are held at least once a year with major customers and suppliers to review previous year's results and set new targets;
- **internal stakeholders:** employees receive a performance assessment on an annual basis, albeit in a manner linked to local needs;
- **local communities and areas:** each facility undertakes to work closely with the local communities and respond to their requests.
- **Institutional stakeholders:** the Group works closely with certification and control bodies and has always been very open to dialogue with trade unions and trade associations.

Communication with stakeholders may take different forms and at different frequencies depending on the facility and on local contexts and needs.

The Guala Closures Group actively participates in the initiatives of various trade associations, such as the Italian Packaging Institute and EAFA (European Aluminium Foil Association) with representatives on its governing bodies. The Group also has a member on the board of directors of CETIE (*Centre Technique International de l'Embouteillage et du Conditionnement*) based in Paris.

All the results of the communication with stakeholders are fed into the materiality analysis in order to identify priorities and manage and report annually on sustainability. The Group is aware that, sometimes, the interests of the various stakeholders may conflict with each other, but it is always committed to finding the best solution for all the parties involved.

In 2019, in order to take into account the Group's continuous development and its flotation, we updated our materiality matrix by engaging our internal and external stakeholders in a dialogue process. In line with the <IR> framework published by the International Integrated Reporting Council (IRCI), we determined the contexts that affect our ability to create value in a sustainable manner, and these are the social, environmental and economic contexts. The material topics were then identified based on their impact on the Group's business strategy, governance, performance and prospects.

Updating the materiality matrix entailed the following five steps:

ANALYSIS OF CRITICAL ISSUES IN THE SECTOR

We revised and expanded our list of potential material challenges initially established in 2016 by analysing sector good practices and reporting frameworks (IIRC, GRI, UN SDGs).

INTERVIEWS WITH INTERNAL AND EXTERNAL STAKEHOLDERS BY EXTERNAL CONSULTANTS

We collected the views of our internal and external stakeholders on 41 issues through interviews conducted by an external organisation with a panel representing customers, suppliers, directors, employees and union members.

EXTENSIVE CONSULTATION OF INTERNAL AND EXTERNAL STAKEHOLDERS

We distributed an online questionnaire that enabled us to collect almost 200 responses from our stakeholders in 26 countries (66% internal, 34% external stakeholders) on the identified topics. Based on the results, we prioritised the 41 challenges according to their potential impact on the Group's ability to create and share value in the medium- to long-term.

COMPARISON OF THE INFORMATION OBTAINED WITH THE GROUP'S RISKS AND CHALLENGES

A special committee, made up of Green Board members and the CSR team, discussed the results and ensured that discussed the results and the prioritisation of material issues and the mapping of the Group's critical risks were consistent.

DEFINITION OF MATERIAL TOPICS AND PRIORITIES

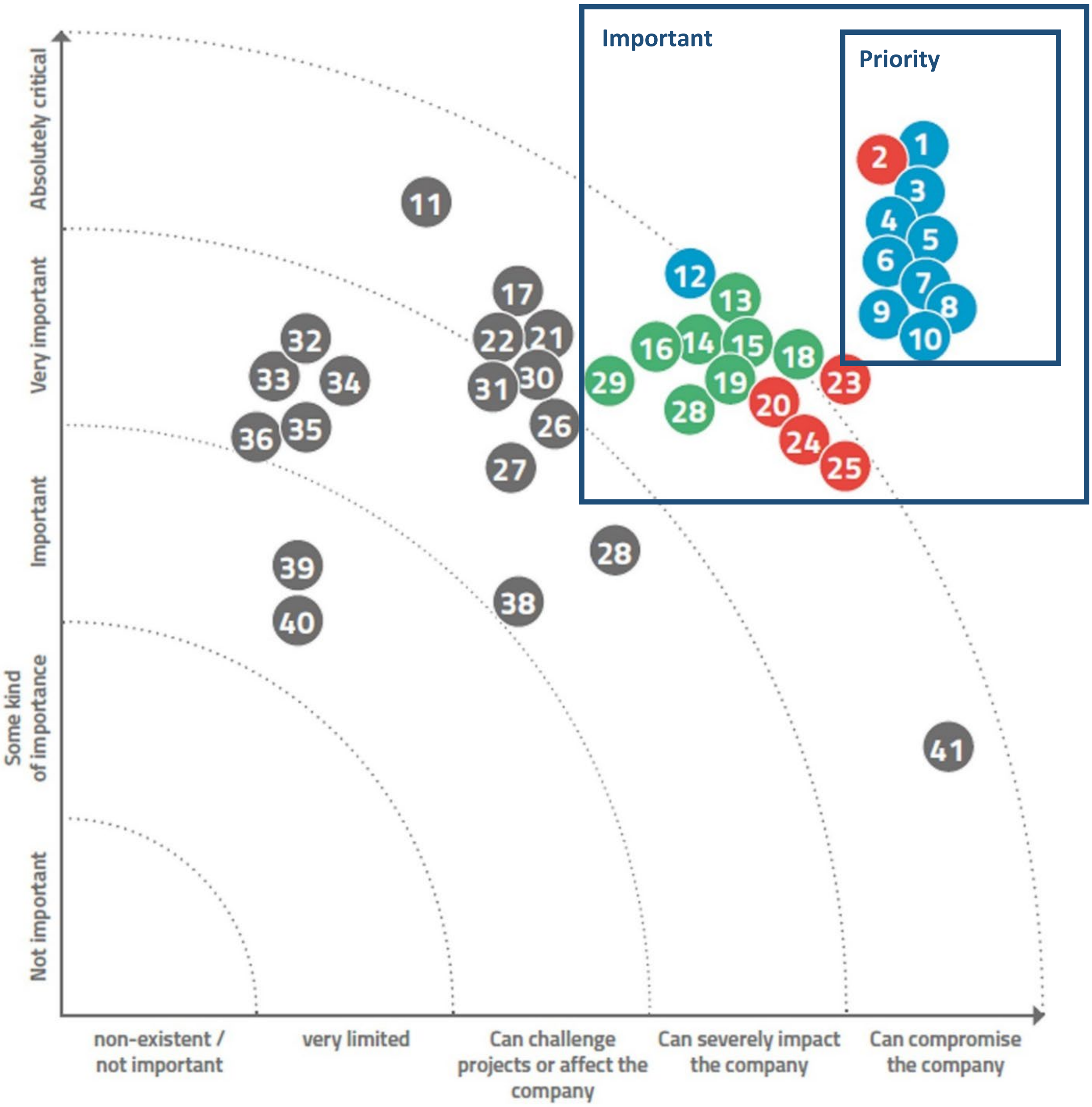
Top management validated the results of this materiality assessment and they constitute an important contribution to the Group's thinking.

3.2 Material topics

When the Sustainability plan was launched in 2016, a study was carried out to analyse and define its business priorities and corporate social responsibility risks, through the implementation of a materiality matrix. The matrix was then updated in July 2019.

41 main topics were identified, 10 of which were considered priorities and 13 important, cross-referencing the results of a questionnaire for internal and external stakeholders with the mapping of non-financial risks and the strategic sustainability priorities identified during a workshop with top management.

Below is a chart of the material topics in hierarchical order within the materiality matrix. The priority and important topics in **blue**, **green** and **red** respectively, belong to the **economic**, **environmental** and **social** contexts, while the **grey** ones are non-priority topics.



The materiality matrix was recently revised with top management because of the pandemic. From a corporate point of view, the Covid-19 emergency mainly affects the occupational safety topic, in addition to customer satisfaction and, indirectly, the value of transparency. All these topics fall into the most material section of the matrix, as identified by both stakeholders and the Group.

However, the emergency did not affect only these topics. In fact, we noted more or less important impacts on environmental issues, such as emissions intensities, as well as on governance issues, including economic performance caused by business interruptions. Since the Covid-19 emergency affects several material topics that were already priorities, we decided to leave the matrix unchanged.

Finally, we discussed the tax topic, which is covered by GRI 207, and decided to include it in a future materiality update even though it is analysed in this report.

No.	Material topic	Capital impacted
1	Customer satisfaction	Social
2	Occupational safety	Human
3	Ethics and integrity	Governance
4	Ethical business practices	Governance
5	Governance & compliance	Governance
6	Innovation	Intellectual
7	Corruption risk management	Governance
8	Financial performance	Financial
9	Privacy and data security	Intellectual
10	Transparency	Governance
12	Ethical purchasing practices	Governance
13	Recycling raw materials	Manufacturing
14	Use of harmful substances	Natural
15	Greenhouse gas emissions	Natural
16	Waste from operations	Natural
18	Energy efficiency	Manufacturing
19	Preventing pollution	Natural
20	Employee training	Human
23	Employee satisfaction	Human
24	Diversity and inclusion	Human
25	Employee development	Human
28	Product development with environmental benefits	Intellectual
29	Water resource management	Natural

No.	Non-material topic	Capital impacted
11	Child labour	Social
17	Human rights	Social
21	Product end-of-life	Human
22	Ethical marketing	Governance
26	Shortage of raw materials	Manufacturing
27	Employee welfare	Human
30	Renewable energies	Natural
31	Engagement of suppliers in sustainability	Social
32	Air pollution	Natural
33	Responsible investments	Financial
34	Psychological risks for employees	Human
35	Safeguarding biodiversity	Natural
36	Land management	Natural
37	Transport and travel	Manufacturing
38	Volunteering	Social
39	Supporting NGOs	Social
40	Support for local communities	Social
41	Financial stability	Financial

The new matrix is therefore characterized by a substantial confirmation of the themes identified in 2019, with some shifts influenced by a greater awareness of sustainability issues on the one hand, and by the intention to send a clear message on the strategy pursued, increasingly based on development. sustainable on the other hand.

As each material topic identified presents risks and opportunities, a specific approach to each topic included in the matrix was used.

MATERIAL TOPICS	RISKS	OPPORTUNITIES
Recycling raw materials	▪ Increase in transaction costs ▪ Loss of customers ▪ Losses in the supply chain	▪ Offer increasingly sustainable products ▪ Cut raw material costs
Use of harmful substances	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business licence ▪ Increase in transaction costs	▪ Reduce hazardous waste, thereby cutting disposal costs ▪ Use bio-based materials
Greenhouse gas emissions	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business licence ▪ Increase in transaction costs ▪ Loss of customers	▪ Play an important role in the transition to a low-carbon economy ▪ Use energy from renewable sources
Waste from operations	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business licence ▪ Increase in transaction costs ▪ Loss of customers	▪ Cut waste disposal costs ▪ Play a role in the creation of a circular economy
Energy efficiency	▪ Potential imposition of taxes ▪ Long-term damage to our business licence ▪ Increase in transaction costs ▪ Loss of customers	▪ Cut energy costs, thereby reducing production costs
Preventing pollution from operations	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business licence ▪ Increase in transaction costs ▪ Loss of customers	▪ Transition to production activities with a low environmental impact
Product development with environmental benefits	▪ Potential imposition of taxes and penalties ▪ Difficulties in adapting to market changes ▪ Long-term damage to our business model ▪ Loss of customers	▪ Offer products that are increasingly sustainable in terms of materials, manufacturing process and disposal, following market trends
Water resource management	▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business licence ▪ Increase in transaction costs ▪ Loss of customers	▪ Cut costs so more resources are available for use in production and innovation

OUR APPROACH	REFERENCE PARAGRAPH
In order to reduce its impact in terms of raw material use, the group's strategy is based on a four-pronged eco-design approach: ▪ Manufacturing closures with a high level of recycled material ▪ Using bio-based materials ▪ Using compostable raw materials ▪ Reducing the use of raw materials in closures	▪ 3.6 Intellectual capital - Researching materials
Gradually abandon the use of hazardous raw materials, favouring the use of bio-based and/or environmentally-friendly substances. We encourage the recovery and reuse of certain substances.	▪ 3.9 Natural capital - Waste management
The group is committed to reducing Scope 1 and 2 greenhouse gas emissions and, in order to further expand its environmental responsibility, were are also working with suppliers and partners to reduce Scope 3 greenhouse gas emissions as much as possible. To achieve these ambitious targets, we assess our carbon footprint along the entire production chain. We do this both directly at the facilities, by optimising processes and investing in new equipment, and indirectly with components in the supply chain, optimising loads and logistics, and creating partnerships with energy suppliers.	▪ 3.9 Natural capital - Fighting climate change
We have implemented a waste management system based on: ▪ reducing both input and waste for a given amount of output ▪ reusing the material as an input in our production activities ▪ recycling waste and scrap as a new raw material ▪ creating energy by incineration when nothing is recoverable (external practice)	▪ 3.9 Natural capital - Waste management
We reduce our energy consumption by upgrading machinery and production systems, installing equipment with improved energy efficiency, innovating new production processes, designing products that require less energy-consuming processing and experimenting with new raw materials. We study all opportunities to use renewable energy according to local conditions, entering into partnerships with energy suppliers. Several facilities have already switched to renewable energy and others will soon do so.	▪ 3.5 Manufacturing capital - Energy management
We are currently extending the ISO 14001: 2015 environmental certification to all facilities. The ISO 14001 environmental management system helps facilities to assess, monitor, report and ensure the environmental quality of products and processes, making it possible to address the most critical issues.	▪ 3.3 Management systems
We develop sustainable products by following the four eco-design guidelines we have developed in-house: ▪ Manufacturing closures with a high level of recycled material ▪ Using bio-based materials ▪ Using compostable raw materials ▪ Reducing the use of raw materials in closures	▪ 3.6 Intellectual capital - the Blossom™ range
We develop projects and update manufacturing processes directly in the BUs with the highest water consumption in order to ensure less water-intensive key facilities.	▪ 3.9 Natural capital - Water management

I **Temi importanti** P **Temi prioritari**

MATERIAL TOPICS	RISKS	OPPORTUNITIES
Occupational safety P	▪ Death or harm to the health of our employees and freelancers ▪ Potential imposition of taxes and penalties ▪ Long-term damage to our business licence	▪ Reduce interruptions in production, thereby increasing production efficiencies ▪ Contain insurance costs ▪ Engage and motivate employees ▪ Attract new resources
Employee training I	▪ Loss of motivation for employees ▪ Tarnished image in attracting new resources ▪ Loss of product quality and reliability	▪ More qualified and more problem-solving oriented employees ▪ Lower external consultancy fees
Employee satisfaction I	▪ Loss of motivation for employees ▪ Tarnished image and difficulties in attracting new resources	▪ Develop a sense of belonging among employees ▪ Attract new resources
Diversity and inclusion I	▪ Loss of motivation for employees ▪ Tarnished image and difficulties in attracting new resources	▪ Inclusive work environment ▪ No discrimination ▪ Develop a sense of belonging among employees
Employee development I	▪ Loss of motivation for employees ▪ Tarnished image in attracting new resources ▪ Loss of product quality and reliability	▪ More qualified employees ▪ Attract new resources
Customer satisfaction P	▪ Reputational damage ▪ Loss of customers ▪ Reduction in profits	▪ Improved business relationships with customers ▪ Improved quality of service ▪ Attract new customers
Innovation P	▪ Difficulties in adapting to market changes ▪ Reputational damage ▪ Loss of customers ▪ Reduction in profits	▪ Build on customer needs to develop the product offering and business strategy ▪ Offer products that are increasingly sustainable in terms of materials, manufacturing process and disposal ▪ Gain competitive edge by differentiating products
Financial performance P	▪ Financial losses ▪ Reduction in profits ▪ Difficulties in adapting to market changes	▪ Consolidate our market presence ▪ Expand our investment programme ▪ Improve our performance in the financial market

OUR APPROACH	REFERENCE PARAGRAPH
We ensure the health and safety of our employees and freelancers by applying the following three principles: ▪ Making people responsible for their personal safety: we ensure that the means of communication are effective and that requirements and objectives are met. ▪ Safe products and processes: we constantly work to ensure and improve occupational safety. We avoid potential risk situations and operate with a view to constantly improving all operations. ▪ Occupational safety and the environment: we are committed to occupational safety and to respecting the environment by endorsing and complying with international, national and local laws and standards.	▪ 3.7 Human capital - Health and safety
Each BU has a specific training plan aimed at the professional and personal growth of all its employees. The group also facilitates employee engagement and welcomes suggestions and ideas that are often important for the development and improvement of manufacturing processes.	▪ 3.7 Human capital - Employee training and development
We are very open to dialogue with our employees and willing to meet their work and family needs. In addition, a multitude of local agreements and initiatives are in place.	▪ 3.7 Human capital - Relations with employees
We developed a social-inclusion programme based on the following three pillars: ▪ Equal opportunities of growth and treatment for all diversity groups ▪ Employee engagement and development in all age groups ▪ Increase the engagement of people with disabilities in skilled positions	▪ 3.7 Human capital - Diversity and inclusion
The group agrees growth plans and performance reviews with its employees focused on constant personal and professional growth	▪ 3.7 Human capital - Employee training and development
We agree the characteristics of our products with each customer, meeting their needs to ensure maximum product quality and reliability. We also monitor customer service by reporting on the compliance of shipments in terms of the number of products and delivery time, focusing our services on continuous improvement.	▪ 3.8 Social and relational capital - Customer satisfaction
We have always paid great attention to product and process innovation. With respect to products, we develop solutions that perfectly match customers' expectations, manufacturing reliable closures with a low environmental impact. With respect to processes, we are constantly looking for new production technologies that can automate production and increase efficiency.	▪ 3.6 Intellectual capital - Innovation
Top management manages the risk of economic underperformance in collaboration with the finance department. Diversification and risk insurance mechanisms ensure that exposure to market fluctuations has a marginal effect on the final performance.	▪ 2.0 Financial performance

I **Temi importanti** P **Temi prioritari**

MATERIAL TOPICS	RISKS	OPPORTUNITIES
Governance and compliance P	▪ Potential imposition of taxes and penalties ▪ Reputational damage ▪ Loss of customers ▪ Losses in the supply chain ▪ Financial losses	▪ Gain more control of ethical issues ▪ Improve our market reputation
Anti corruption P	▪ Potential imposition of taxes and penalties ▪ Reputational damage ▪ Loss of customers ▪ Losses in the supply chain	▪ Mitigate the risk of taxes for unfair behaviour ▪ Hedge against potential damage to the company's image for all stakeholders
Privacy and data security P	▪ Potential imposition of taxes and penalties ▪ Reputational damage ▪ Loss of customers ▪ Losses in the supply chain ▪ Financial losses	▪ Allocate new resources to cybersecurity ▪ Promote a positive cyber security culture
Transparency P	▪ Potential imposition of taxes and penalties ▪ Financial losses ▪ Potential legal disputes	▪ Strengthen stakeholder trust through sound business ethics ▪ Maintain an excellent reputation by avoiding penalties for regulatory non-compliance
Ethics and integrity P	▪ Potential imposition of taxes and penalties ▪ Financial losses ▪ Potential legal disputes	▪ Strengthen stakeholder trust through sound business ethics ▪ Maintain an excellent reputation by avoiding penalties for regulatory non-compliance
Ethical business practices P	▪ Potential imposition of taxes and penalties ▪ Financial losses ▪ Potential legal disputes	▪ Strengthen market confidence ▪ Maintain an excellent reputation by avoiding penalties for unfair behaviour
Ethical purchases P	▪ Potential imposition of taxes and penalties ▪ Financial losses	▪ Strengthen business partners' confidence ▪ Maintain an excellent reputation by avoiding penalties for regulatory non-compliance

OUR APPROACH	REFERENCE PARAGRAPH
ESG governance and compliance issues are implemented and monitored by the ethics and social committee. Chaired by the COO, the committee is composed of the directors of the group departments involved: purchasing, legal affairs, quality, human resources and sustainability.	▪ 1.12 Policy and guidelines
The risk of corruption is constantly monitored by the group's top management and the ethics and social committee and is regulated by the Code of ethics, which was last revised on January 2018. All new employees, including temporary workers, receive information about the contents of this document and the internet address where they can find the Code.	▪ 1.14 Competition and corruption
The group has implemented a framework for cybersecurity and the monitoring of privacy and compliance to protect critical operational assets from cyber incidents and attacks.	▪ 3.8 Social and relational capital - Customer satisfaction
Together with ethics and integrity, transparency has always been part of the group's founding values. This topic is regulated internally by the Code of ethics and monitored by the ethics and social committee, which ensures utmost compliance.	▪ 1.12 Policy and guidelines
These two values are also defined and regulated by the Code of ethics. Ethical/social performance is coordinated and checked by means of internal audits, together with internal audits on other systems.	▪ 1.12 Policy and guidelines
We make sure that our actions in the market reflect the group's ethical values. These values are set out in our corporate policies and are based on three pillars (environmental, social and governance). Respect for these values is ensured at all group levels and with internal and external stakeholders.	▪ 1.12 Policy and guidelines
The group controls the supply chain from when a new supplier is accepted and throughout the entire duration of the business relationship. In early 2020, we revised our supplier qualification procedure to include all relevant ESG aspects. In the same period, we extended our EcoVadis platform membership for the assessment of key critical suppliers.	▪ 3.5 Manufacturing capital - Key suppliers

I Temi importanti

P Temi prioritari

By fully understanding and anticipating the interests of our stakeholders we have been able to fine-tune and adapt our strategies over time, developing new key performance indicators (KPIs) and improving our sustainability management systems. Our efforts can be clearly seen in the material topics we covered this year, compared to the KPIs we have been implementing for some time that measure their changes and the relevant disclosures.

CLUSTERS AND MATERIAL TOPICS	MATERIALITY FOR STAKEHOLDERS: CUSTOMERS AND THE MARKET	INTERNAL STAKEHOLDERS	INSTITUTIONAL STAKEHOLDERS	LOCAL COMMUNITIES	KPIs/DISCLOSURES	SDGs
Environmental topics						6 Clean water and sanitation; 13 Climate action; 7 Affordable and clean energy; 15 Life on land; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production
Recycling raw materials	●	○	●	●	Percentage of recycled raw materials	
Use of harmful substances	●	●	●	●	Percentage of hazardous waste reduction on total waste	
Greenhouse gas emissions	●	●	●	●	Emission assessment Scope 1, 2, 3	
Waste production	●	○	●	●	Weight of waste produced per tonne of finished product	
Energy efficiency	○	○	○	◐	Energy consumed per tonne of finished product	
Preventing pollution	●	●	●	●	Emission assessment Scope 1, 2, 3	
Product development with environmental benefits	●	○	○	●	Fulfilment of design guidelines	
Water resource management	●	○	○	●	Water consumed per tonne of finished product	
Social topics						4 Quality education; 8 Decent work and economic growth; 5 Gender equality; 12 Responsible consumption and production; 10 Reduced inequalities
Occupational safety	○	●	●	●	Frequency and severity rate of injuries	
Employee training	○	●	○	○	Classification of hours of training	
Employee satisfaction	○	●	○	○	Employee satisfaction questionnaires	
Diversity and inclusion	○	◐	○	●	Employee classification	
Employee development	○	●	○	○	Training and performance assessment	
Temi economici						3 Good health and well-being; 8 Decent work and economic growth; 12 Responsible consumption and production; 9 Industry, innovation and infrastructure
Customer satisfaction	●	●	○	●	On Time In Full delivery (OTIF)	
Innovation	●	●	○	●	Number of patents	
Financial performance	○	●	●	○	EBITDA turnover	
Governance and compliance	●	●	●	●	Governed by the Code of ethics and the ethics and social policy	
Corruption risk management	○	○	●	●	Governed by the Code of ethics and the ethics and social policy	
Data privacy and security	●	●	●	●	Governed by the Code of ethics and the ethics and social policy	
Transparency	●	●	●	○	Governed by the Code of ethics and the ethics and social policy	
Ethics and integrity	○	●	○	●	Governed by the Code of ethics and the ethics and social policy	
Ethical business practices	●	○	○	●	Governed by the Code of ethics and the ethics and social policy	
Ethical purchasing practices	●	○	○	○	Governed by the Code of ethics and the ethics and social policy	

3.3 Management systems

To ensure the quality and safety of its products, the Guala Closures Group has adopted a series of management and monitoring systems that comply with the most effective standards:

- Quality - ISO 9001:2015 "Quality management systems"
- Food Hygiene and Safety - ISO 22000:2018 "Food Safety Management Systems"
- Environment - ISO 14001:2015 - "Environmental management systems"

With respect to the quality and environmental certification, the Group obtained a corporate certification that covers all plants according to a programme agreed with the Bureau Veritas certifying body. With regard to the food safety certification, each facility is required to implement and certify a management system that complies with the basic standard ISO 22000:2018 or similar (FSSC or BRC).

With regard to ethics and social topics, the Group is part of the SEDEX and EcoVadis platforms.

Not all business units obtained all three certifications. However, the Group has developed a clear agenda to ensure that all Guala Closures Group plants obtain each certification. Every time the Group grows by acquiring or opening a new facility, a strategic plan is drawn up to achieve the above three certifications in the shortest possible time.

Since 2016, our Scope 1 and 2 greenhouse gas emissions have been certified every year, as required by the ISO 14064 standard. This year, Bureau Veritas also certified our Scope 3 emissions.

Country	Facility	ISO 9001	ISO 22000	ISO 14001	SEDEX	OHSAS
ARGENTINA	Chivilcoy	✓	2021	2021	✓	
AUSTRALIA	Melbourne	✓	✓	✓	✓	
BELARUS	Minsk	2023	TBD	2023	✓	
BRAZIL	São Paulo	✓	✓	✓	✓	
BULGARIA	Kazanlak	✓	✓	2021	✓	
CHILE	Santiago de Chile	✓	✓	2021	✓	
CHINA	Beijing	✓	2021	2021	✓	
COLOMBIA	Bogota	✓	2021	✓	✓	
FRANCE	Chambray	✓	2021	2022	✓	
GERMANY	Worms	2022	✓	✓	✓	
INDIA	Ahmedabad	✓	✓	✓	✓	
INDIA	Daman	✓	✓	✓	✓	
INDIA	Dharwad	2021	2021	2021	✓	
INDIA	Goa	✓	✓	✓	✓	
ITALY	Magenta	✓	✓	2021	✓	
ITALY	Spinetta Marengo	✓	✓	✓	✓	
ITALY	Termoli	✓	✓	✓	✓	
KENYA	Nairobi	2021	2021	2022	✓	
MEXICO	San José Iturbide	✓	✓	✓	✓	
NEW ZEALAND	Auckland	✓	✓	✓	✓	
POLAND	Wloclawek	✓	✓	✓	✓	✓
SOUTH AFRICA	Cape Town	✓	✓	✓	✓	
SPAIN	Jerez	✓	✓	✓	✓	
SPAIN	Olerdola	✓	✓	✓	✓	
UKRAINE	Sumy	✓	✓	✓	✓	
UK	Bridge of Allan	✓	✓	✓	✓	✓
UK	Kirkintilloch	✓	✓	✓	✓	
USA	Fairfield	✓	✓	✓	✓	

3.4 Emission offsetting programme

In addition to the commitment to cutting carbon dioxide emissions, Guala Closures finances reforestation projects and is gradually shifting to energy from renewable sources. With regard to the reforestation programme, we focus on supporting the developing countries in which the Group operates (India, Colombia, Mexico) and actively involving the local communities that benefit socially and economically from these programmes. The employees of our local subsidiaries also participate actively.

Between 2011 and 2020, more than 220,000 tonnes of carbon dioxide were offset through reforestation projects and the purchase of carbon credits. These projects have been developed with influential partners and audited by independent international certified agencies. By the end of 2020, we will have planted over 320,000 trees, offset more than 50,000 tonnes of carbon dioxide and involved more than 6,000 people in the various projects (Peru, India, Colombia and Mexico).

Emissions are offset on two different fronts: on the one hand, carbon dioxide is absorbed by the trees we plant in collaboration with international NGOs and, on the other, through the purchase of carbon credits, i.e., certificates equivalent to one tonne of CO2 per certificate, not emitted or absorbed thanks to an environmental protection project aimed at reducing or reabsorbing global emissions of CO2 and other greenhouse gases.

Both measures are verified annually by external certification bodies to ensure their reliability and effectiveness.

	Trees planted	Carbon credits	Tonnes of CO_2 offset	Partners	Certifications
2016	65,000 50,000 in Colombia 15,000 in India	29,000 VCU	38,750 Tonnes of CO2	Up2green Reforestation ECOWAY	ECOCERT TÜV NORD
2017	60,000 50,000 in Colombia 10,000 in India	29,000 VCU	36,500 Tonnes of CO2	Up2green Reforestation ECOWAY	ECOCERT TÜV NORD
2018	45,000 35,000 in Mexico 10,000 in India	29,000 VCU	30,250 Tonnes of CO2	Up2green Reforestation ew	ECOCERT
2019	45,550 35,550 in Mexico 10,000 in India	29,000 VCU	30,250 Tonnes of CO2	Up2green Reforestation CO2 Advisor	ECOCERT Bureau Veritas
2020	10,000 in India	25,000 VCU	25,000 Tonnes of CO2	Up2green Reforestation CO2 Advisor	ECOCERT Bureau Veritas

The emissions offsetting programme started in 2011, five years before the Working together for sustainable growth programme. Initially, it only included reforestation through three projects: one in Costa Rica (2011, Manuel Antonio National Park), one in Peru (2012, reforestation of the rainforest by cultivating indigenous plants) and another in India (2013, through the 'My class, my forest' Project, in Takshila, Gaya). Since 2014, the Group's strategy has also included the purchase of carbon credits. This initiative continues today. Reforestation continued in 2015 with the launch of the two-year project in Colombia, which ended in 2017.

In 2020, the Guala Closures Group continued to directly support reforestation, planting over 10,000 trees in India. Guala Closures has also been supporting a three-year programme in Mexico since 2018. Unfortunately, the effects of the pandemic and a series of floods during the year made it impossible to count the number of trees actually planted and surviving in this geographical area. Ecocert will carry out an audit in the first few weeks of March 2021 to define the recovery plan for the completion of the three-year programme.

In addition to the environmental implications, the Guala Closures Group's commitment to offsetting its emissions is also part of its social outreach to local communities. In each reforestation project, through the NGOs that coordinate the project, we ensure the active involvement of families and communities and we have the opportunity to quantify the positive results achieved.

Furthermore, many initiatives and projects are in place that have social commitment as their main focus.

For additional information about local community support initiatives, reference should be made to the section on Social and relational capital performance

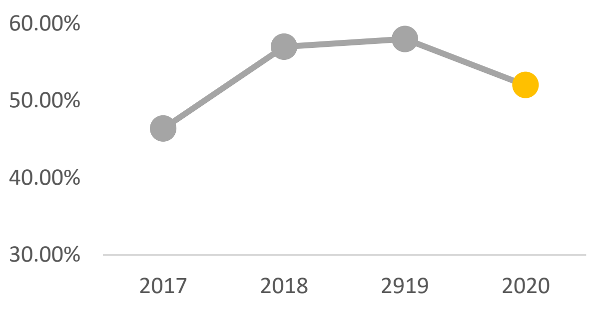
3.5 Manufacturing capital

Raw material management

In the industrial sector in which the Guala Closures Group operates, the use and consumption of raw materials is undoubtedly one of the most decisive factors in defining the environmental footprint of production activities. The Group focuses its efforts on making its products by combining a reduction of the environmental impact with customer expectations, designing its closures in compliance with food safety standards and regulations.
The main raw materials used in production processes are aluminium and various types of plastics. In terms of recycling and reuse, these two raw materials differ in one important aspect: while aluminium can be repeatedly recycled without losing its structural and qualitative characteristics and the collection and recycling chain is active and effective, for plastics it is not currently possible to use recycled material. This is largely due to the strict requirements governing suitability for food contact. In this respect, efforts are focused on the continuous search for new suppliers and the pursuit of new solutions aimed at progressively reducing the consumption of raw materials from non-renewable sources.
The Group has publicly confirmed its commitment to using eco-compatible product design guidelines, without impacting the functionality and quality of the closures. This will be achieved by reducing the different types of materials making up the individual product in order to facilitate recycling and increasing the use of raw materials with a low environmental impact. Furthermore, it has committed to sourcing at least 35% of the total raw materials used from recyclying by 2025.

Raw material consumption	2018	2019	2020
Total raw materials (t)	120,992	108,801	108,110
of which: aluminium (t)	48,333	37,240	35,481
of which: plastics (t)	46,070	44,839	43,315
of which: packaging (t)	14,533	13,595	14,943
of which: other (t)	12,056	13,127	14,370
% of recycled raw materials (all materials)	23%	27%	27%
% of recycled aluminium	57%	59.5%	51.9%

Percintage of recycled allluminium used

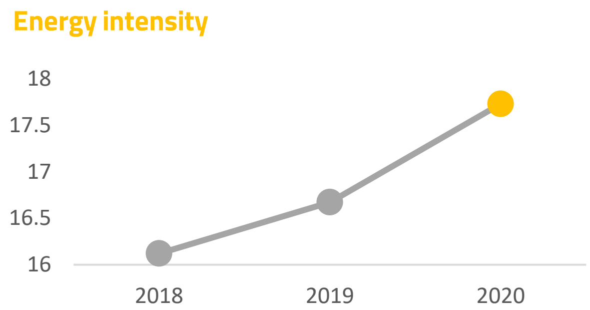


In 2020, this percentage is equal to 27%, confirming the previous year's result. The recycled aluminium, certified by suppliers, accounts for 51.9% of the total aluminium used in 2020, compared to 59% in 2019, 57% in 2018 and 46.4% in 2017. The decrease is due to the different mix in the supply chain. Over the years, the percentage of recycled plastics used has been practically zero (given the regulations concerning plastic products in contact with food). The same trend was confirmed in 2020. To resolve this issue, eco-design guidelines and four design models were defined during the year: these procedures establish a rigorous method of product design that minimise the environmental impact of closures, by adjusting the content of recycled plastic, the end use and the emissions produced per closure. During the year, we also signed contracts with new suppliers of recycled polymers and carried out plastic moulding tests, especially for the production of PET bottles, one of the few plastic materials that has a specific recycling chain. With respect to the use of raw materials, the consumption of aluminium shows considerable differences mainly due to the different product mix, which is increasingly shifting to lighter closures.
In several plants (Spinetta, France, Ukraine, Kirkintilloch and Bridge of Allan), projects were launched to reduce the impact of product packaging, to both replace cardboard boxes with reusable plastic packaging (in collaboration with some important customers) and replace disposable wooden pallets with reusable recycled plastic pallets.

Energy management

The management of energy consumption is key to reducing emissions and, at the same time, make production processes more efficient. The optimisation of consumption plays a crucial role in energy management. For this reason, the Group focused its efforts on identifying the processes that have the greatest impact on energy consumption and implementing specific improvement measures. In most plants, electricity first and natural gas second are the energy resources most heavily used in production activities, and therefore having the greatest impact on consumption.
Fuel consumption is mainly due to the operation of thermal plants (furnaces for decoration processes and heating systems) and the need in some plants, especially in India, to use generators to make up for the poor functioning of the local electricity grid.

Energy saving	2018	2019	2020
Energy consumption (Gj)	1,303,869	1,400,173	1,382,749
Electrical energy consumed (kWh)	204,054,533	218,011,998	207,860,659
Diesel (litres)	1,088,977	1,040,675	603,463
Natural gas (Sm3)	12,530,260	13,838,500	14,544,445
Difference in energy consumption compared to the previous year (%)	2.98%	7.39%	-1.20%
Energy intensity (Gj/t)	16.12	16.67	17.73
Difference in energy intensity compared to the previous year (%)	-9.70%	3.40%	6.40%



In 2020, the Group's overall energy consumption decreased by 1.2% on 2019, with a 7.2% reduction in terms of weight of the finished product. Energy intensity rose by 6.4%. The energy mix changed with a 4.7% decrease in electrical energy, a 42% reduction in diesel and a 5.1% rise in the use of natural gas.

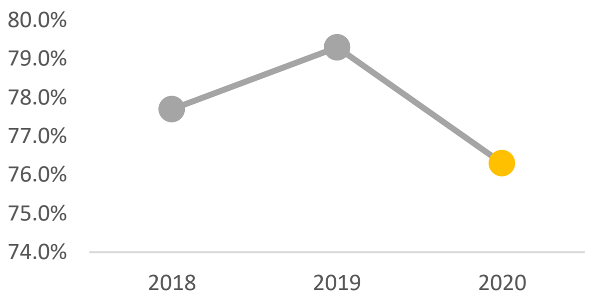
One of the goals of the Group's Sustainability plan is to increase the use of energy from renewable sources and to launch three related projects at three plants by 2020. At the end of 2020, we achieved this goal: as certified by the supplier, the New Zealand facility received a full year's supply of electrical energy from renewable sources. The Spanish facility in Olerdola began receiving electricity supply entirely from renewable sources in January 2020. Furthermore, since 2018, the Brazilian facility in São Paulo has been receiving an annual supply of energy from renewable sources covering 100% of consumption. The Group has also signed an agreement with an Italian energy supplier to cover the entire electricity consumption of the Magenta and Termoli plants with the supply of electrical energy from renewable sources. This contract also stipulates that all electrical energy consumed by the two plants in both 2020 and 2021 will come from renewable sources.

Production efficiency and scrap production

The efficiency of production processes is key to achieving customer and investor satisfaction.
The Guala Closures Group uses the OEE (overall equipment effectiveness) indicator to measure the total efficiency of plants. This indicator monitors production efficiency starting from the individual machine or mould, to arrive at a complete production line, the entire facility and, finally, the entire Group. The Group has standardised the efficiency calculation methods in all plants, considering all production losses due to testing, set-up, sampling, ordinary and extraordinary maintenance, cleaning, changes in machining operation, reworking, cycle losses, scraps and non-compliant products.

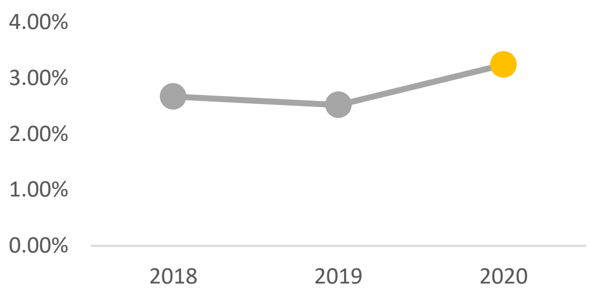
The target for 2022 is to exceed Group OEF of 85%. In 2020, efficiencies worsened, bringing the OEE indicator to 76.26%, or -3.04 percentage points compared to 2019 and +2.46 percentage point compared to the 2015 baseline. The plants are monitored monthly using industrial indicators and data published in an internal report, which are the basis for defining action plans aimed at continuous improvement. This year, the scope of the Group's efficiency assessment was extended to all plants. Specifically, the plants in Bridge of Allan (UK), Dharwad (India), Fairfield (USA), Santiago (Chile), Nairobi (Kenya), Sumy (Ukraine) and Worms (Germany) were validated in terms of efficiency data collection processes. These plants have an average efficiency below the Group average, which is the main reason behind the reduction in 2020. The Magenta facility is monitored separately as its production process is different from that of the other plants.

Plants efficiency



Efficiencies and scraps	2018	2019	2020
Overall equipment effectiveness (OEE)	77.70%	79.30%	76.26%
% of waste on total finished product weight	2.67%	2.52%	3.19%

Production scraps



The entire industrial process, from raw materials to finished closures, generates scrap. Semi-finished and finished products which are deemed not compliant with the required characteristics during production, process changes, adjustments and machine fine-tuning and quality control, are rejected. Scrap is also generated by complaints, laboratory tests and obsolete stocks. Each facility is committed to minimising such scrap and disposing of it in the most correct way.
All plants are implementing improvement programmes to bring the average scrap rate below 2% by 2022. These actions have led to a gradual reduction in scrap from 2.67% in 2018 to 2.51% in 2019. In 2020, scrap increased to 3.19%. Similarly to efficiencies, this worsening is mainly due to the inclusion in the 2020 reporting scope of new plants which show average scrap rates higher than the Group's.

Key suppliers

Guala Closures consumes large quantities of raw materials such as aluminium and different types of plastics for the production of closures. Most aluminium used is prepared by the Magenta facility starting directly from the coil, which is subsequently cleaned and degreased and cut into sheets to be decorated through a lithographic process before being allocated to the various plants. Poland, Ukraine, South Africa, Argentina and Australia purchase part of their aluminium from local suppliers. The Group used a total of 35,481 tons of aluminium in 2020.
The Group consumes more than 43,000 tonnes of different types of plastic (PE, PP, PS, PC, PET, etc.). A central control of plastic purchase prices is in place, while procurement is carried out locally.
Gaskets, or liners, are another component of closures for which a global agreement is in place with a single supplier covering all the Group's plants except for Poland and Scotland which are supplied by local manufacturers.
Strategic suppliers are those with a strong impact on the production and shipping cycle to the customer, in particular raw materials (plastic and aluminium), inks and paints, energy, production and shipping equipment and transport. The table below shows 2020 figures compared with 2018 and 2019 for the Guala Closures Group.

In 2020, we revised the procedure for the qualification and periodic evaluation of suppliers, adapting it to the Group policies. In addition, we signed an agreement with the EcoVadis platform to evaluate the Group's suppliers. At the end of 2020, 16 corporate suppliers were evaluated by this platform.

Key suppliers	2018		2019		2020	
	N	P	N	P	N	P
Aluminium	5	21%	8	38.6%	7	46.7%
Plastics	11	8%	8	5.5%	11	9.3%
Energy	n.a.	n.a.	3	4.0%	4	4.4%
Shipping and transport	7	2%	8	2.5%	9	3.2%
Ink and varnishes	5	3%	5	2.4%	4	3.3%
Equipment	n.a.	n.a.	6	2.1%	10	5.8%
Packaging	4	1%	4	0.9%	4	1.0%

***Where N is the number of key suppliers and P is the percentage of expenditure on suppliers in relation to annual turnover**

Impact of COVID-19 on manifacturing capital

In 2020, the number of closures produced rose by 5.1%. However, the increase is entirely due to the acquisition of the German facility in Worms in February. In fact, a like-for-like comparison with 2019 shows a 7.7% decrease. This is more significant in India as a result of the local lockdown and for the other plants producing plastic closures. Significant reductions also affected the production of mineral water closures due to the long-term closure of bars and restaurants.

The plants producing plastic closures decreased their production by 18%, while the production of aluminium closures remained almost stable (on a like-for-like basis in 2019, thus excluding the German facility).

The reduced saturation in the use of plants impeded the improved efficiency of utilities and machinery use and led to a 6.4% increase in energy intensity, despite a 1.25% reduction in overall energy consumption.

The pandemic has also affected typical industrial indicators, such as efficiency and waste due to the increased frequency of activities being started back up and compliance with safety regulations (shift changes, plant sanitation, staff distancing). Following the identification of plants with efficiency and scrap values below the Group average in 2020, in order to assess the effects of Covid-19, the data should be compared on a like-for-like basis with 2019: efficiency decreased by 0.4 percentage points, from 79.3% in 2019 to 78.9 in 2020, while waste rose by 0.55 percentage points, from 2.52% to 3.07%.

3.6 Intellectual capital

Innovation

Achieving customer satisfaction by exceeding their expectations and proactively supporting their needs is one of the main priorities of the Group. Therefore, innovation becomes one of the most important ways to deliver value to customers and improve products and processes. There are five research and development centres in Italy (Spinetta Marengo), Luxembourg (Foetz), Mexico (San Josè Iturbide), Ukraine (Sumy) and the UK (Kirkintilloch). These centres work in collaboration with all Group departments to support all plants. Guala Closures also develops exclusive projects, with the aim of creating innovative solutions to enhance and protect the brands of its main customers.
The Group has an intellectual property protection (IP) service to both protect its products and defend its customers' brands. In order to achieve these objectives, the Group plans to develop 26 new patents between 2016 and 2020. In 2020, the Group registered seven new patents, which, in addition to the 18 registered between 2016 and 2018, brings the total to 25 since the launch of the Sustainability plan and to over 170 in 2020

The Blossom™ range

Creating the range of **Blossom™** sustainable closures is a major step in meeting Guala Closures' Corporate Social Responsibility (CSR) goals and the result of the long-term commitment to the design of sustainable solutions. Such actions can help to meet consumers' expectations, market needs and local regulations, it believes. Each new closure follows one of the four design-to models defined in the Group's eco-design guidelines.

Within the newly launched Blossom™ range, the avant-garde Greencap® is receiving a lot of interest due to its benefits in the recycling process. It is a fully removable and disposable aluminium screwcap meeting the Group's **Design to Revive** eco-design guideline criteria which is based on recovering and recycling the materials used in the closures.

The **Design to Change** guideline – based on adopting recycled materials or materials produced from renewable sources – includes a luxury T-bar closure made of 100% recycled ABS plastic and agglomerated cork. Plus a new aluminium closure for water, Spring Blossom, which has a tamper evident ring produced from completely bio-based polymers, as well as screwcaps with internal liners produced from renewable sources.

Elimination of anything not necessary and reducing the use of finite materials and resources meets the **Design to Reduce** guideline. The bio-agave based closure for tequila, made from a bio-based composite resin using 30% agave fibres (from waste generated during tequila distillation) and 70% polypropylene is a perfect illustration of the Design to Reduce model.
Finally, **Design to Fade** has the main purpose of creating completely biodegradable closures. Compostable closures in industrial and home composting conditions are under development, with the target of a closure that is completely biodegradable in all conditions.

The NěSTGATE™ range

The "e-Wak" closure was launched during the year. This closure uses NFC technology to exchange information with the consumer using a simple smartphone.
This product was produced by developing high-speed NFC tag reading systems, to be installed on production lines, to ensure the traceability of the single closure throughout the product life. Meanwhile, with the support of selected partners, IOT platforms were developed for data management for customers. In addition to NFC closures, new digital closure systems were developed to maintain treaceability, though with a reduced functionality compared to the NFC technology. NFC closures are based on this intelligent technology that enables each bottle of wine and spirits to become a "smart bottle": the chip, placed on the top of the closure, can be read by any compatible smartphones, without downloading any specific app, providing a certificate of authenticity and all information on the product, engaging them directly and promoting brand loyalty. In the future, this technology may be extended to the oil and the pharmaceuticals and cosmetics sectors. Guala Closures Group's NFC e-closures offer several advantages:

- **for brand owners**, the in-depth knowledge of their consumers through the marketing data they share will result in more targeted and effective communication and promotion policies and strategies. In addition, registration by means of an infinite number of unique identification codes will facilitate traceability from the bottling stage to sale, improving distribution logistics;
- **for consumers**, bottle certification and brand engagement. By reading the NFC using their smartphones, consumers will be able to connect with the winery and obtain information about the wine, the soil, the grapes they used, the best moment to drink it and also advice on food pairings, remaining constantly updated on their preferences related to the product.

In 2020, the two most important applications of this technology were the result of the collaboration with **Vigneti Massa** and **Jameson Irish Whiskey**.

The Guala Closures Group and **Vigneti Massa**, the historic winemaker located in the Tortonesi Hills in Piedmont, launched the first bottles with e-closures equipped with NěSTGATE™ NFC technology in Europe. Thanks to the collaboration between Guala Closures and Compellio, the Luxembourg based software company, those who choose Vigneti Massa could create their own virtual cellar based on the Compellio online platfrom and provide them with information on the areas of wine growing, on the vineyards, on the vine, the tasting notes and expert reviews. In addition, the consumer will have the opportunity to verify the certification of the authenticity of the product thanks to blockchain technology that guarantees the unique identification of the bottles. By combining Guala Closures and Compellio technologies, the e-closures are linked with the blockchain platform that provides a unique identification code for each bottle. This allows Vigneti Massa to protect sensitive data and monitor data in real time, providing thus an effective support for the traceability of bottles along the supply chain.

In March 2020, **Jameson Irish Whiskey** (Pernod Ricard) unveiled Jameson Connects, the new immersive digital platform, that allows fans to get more from their bottle and get closer to the brand. Using innovative NFC NěSTGATE™ technology, the Jameson Connects community is now open, giving access to unique events, incredible experiences, exclusive content and more. The platform will see a range of experiences completely unique to the Jameson Connects program and tailored to the community, all changing periodically. This will include concerts, competitions, complimentary distillery tours, drinks from across the Jameson family, one-of-a-kind experiences and platform-exclusive content.

Researching materials

During the year, we focused, in particular, on the study and prototyping of closures made of materials with a low environmental impact. We studied many materials in 2020 to meet customer requirements and their sustainability goals.

The plastics under study can be divided into three macro-categories:

- **Recycled polymers;**
- **Biopolymers;**
- **Composite polymers.**

Recycled polymers are materials recovered from waste. They can derive from industrial processing scrap (drains, sprues, third-party packaging) or from recycling streams from sorted waste collection. Polymers derived from post-industrial waste are often characterised by more stable properties, whereas post-consumer polymers usually have more dispersed properties, as they comprise a wide variety of "ingredients". Due to current regulations, recycled polymers are often not suitable for food contact, resulting in limited application to non-liquid contact components.

The materials currently under study and already available for some products include: post-industrial ABS, ABS recovered from used household appliances and PP from traditional post-consumer recovery. The grades of recycled PP recovered through activities aimed at preventing the dispersion of waste into the oceans are particularly important. For example, a PP derived from used fishing nets, recovered from various port locations following careful sorting, was successfully tested. Another successfully tested grade includes a recycled PP from some small islands in Malaysia, which do not have recycling streams and would not recover the materials contained in their waste.

A plastic material is a **biopolymer** when it is biobased (i.e., derived from renewable sources), biodegradable (i.e., disposable through the activities of microorganisms) or when it has both properties. Biopolymers are virgin polymers with the properties typical of a traditional polymer, including approval for food contact.

Several products are currently available containing Bio-PE, i.e., polyethylene produced from renewable sources, such as sugar cane or waste oils. Often, the grades of bio-PE that can be purchased have the same exact chemical structure as the polymers already used in production. Therefore, their industrial application is immediate and validation processes are almost instantaneous. Being polyethylene, they are completely recyclable in the current PE recycling streams. The only limitation is their current availability which, although limited, is growing.

Impacts of Covid-19 on intellectual capital

The pandemic had no significant impact on intellectual capital, except for employees' working methods. Covid-19 restrictions on travel, combined with alternative forms of communication have resulted in more resources being allocated to research into materials and processes.

During the year, there was some shift towards more sustainable closures, including in the premium closures sector. Because of the pandemic, premium mineral water projects experienced a marked slowdown due to the prolonged closure of bars and restaurants.

3.7 Human capital

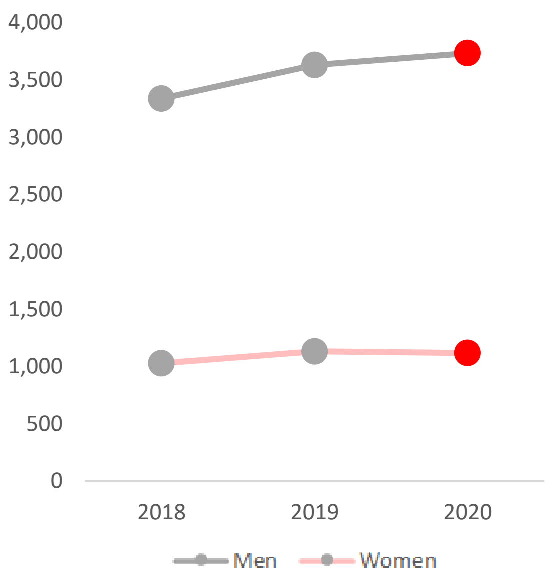
Guala Closures' employees

At the end of December 2020, the Group had 4,852 employees and 728 temporary workers. This figure includes all plants, sales offices and the research centre in Luxembourg. The main changes compared to 2019 refer to the inclusion of the German plant based in Worms (acquired in February 2020) and the sale of the Italian plant in Vasto. As already mentioned, in Europe, personnel increased as a result of the inclusion of the German plant in the reporting scope. There were no significant changes in the Americas, Asia, Oceania and Africa. Part-time contracts were stable, slightly up from 0.9% to 1% of the workforce.

Group employees	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< 30 years	n.a.	n.a.	n.a.	703	197	900	685	212	897
between 30 and 50 years	n.a.	n.a.	n.a.	2,032	659	2,691	2,085	630	2,715
>50 years	n.a.	n.a.	n.a.	897	276	1,173	964	276	1,240
Managers	185	33	218	212	47	259	214	56	270
White collars	684	288	972	725	304	1,029	738	324	1,062
Blue collars	2,469	708	3,177	2,694	782	3,476	2,782	738	3,520
Total	3,338	1,029	4,367	3,631	1,133	4,764	3,734	1,118	4,852
Hired employees	468	280	748	575	334	909	378	161	539
Turnover hired employees	14%	27%	17%	16%	29%	19%	10%	14%	11%
Leaver employees	422	171	593	580	260	840	420	195	615
Turnover leaver employees	13%	17%	14%	16%	23%	17%	11%	17%	13%

* for an analysis that takes into account the detail by geographical area, refer to the staff table in the appendix.

With respect to diversity and equal opportunities, in 2020, the Guala Closures Group adopted a **Charter of diversity and inclusion**, which extends the project to all Group plants. The objectives of this project cover gender, age and disability.



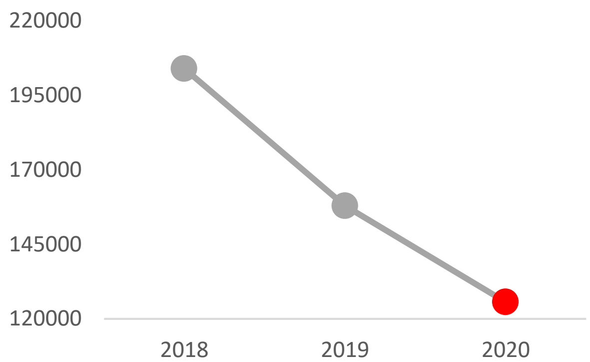
Regarding age, 18.5% of the staff employed are under the age of 30, 55.9% between 30 and 50 and 25.6% over the age of 50. The average age of the Group is therefore unchanged compared to 2019, and this is given by relatively low hiring and leaving turnover compared to last year. Fewer women were hired compared to those whose resigned, with the number of women down by one percentage point compared to 2019, accounting for 23% of the total. Conversely, the percentage of women holding leadership positions increased from 18% in 2019 to 20.8% in 2020. The Group hires people in protected groups as required by current legislation. Of all its workforce, 139 employees belong to these groups, accounting for almost 3% of the group's total employees.

Employee training and development

For the Guala Closures Group, the achievement of priority objectives, including the respect for the environment, highly depends on human resources. The Group’s success is therefore linked to the people who work there, the development of their skills, their professional growth and their sharing of principles and objectives. In order to enhance this link, the Group focuses, in particular, on the development of skills on issues such as the environment, hygiene and safety as well as technical and interpersonal skills. For this reason, each business unit has a specific training plan that plants the professional and personal growth of all their employees. The Group also encourages the engagement of employees and welcomes suggestions and ideas that are often important in developing and improving production processes.

Employee training	2018	2019	2020
Total hours of training	203,965	157,923	**122,201**
of which for environment, health and safety (EHS)	18,276	18,319	**16,627**
of which for technical skills (TECH)	171,032	126,765	**93,741**
of which for soft skills (SOFT)	14,657	12,840	**11,833**
Training on hours worked	2.09%	1.44%	**1.19%**
Average training hours / per employee / year	46.71	33.15	**25.30**
Average training hours for employees (hour/month)	4.0	2.8	**2.1**
Average training hours for managers (hour/month)	1.9	2.1	**1.6**
Average training hours for white collars (hour/month)	2.7	2.0	**2.3**
Average training hours for blue collars (hour/month)	4.4	3.0	**2.1**
Average training hours for men (hour/month)	3.3	2.3	**2.0**
Average training hours for women (hour/month)	5.8	4.1	**2.7**

Average training hours



In 2020, training hours decreased by 22.6% with respect to 2019. This is due to the reduction in the number of hours of technical training, which usually takes place in classrooms. Conversely, training on relational and safety issues did not decrease significantly. The trend is essentially due to the implementation of Covid-19 containment measures.

With respect to the Sustainability plan, this year, as in 2019, we met the target of providing two hours of training to each new employee.

Diversity and inclusion

The Group operates through plants and offices in 23 countries around the world, dealing with customers in over 100 countries. There are at least 30 different nationalities in the Group and more than 20 languages are spoken in the various plants. For all these reasons, the need to incorporate diversity of thought, gender and culture into the corporate decision-making process is essential for the Group to continue to grow and achieve its objectives in a multicultural world.
The review, in 2019, of the ethics and social policy, the set-up of the ethics and social committee and the expected rotation of Green Board members were heavily driven by the need to give concrete answers to the diversity issues and ensure equal opportunities and treatment to all employees and stakeholders. The ethical and social policy clearly refers to the commitment:
"… not to discriminate, ensuring equal opportunities and treatment and promote inclusion regardless of religion, race, gender, political or spiritual beliefs, age and disability …"
Guala Closures is committed to ensuring that each business unit, with its own cultural characteristics, fully implements the contents of the policy.

Diversity is a cultural issue that varies from one country to another and cannot be easily addressed with a one-size-fits-all solution. For this reason, during the year, we issued the ***"Charter of diversity and inclusion"***, a key step in the project of the same name spanning all 30 group plants. The Charter defines the three commitments to be developed in the three-year period (2020-2022):

- ensuring equal opportunities and equal treatment
- strengthening the Groups' multiculturalism and inclusiveness
- maintaining and bolstering the sense of belonging to the Group.

The goal for 2020 will be to share the Charter throughout all business units and to set feasible objectives both at Group and individual business unit level, based on their own cultural characteristics.
Three priorities have been identified, relating to diversity, for which the Group is required to set objectives and concrete actions: **Gender**, **Age**, **Disability**.

In 2020, the percentage of women employed by the Group decreased slightly to 23%, while the percentage of women holding leadership positions increased from 15% in 2018 and from 18% in 2019 to 20.8% in 2020. This is a successful step to meeting the target of at least 20% women holding management positions by 2022.
The age pyramid differs considerably between the various plants: more than 30% of the personnel at the Indian plant (a peak of 62% in Dharwad) is under 30 and less than 5% is over 50. The Mexican plant also has a high percentage of young people under 30, more than 40%, whereas more than 40% of the personnel of the French, Australian, Bridge of Allan and the Italian and Spanish plants is over 50. Mentoring activities and work exchanges between the various plants were adopted to both exploit the experience gained with age and offer opportunities to younger people.

In 2020, no incidents of discrimination were recorded in the Group plants.

Relations with employees

The ethics and social policy of the Guala Closures Group acknowledges that employees are an important added value and, in this respect, guarantees correct and clear management of human resources, full observance of human rights, without discrimination, guaranteeing employment contracts and freedom of association, in a healthy and safe environment. Most employees are subject to the national employment laws. The difference between employees subject to collective employment contracts and company agreements between 2020 and 2019 is due to the extension of the reporting scope to include all 30 Group palnts at the end of 2020. Specifically, the inclusion of the Worms plant (160 employees subject to company agreements) led to an increase in the percentage of employees subject to these agreements, compared to those subject to collective employment contracts. Each business unit takes into account local regulations and situations and implements the Group's policy through additional welfare plans that provide benefits such as health and life insurance, compensation for absences due to illness and paid part-time and parental leave.

Employees covered by collective bargaining and company agreements	2018	2019	**2020**
% of employees covered by collective bargaining agreements	39.3%	28.9%	**36.4%**
% of employees covered by company agreements	17.5%	20.00%	**19.70%**

In 2019, a long-term incentive plan was launched at the proposal of the remuneration committee, envisaging three-year targets and covering the Group's top management, i.e., the chairman and CEO, the COO, the CFO and the Group's M&A and marketing director. In February 2020, a performance assessment plan for managers and junior managers was launched, to be applied in all Group plants.

Employees receiving regular performance and career development review	2019	**2020**
% of men receiving performance and career development review	40.3%	**33.1%**
% of women receiving performance and career development review	25.4%	**34.9%**
Total % of employees receiving performance and career development review	36.7%	**33.4%**

In 2020, from March, due to the restrictions caused by the pandemic, the remote work option was massively introduced for employees in most of the Group's plants. This decision required both a reorganisation of working methods and an upgrade of remote work tools, in addition to a review of cybersecurity rules to ensure security in information management and access to company servers.

Health and safety

For Guala Closures, the quality of the work environment and the wellbeing of its people are values that go beyond compliance with current legislation. The Group is committed to ensuring the health and safety of its employees, through the continuous assessment of health risks, the continuous improvement of infrastructures and plants, training, monitoring systems and maintenance, investing in and updating its health and safety system on an ongoing basis. Occupational safety, which has always been a key priority for Guala Closures, is used as one of the main performance indicators. The **occupational safety policy** is based on the following three pillars:

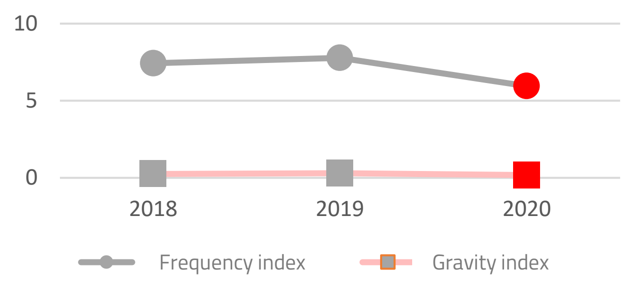
- **Our people:** the Group wants its employees to be involved in their personal safety. Therefore, it ensures that the means of communication are effective and guarantee that requirements and objectives are met, it collects comments, complaints and suggestions for improvement, it provides employees with the know-how, means and tools to keep working activities safe and it shares good practices with other plants.
- **Our products and processes:** the Group develops products and processes with a view to guaranteeing and improving occupational safety. It encourages suppliers to optimise the selection of raw materials and avoid potential risk situations and it operates in compliance with the concept of continuous improvement of all its activities.
- **Occupational safety and the environment:** the Group is committed to ensuring occupational safety and respect for the environment by approving and complying with international, national and local laws and standards, as well as the additional requirements suggested by stakeholders, appointing managers in charge of the application of training, communication and first-aid procedures, monitoring the safety performance of all plants and systematically analysing the causes of any incident or near misses to ensure that it does not happen again.

In 2020, the Guala Closures Group recorded 63 incidents, compared to 88 in 2019, with a decrease in the frequency rate (number of incidents per million hours worked) of 23.5%, from 7.78 to 5.95.

Injury rates	2018	2019	**2020**
Work-related injuries	78	88	**63**
of which: fatal	0	0	**0**
Days lost due to injury	2685	3438	**1956**
Frequency rate**	7.44	7.78	**5.95**
Gravity rate***	0.26	0.3	**0.18**
Absenteeism rate	0.20%	0.3%	**0.25%**
Work-related ill health (no.)	0	0	**0**
Work-related ill health (rate)	0%	0%	**0%**

* for an analysis that takes into account the detail by geographical area, refer to the table on accidents in the appendix

Frequency and gravity indexes



The rate of severity (days of absence per incident per thousand hours worked) decreased by approximately 40% from 0.30 to 0.18.

In the first two months of 2020, the internal audit programme, which began in 2019 covering the Italian plants only, continued. Due to the pandemic, no in-person audits could be held; however, monthly contact was maintained with all plants. Auditing and compliance activities will continue in 2021, as part of a formal plan and under the responsibility and coordination of a Group's EHS manager. Furthermore, several measures were implemented to protect the well-being and safety of employees, such as projects to reduce loads and noise.

With respect to the Covid-19 emergency, in addition to the prevention measures adopted, such as the distribution of disposable masks and gloves, adequate distancing between workers, monitoring of body temperature when accessing the workplace and sanitising all premises every two weeks, the Group has taken out a Covid-19 insurance policy with AON, a leading company in the sector, for all its employees worldwide. A list of the guidelines to be applied in each of the Group's plants has also been distributed, leading to a major containment action within the Group. The central EHS management and the plant managers evaluated the implementation of and compliance with these guidelines at each plant, using an implementation and monitoring process.

Impacts of Covid-19 on human capital

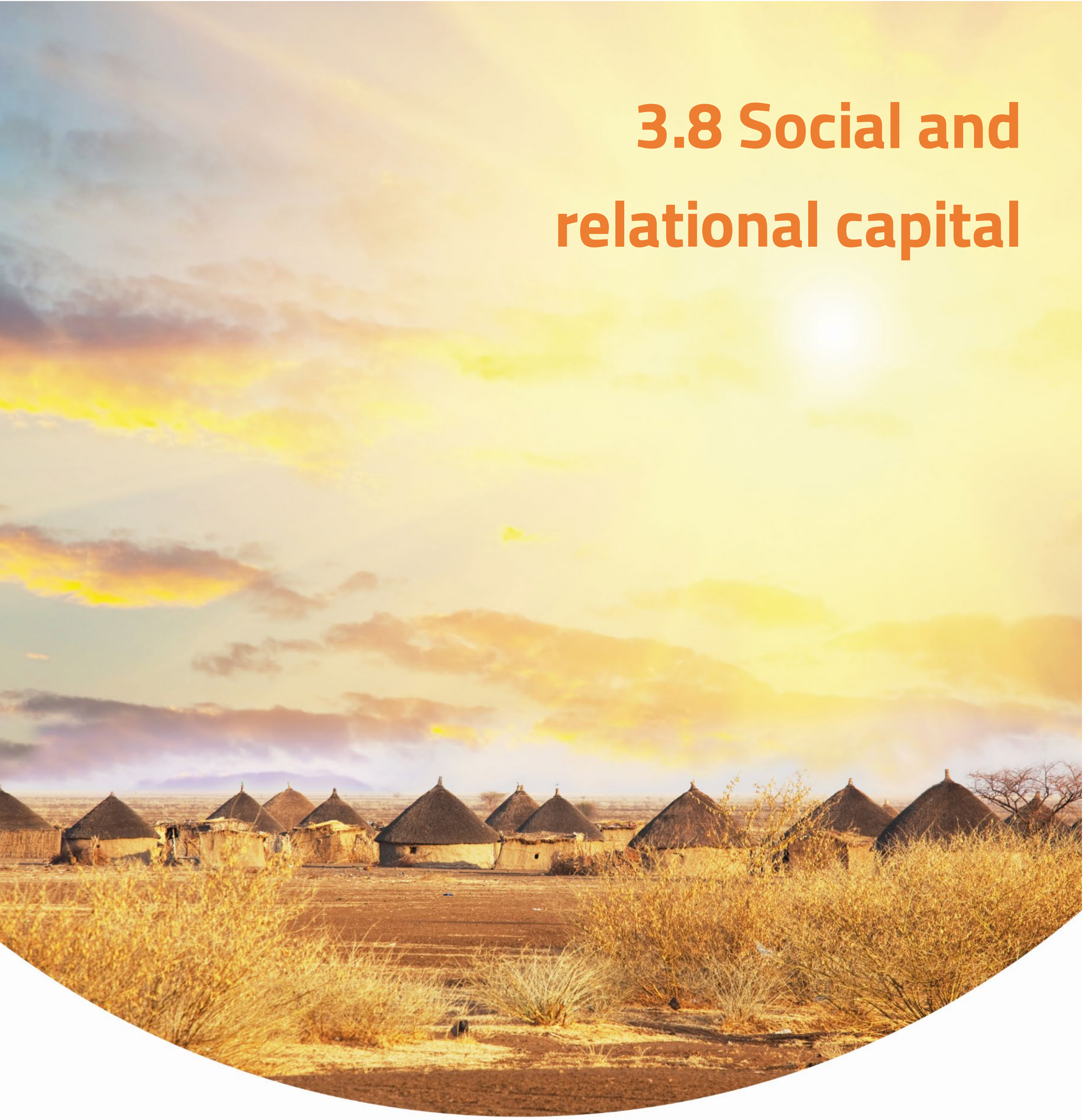
The health and safety of our employees and their families have been a top priority for the Guala Closures Group. Since the first signs of the virus, we have worked together to address the situation and adapt to the developments of this unprecedented global pandemic. To this end, we have proactively developed guidelines which fight, prevent and contain the spread of the pandemic in our plants. Specifically, in order to protect the health of our employees, we have focused on the constant supply of medical devices and the continuous sanitisation of production sites and offices.

Thanks to these measures, our plants remained operational during the most critical phases of the pandemic, guaranteeing the continuity of our production, while ensuring health and safety. The specific company directives were promptly communicated to all plants, which took precautionary measures, considering the other specific restrictions issued by individual countries and supplementing them with the indications of local public authorities. To protect our employees and the local communities in which we operate, we have implemented many other initiatives; specifically: providing health insurance to all Group employees, supporting doctors and healthcare plants and providing assistance in the most difficult moments. At the end of March, Guala Closures decided to contribute its technology and international know-how to the prevention of contagions by producing protective face shields, which were donated to hospitals and healthcare plants. Face shields have also been delivered to companies and public bodies in many countries such as Luxembourg, Italy and Spain. Furthermore, through the HR department, we have implemented measures such as remote work and social distancing in the workplace.

Since April, we have moved in this direction, anticipating local directives. Mapping infections is extremely important, not only because it gives us a snapshot of the current state of the epidemic, but also because it indicates whether the measures taken have achieved the expected results. The blood tests and swabs revealed a few positive cases, which were mostly asymptomatic. These tests were carried out at the Italian BU in April and September (after the summer holidays and before schools reopened) and in November (anticipating and containing the second wave of the virus). This important protocol was exported abroad with the aim of applying it to every business unit.

Of all the KPIs related to human capital, those measuring employee training suffered the most: as mentioned earlier, total training decreased by around 20% during the year, mostly due to the reduction in the hours of technical training. In fact, during the peak of the pandemic, it was impossible to carry out such training.

3.8 Social and relational capital



Customer satisfaction

Customer satisfaction, as represented by the corporate responsibility, is based on several topics, such as the systematic innovation of products and processes, guarantees for consumers' health and safety, a punctual, effective and high-quality level of service, trademark protection and confidentiality of relationships.

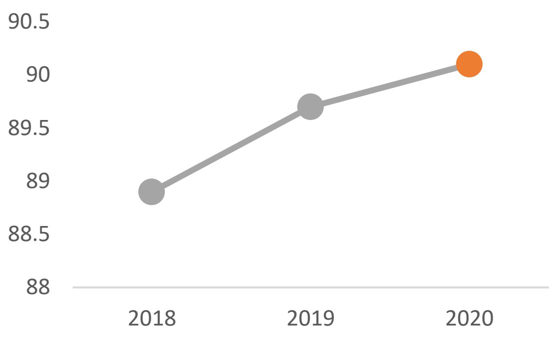
The guarantees for consumers' health and safety are the result of the implementation, in each plant, of a food safety system which ensures:

- compliance with food contact laws and regulations applicable in the countries of production and destination of the products as agreed with customers;
- risk assessment, control of critical points according to HACCP (hazard analysis and critical control points) and implementation of good manufacturing practices;
- full traceability and identification of products throughout the entire production and supply cycle to the customer.

The aim is to obtain food safety standard certification (ISO 22000, FSSC or BRC) for all the Group plants by 2022. At the end of 2020, 21 sites were certified (72.4% of plants).
The remaining plants are continuously monitored by the Group's quality assurance department, which also deals with regulatory updates and information relating to food safety alerts through a monthly newsletter which is sent to all plants. In addition, by checking product suitability through third party laboratories, each plant can issue statements of compliance for the products supplied.
The ethics of relationships is another important aspect for customer satisfaction. In order to offer objective guarantees of compliance with occupational, health and safety, environmental and ethics standards, the Guala Closures Group has joined the SEDEX (social ethical data exchange) platform with the aim of keeping information on all plants updated, making it transparent to customers and having its plants subject to SMETA audits by third parties. At the end of 2020, 29 sites were included in the platform (100% of the plants). Furthermore, throughout the year, SMETA audits were carried out in 4 plants.

Customer satisfaction	2018	2019	2020
On Time and In Full delivery (OTIF)	88.9%	89.7%	89.8%
Number of facilities with SEDEX accreditation	26/29	25/29	29/29
Number of ISO 22000-certified facilities	17/29	21/29	21/29
Number of complaints regarding breaches of customer privacy and data	0	0	0
Number of incidents for non-compliance with product- and service-labelling information	0	0	0
Number of complaints for non-compliance with product- and service-information in communication activities	0	0	0

On Time and In Full



The level of customer service must be punctual and effective, as well as high quality. This requirement is measured by the OTIF indicator which considers the percentage of deliveries made on time and in full, compared to the total number of shipments made. This indicator is monitored on a monthly basis in each plant, with the aim of achieving at least 95% correct shipments in terms of time and quantity, by 2022. In 2020, the indicator points to 89.8% compared to 89.7% in 2019. The reporting scope for this indicator was expanded to include the new plants, except for Worms and Minsk plants.

The Group exploits the geographical distribution of its plants and the production lines of the various models to ensure continuity of service to customers, thus eliminating the potential risk of service disruption due to catastrophic events, as well as interruptions in the supply of utilities and malfunction. Continuity plans were agreed with major customers that include production in alternative plants or the identification of backup warehouses.

Commitment to local communities (projects and initiatives)

Community involvement and development are part of the set of strategies that the Guala Closures Group has implemented to ensure its sustainable development. In the countries where we operate, we strive to involve local communities as much as possible, creating projects and initiatives that develop the community and improve the quality of life. In our plants, people are encouraged to care for others and get personally involved in these initiatives. This year, the Group's commitment to local communities was particularly strong and moved along many directions, covering relatively new areas, such as healthcare, and consolidating its efforts in culture and the environment.

NYANZA DIGNITY KITS PROJECT (Kenya)

In collaboration with the Rotary Club of Nairobi, the Group launched a dignity kit distribution programme in the Nyanza region, targeting six counties: Migori, Siaya, Homabay, Kisii, Nyamira and Kisumu. The targets are teenage girls going to school in grades six, seven and eight (30 girls per ward) in each of the above counties.

The overall scope of the project is to procure and distribute dignity kits consisting of sanitary towels, undergarments and training on menstrual education. The project will last 24 months plus a three-month pilot phase, in which valuable insights and feedback were gathered to organise the launch and subsequent phases, developing an economic business model that will support young women with monthly income to ensure sustainability and meet emerging needs, such as childcare. The pilot phase began at the end of November, with the distribution of 60 kits to 240 teenage girls (enough to meet their needs for three months).

The beneficiaries, together with the participants, also received puberty education and general information about Covid-19 through community health volunteers.

Each kit contains the following:

12 packs of sanitary towels (disposable) which will cover a whole year, four pairs of underwear and a health information handbook (containing answers to FAQs by teenage girls: what is a monthly period, premenstrual syndrome, what helps with premenstrual syndrome and good hygiene).

REFORESTATION PROJECTS IN MEXICO AND INDIA

Since 2018, the Guala Closures Group has participated in a three-year programme with Up2green Reforestation, a French NGO for the conservation of forests and ecosystems in Yucatan (Mexico). This project follows another one completed two years ago in the Colombian Andes. Long-term commitment with the Group is fundamental in a global context of rapidly disappearing forests and biodiversity. This is the case, in particular, in the Yucatan peninsula, which is a hotspot of biodiversity. The reforestation project aims to protect and preserve biodiversity.

In addition to protecting Yucatan's forests, the project also aims to contribute to the **food autonomy** of communities and to diversify and improve agricultural production. By transmitting **their agroforestry methods**, the NGO staff raises awareness about sustainability in agriculture, reducing the use of chemical inputs and preserving soil and biodiversity. One of the main objectives is to help indigenous communities realise the importance of preserving or restoring their ecosystems and help them take ownership the project.

Unfortunately, in 2020, due to Covid-19 restrictions and a series of floods which hit the region, when this document was being published, we were unable to correctly count the number of trees planted and surviving in 2020. Ecocert will carry out an audit in March 2021 to certify these numbers.

In India, since 2016, the Guala Closures Group and Guala Closures India, together with Up2green Reforestation, have been collaborating with Vikalp, an Indian NGO that develops social and environmental programmes with tribal communities in the state of Gujarat. The Group believes that environmental education and information is key to developing a more sustainable society. For this reason, the collaboration with Vikalp began with the ***"From Schools to Fields"*** project through which 15,000 students received educational training on forest conservation. At the same time, Guala Closures supported the planting of 15,000 trees in the Tapi area in collaboration with Vikalp. Since 2017, 10,000 trees have been planted every year in the Gujurat state.

The reforestation project supports and trains rural communities. The participating families plant trees on their land, giving locals the opportunity to grow their own fruit and diversify their food. In 2020, more than 10,000 trees will be planted as in previous years.

Impacts of Covid-19 on social and relational capital

Because of the pandemic, social efforts mainly focused on combating the spread of Covid-19. This included donating money to NGOs, associations and hospitals and donating and distributing medical devices, such as masks and face shields, to local communities and respirators to hospitals.

The spread of the virus considerably affected the completion of the reforestation project in the Yucatan and of the renovation work of the Catholic basilica in Goa a year ago. This essentially prevented work improvement and monitoring activities.

3.9 Natural capital

Fighting climate change

The fight against climate change is undoubtedly one of the main topics of the Guala Closures Group's Sustainability plan. Guala Closures' activities generate greenhouse gas emissions and, therefore, contribute to climate change:

- Direct emissions (Scope 1), deriving from plant and machinery owned or fully operated by the company, such as thermal plants (fuelled by natural gas), machinery fuelled by diesel, cars in the company fleet (including company cars and trucks).
- Indirect emissions, deriving from the energy consumption (electricity) of all plants from external supplies (Scope 2) and from production inputs (energy used for the production of products, raw materials, etc.) and services purchased such as transport, etc. (Scope 3).

The goal is to reduce greenhouse gas emissions under Scope 1 and 2, but in order to further expand its environmental responsibility, the Group is committed to working with suppliers and partners to also reduce greenhouse gas emissions under Scope 3 as far as possible. To contribute to the fight against climate change, the Group has set three ambitious targets:

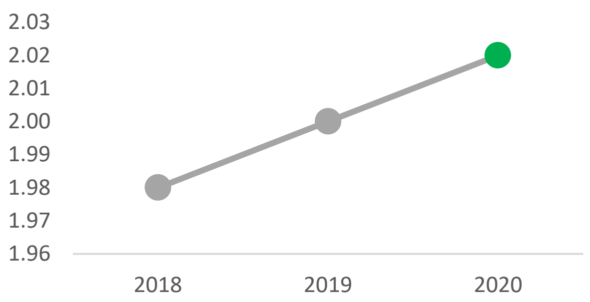
- cutting greenhouse gas emissions set out in Scope 1 and 2 by 25% per tonne of finished products by 2022 (base year: 2016);
- obtaining the certification for the Group's indirect emissions covered by Scope 3 (2017 target: achieved);
- developing partnerships with suppliers to reduce the use of raw materials and transport.

In order to achieve these targets, the Group continues to assess its carbon footprint along the entire production chain in its plants by having the greenhouse gas emissions covered by Scope 1 and 2 certified by Bureau Veritas, and to implement an action plan to mitigate the impact:

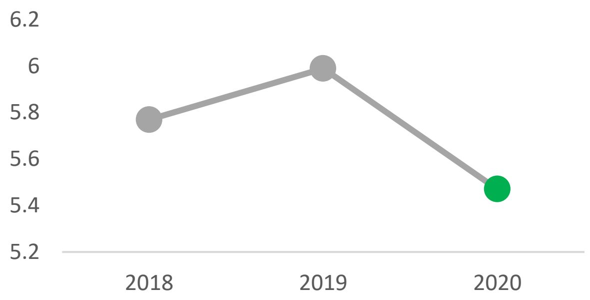
- **directly** at the production sites, by optimising processes and investing in new equipment for plants, taking into account energy consumption and greenhouse gas emissions
- **indirectly,** with members of the supply chain (raw materials, machinery, transport, customers and suppliers), by optimising loads and logistics.

In 2020, all emissions (Scope 1, 2 and 3) were certified by Bureau Veritas.

Scope 1 & 2 intensuty



Scope 3 intensity



The Group's direct global emissions (Scope 1) increased overall by 4.7%, as a greater consumption of natural gas was recorded during the year. Indirect emissions due to energy (Scope 2) decreased by 9.4% thanks to the transition of some plants to electricity from renewable sources. The intensity of emissions (Scope 1 and 2) has therefore increased by 1% due to the greater reduction in the weight of the finished product. The 2020 Scope 1 and 2 emissions were certified following an audit by Bureau Veritas in February 2020 and include all Group plants.

The indirect emissions of Scope 3 decreased in absolute terms by 6.5%, while emission intensity fell by 8.7%. In absolute terms, this is mainly due to the decrease in the impact of transport and energy.

Greenhouse gas emissions	2018	2019	2020
Emissions			
Scope 1 emissions (tCO2 eq)	34,236	37,120	**38,865**
Scope 2 emissions (tCO2 eq)	126,371	130,519	**118,271**
Scope 3 emissions (tCO2 eq)	466,090	456,261	**426,637**
Scope 1 + Scope 2 emissions intensity (tCo2eq/t)	1.98	2	**2.02**
Scope 3 emissions intensity (tCo2eq/t)	5.77	5.99	**5.47**
Other harmful emissions			
Nitrogen oxides (tNOx)	20.8	28	**32.2**
Sulfur oxides (tSOx)	0.062	0.197	**0.021**
Carbon monoxide (tCO)	90.4	113.4	**73.7**
Volatile organic compounds (tVOC)	780.9	762.8	**1446.7**

Transitioning to energy from renewable sources

This year saw a significant increase in the use of energy from renewable sources. Indeed, five plants transitioned to electricity produced from renewable sources, namely those in Auckland, Sao Paulo, Magenta, Termoli and Olerdola. Of these, the first two already used this energy in previous years, while the other three signed supply contracts in 2020 for the entire year and 2021. The positive effect of the increase in the volume of energy from renewable sources points to a considerable improvement in the Group's Scope 2 emissions, offsetting the increase in Scope 2 caused by the rise in energy intensity.
Again in this respect, during the year, a contract was signed for the partial coverage of energy consumption in Dharwad using wind power, while at the Daman plant, a small photovoltaic panel system was completed and will become operational in early 2021.

Waste management

The waste generated by the Guala Closures Group's production activities consists mainly of plastic processing materials (ten different polymers), aluminium and mixed packaging materials such as paper, cardboard and plastic. In addition, the plants that produce some luxury closures generate waste from the cutting and turning of wood, consisting of residues such as wood shavings and cork.
To a lesser extent, waste from the use of ancillary materials (such as glass beads, a key component in the production of some safety closures), waste from the processing of ferrous materials other than aluminium (mainly tinplate) and scrap from the production of PET bottles should also be considered.
Finally, with respect to liquid waste (which, in any case, is mostly purified and, therefore, does not constitute discharge into the receiving water bodies), the Group plants produce waste oil emulsions and used mineral oils, generated by the production and maintenance of automatic machines. This category also includes mostly hazardous waste from decoration operations, such as solvents, inks, varnishes and paints. In addition to these, other liquid waste produced includes the waste resulting from the washing of the machines.
The Guala Closures Group has always been attentive to protecting the environment, conserving resources and reducing waste. On the strength of the results achieved between 2011 and 2015 in the Italian plants, the Group set three ambitious targets in 2016 for all its plants, aimed not only at reducing the total quantity of waste produced, but at improving its quality and destination. This strategy rests on three different axes:

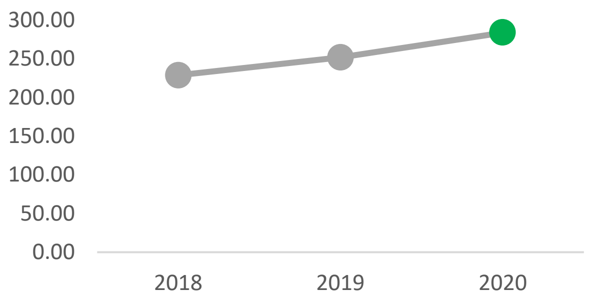
- **Efficiency:** reduce waste production per tonne of finished product;
- **Quality:** reduce hazardous waste below 5%;
- **Disposal method:** disposal of waste to landfill.

All waste produced is collected separately by type and disposed of in compliance with the law (privileging plants that implement treatment aimed at recovering material for recycling) at each plant. Separate waste collection (toner, paper and cardboard, etc.) is also carried out in offices, as well as in refreshment areas and canteens (plastic, organic, etc.). Employees are periodically trained and informed about waste sorting criteria, with a view to reducing and recycling the waste produced.

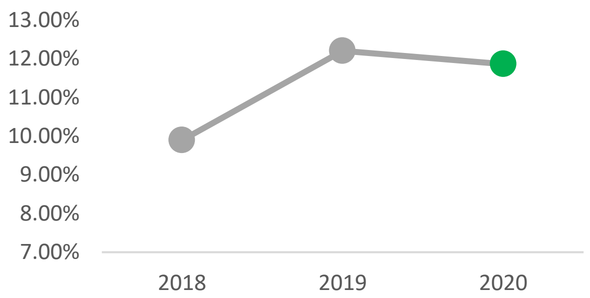
Waste reduction and disposal	2018	2019	2020
Total waste produced (t)	18,497	21,200	22,118
Total non-hazardous waste	16,699	19,019	19,738
of which: for recycling (t)	15,803	17,361	18,349
of which: for incineration (t)	29	341	266
of which: for landfill (t)	867	1,317	1,123
Total hazardous waste (t)	1,798	2,181	2,381
Total hazardous waste (%)	9.70%	10.29%	10.76%
of which: for recycling (t)	699	744	693
of which: for incineration (t)	134	167	186
of which: for landfill (t)	965	1271	1,502
Waste per finished product (kg/t of finished product)	229	252	284
Waste reduction (%)	-3.05%	14.61%	-4.33%
Total waste to landfill (t)	1,832	2,588	2,625
Waste to landfill (%)	9.90%	12.21%	11.87%
Significant spills	0	0	0

Waste increased in general as shown by the rise in all relevant indicators. These variations are due, in part, to the reduced production of the year and, in part, to changes in shifts, sanitisation and other Covid-19 prevention measures. In July 2020, an in-depth analysis of waste management at individual plants was carried out, and new best practices will be issued in 2021, sharing the guidelines of the most virtuous plants. In the next few years, all plants will focus, in particular, on proper waste management in order to reach the relevant targets.

Waste per tonne of finished product



Waste to landfill



Water management

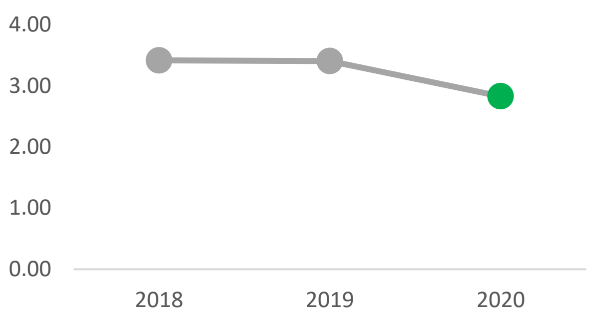
The use of water resources within the Group's production processes is limited. Therefore, the impact on water resources is minimal. Water consumption is mostly related to the following three industrial processes:

- cooling of plastic moulding presses (usually using a closed circuit);
- evaporation towers for injection moulding cooling circuit exchangers;
- degreasing of aluminium coils in the Magenta plant.

Although the vast majority of plants show limited water consumption, the Group is committed to efficient water resource management, and pursues the progressive reduction of water withdrawals at its plants around the world. Guala Closures intends to reduce the water withdrawn per tonne of finished product by 20% between 2015 and 2020.

Water consumption	2018	2019	2020
Total water withdrawn (m3)	263,122	273,784	**209,926**
Water withdrawn from the public supply network (m3)	71,796	74,487	**61,321**
Water withdrawn from the well (m3)	191,326	199,296	**148,605**
Water withdrawn per finished product (m3/t)	3.42	3.41	**2.83**

Water withdrawn per finished product



Water consumption, compared to the finished product, decreased considerably on 2019, down by 17%. This decrease is due to the start-up of the Spinetta Marengo trigeneration plant, the implementation of a series of projects at the Indian plants and the reduction of production in these plants due to the lockdown. Water consumption relates, in particular, to the Spinetta Marengo, Goa and Ahmedabad plants which account for about 59% of the Group's water consumption alone.
In most plants, the release of pollutants into the water is minimal. Therefore, there is no specific equipment or infrastructure for water discharges. However, some

plants have wastewater treatment systems, where the quality and quantity of discharges are constantly monitored, applying treatments to remove pollutants and maintaining a level that does not cause negative impacts and, in any case, within the levels set by the relevant national regulations.
All the Group's discharges flow to municipal sewerage networks, except for the Bridge of Allan plant (which discharges part of the wastewater into surface water after careful checks and treatment) and the Magenta plant (groundwater).

Impacts of Covid-19 on natural capital

The Covid-19 pandemic had a major impact on natural capital as our plants, in general, reduced production without a total shutdown, except for India. Reducing the saturation of plant use did not result in an improvement in the efficiency of utilities and plant use.

Indeed, in 2020, the Group's energy consumption decreased by 1.25%, against a 7.2% reduction in finished products measured by weight. Energy intensity rose by 6.4%.

The increase in production scrap, which was mostly due to the rise in the number of stops and starts due to reduced saturation and fewer workers in order to comply with safety regulations, had an impact on the increase in total waste, which rose by 4.3%.
The increase in scrap from 2.52% in 2019 to 3.32% resulted in an increase of 864 tonnes in total raw materials used. Total waste increased by 918 tonnes. Clearly, the increase in scrap is the reason behind the rise in waste.

The effects of Covid-19 on production were greater for plants that mould plastics. This led to a reduction in water consumption in cooling systems. The positive impact is difficult to quantify due to the actions aimed at reducing water consumption implemented during the year by the plants with intensive water use (Spinetta Marengo and the Indian plants). For these plants, 2021 trends must be monitored in order to distinguish the Covid-19 impact from the actions implemented.

3.10 Appendix

EMPLOYEES DETAIL TABLE

	EUROPE			AMERICAS			ASIA			OCEANIA			AFRICA			TOTAL		
Employees	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**
Gender																		
Men	1,924	2,239	**2,351**	535	534	**543**	610	601	**597**	124	121	**117**	145	136	**126**	3,338	3,631	**3,734**
Women	581	690	**670**	341	337	**343**	41	40	**39**	19	20	**23**	47	46	**43**	1,029	1,133	**1,118**
Total	2,505	2,929	**3,021**	876	871	**886**	651	641	**636**	143	141	**140**	192	182	**169**	4,367	4,764	**4,852**
Age																		
< 30 years	n.a.	386	**387**	n.a.	245	**245**	n.a.	245	**247**	n.a.	7	**3**	n.a.	17	**15**	n.a.	900	**897**
between 30 and 5(	n.a.	1,671	**1,692**	n.a.	462	**470**	n.a.	374	**368**	n.a.	67	**72**	n.a.	117	**113**	n.a.	2,691	**2,715**
>50 years	n.a.	872	**942**	n.a.	164	**171**	n.a.	22	**21**	n.a.	67	**65**	n.a.	48	**41**	n.a.	1,173	**1,240**
Total	n.a.	2,929	**3,021**	n.a.	871	**886**	n.a.	641	**636**	n.a.	141	**140**	n.a.	182	**169**	n.a.	4,764	**4,852**
Category																		
Managers	143	181	**189**	18	19	**21**	30	31	**28**	20	20	**24**	20	8	**8**	218	259	**270**
White collars	430	501	**541**	242	240	**236**	239	232	**233**	21	20	**16**	21	36	**36**	972	1,029	**1,062**
Blue collars	1,933	2,247	**2,291**	616	612	**629**	382	378	**375**	101	101	**100**	101	138	**125**	3,177	3,476	**3,520**
Total	2,506	2,929	**3,021**	876	871	**886**	651	641	**636**	142	141	**140**	142	182	**169**	4,367	4,764	**4,852**
Hired employees																		
Men	206	266	**229**	135	175	**90**	99	101	**49**	10	18	**8**	18	15	**2**	468	575	**378**
Women	86	152	**59**	181	166	**89**	1	4	**5**	0	1	**4**	12	11	**4**	280	334	**161**
Total	292	418	**288**	316	341	**179**	100	105	**54**	10	19	**12**	30	26	**6**	748	909	**539**
Turnover hired employees %																		
Men	11%	12%	**10%**	25%	33%	**17%**	16%	17%	**8%**	8%	15%	**7%**	12%	8%	**2%**	14%	16%	**10%**
Women	15%	22%	**9%**	53%	49%	**26%**	2%	10%	**13%**	0%	5%	**17%**	26%	19%	**9%**	27%	29%	**14%**
Total	12%	14%	**10%**	36%	39%	**20%**	15%	16%	**8%**	7%	14%	**9%**	16%	11%	**4%**	17%	19%	**11%**
Leaver employees																		
Men	154	270	**227**	114	170	**94**	131	109	**73**	9	19	**13**	14	12	**13**	422	580	**420**
Women	43	94	**93**	111	158	**88**	4	3	**7**	4	0	**1**	9	5	**6**	171	260	**195**
Total	197	364	**320**	225	328	**182**	135	112	**80**	13	19	**14**	23	17	**19**	593	840	**615**
Turnover leaver employees %																		
Men	8%	12%	**10%**	21%	32%	**17%**	21%	18%	**12%**	7%	16%	**11%**	10%	7%	**10%**	13%	16%	**11%**
Women	7%	14%	**14%**	33%	47%	**26%**	10%	8%	**18%**	21%	0%	**4%**	19%	9%	**14%**	17%	23%	**17%**
Total	8%	12%	**11%**	26%	38%	**21%**	21%	18%	**13%**	9%	14%	**10%**	12%	7%	**11%**	14%	17%	**13%**

ACCIDENT DETAIL TABLE

	EUROPE			AMERICAS			ASIA			OCEANIA			AFRICA			TOTAL		
Injury rates	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**
Work-related injuries	21	41	**26**	42	33	**28**	6	5	**6**	2	1	**7**	7	8	**6**	78	88	**63**
of which: temp workers	n.a.	n.a.	**3**	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**3**
of which: serious	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**0**	n.a.	n.a.	**0**
of which: fatal	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
Days lost due to injury	n.a.	1293	**827**	n.a.	1438	**839**	n.a.	161	**170**	n.a.	414	**52**	n.a.	132	**68**	2685	3438	**1956**
Frequency rate*	4.35	6.14	**4.41**	24.18*	14.55	**8.58**	1.86	2.95	**3.27**	6.91	3.35	**24.11**	17.82	21.71	**13.01**	7.44	7.78	**5.95**
Severity rate**	0.12	0.19	**0.14**	0.88	0.63	**0.4**	0.01	0.09	**0.09**	1.64	1.39	**0.18**	0.06	0.36	**0.15**	0.26	0.3	**0.18**
Absenteeism rate	0.10%	0.15%	**0.09%**	0.71%	0.52%	**0.29%**	0.01%	0.08%	**0.05%**	1.31%	1.16%	**1.30%**	0.05%	0.31%	**0.08%**	0.20%	0.25%	**0.15%**
Work-related ill health (no.)	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
Work-related ill health (rate)	0%	0%	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%	**0%**	0%	0%	**0%**

* The frequency index is calculated as the number of accident multiplied per one million and divided per the total amount of hours worked

** The gravity index is given by the number of days lost due to an accident multiplied per one thousend and divided per the total amount of hours worked

Methodological note

The consolidated non-financial statement of Guala Closures Group prepared in accordance with articles 4 of Legislative decree no. 254/2016 - and subsequent amendments and integrations - provides information relating to environmental, social and personnel issues, the respect for human rights and the fight against corruption, to the extent necessary to ensure an understanding of the activities carried out by the Group, its results and impact.

The Statement, published once a year and approved by the board of directors on March 10, 2020, was prepared in accordance with articles 3 and 4 of the Decree and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") defined by the Global Reporting Initiative. The GRI Standards are the most widely used and internationally recognised standards for non-financial reporting today. In order to facilitate the reader in tracing the information in the document, the GRI Content Index is shown on pages 149-154. The non-financial reporting presented in the Statement reflects the principle of materiality: the topics dealt with in the Statement are those which, following a materiality analysis and assessment, described on pages 98-99 of this document, have been identified as material in that they reflect the social and environmental impacts of the Group's activities or influence the decisions of its stakeholders.

Reporting scope

The qualitative and quantitative data and information contained in the Statement refer to the Group's non-financial performance for the year ended December 31, 2020. As provided for by article 4 of the Decree, the Statement includes the data of the parent (Guala Closures S.p.A.) and its consolidated subsidiaries. In order to facilitate comparison and understanding of the trend of the year, the data for 2018 and 2019 have also been included and indicated where available.

The scope of the financial data is the same as that of the 2020 consolidated financial statements, including all the Group's operating units. This Statement does not include the environmental data related to non-productive companies, which are considered of negligible impact (in proportion to the overall total of the Group) with regard to the environment (in respect of the scope of the Decree), given their impact in terms of turnover, employees and, above all, the type of business. Indeed, these are commercial or financial companies, whose activities are essentially of an administrative nature. Moreover, the Turkish plant, which commenced production in September 2020, is not included (except for personnel and injuries). Any limitations to this scope are appropriately disclosed in the document. The Guala Closures Group is committed to expanding the scope with a view to continuous improvement.

The in-scope plants are the following, grouped by geographical macro-region:

EUROPE	AMERICAS	ASIA	OCEANIA	AFRICA
Spinetta Marengo	Fairfield	Goa	Auckland	Nairobi
Termoli	S. J. Iturbide	Daman	Melbourne	Cape Town
Magenta	Bogota	Ahmedabad		
Jerez de la Fronteira	Sao Paulo	Dharwad		
Olerdola	Chivilcoy	Beijing		
Kirkintilloch	Santiago de Chile	Turkey		
Bridge of Allan				
Chambray				
Kazanlak				
Wloclawek				
Sumy				
Minsk				
Worms				

Reporting process

The Statement was managed by the Groups' sustainability and continuous improvement director and those responsible for each of the topics involved: human resources, product research and innovation and purchasing. Data collection was coordinated by the corporate CSR team and the CSR managers of each business unit. The information was consolidated and checked by the corporate CSR team. CIS-Tool, Guala Closures' CSR reporting software, is used monthly for reporting. To complete data collection, an additional questionnaire was sent out in 2020 to gather the qualitative and quantitative information necessary to prepare this document. Currently, data on indicators are collected monthly, quarterly or annually depending on the type of indicator. Each business unit sends its data to the Corporate CSR team, which checks and compiles the information in a report. In addition, the central team annually collects all information about local actions and initiatives in order to prepare the annual report. The new software, called CIS-Tool, automates and optimises the data collection process. It is distributed and used worldwide. Most plants have received training in the use of CIS -Tool, and the 2020 reporting campaign was undertaken using this software.

KPMG S.p.A. carried out a limited assurance engagement on this document in accordance with the criteria set out in ISAE 3000.

The engagement was carried out in accordance with the procedures described in the "Independent auditors' report" section of this document.

Calculation methods

Direct and indirect emissions were certified by Bureau Veritas (Scope 2, Scope 2 and Scope 3).

Direct and indirect emissions are measured and classified in accordance with the GHG Protocol method:

- Scope 1: Direct use of fuels, transport of goods and people by owned means, leakage of refrigerant gases
- Scope 2: Direct use of electricity (excluding grid losses)
- Scope 3: Fuel production, electricity grid losses, consumption of raw materials, transport of goods and by means not owned by the company, but where the related costs are fully incurred by the company (excluding transport whose cost is borne by the supplier/customer), hazardous waste management and not in terms of disposal and recycling.

In the calculation of emissions, the following cut-offs were applied after the calculation, excluding immaterial items that, in aggregate, contribute 0.85% of the final emissions. Specifically, the following were excluded:

- Scope 1: use of machines and company buses, with a total contribution of 0.049%.
- Scope 2: no exclusion.
- Scope 3: adhesive tape, metal and plastic ties, labels, with a contribution of 0.037%; phosphoric acid, glue and bicarbonate enamels, with a total contribution of 0.201%; cars, buses not owned and used for the movement of people and business travel by train and air, with a total contribution of 0.607%.

The emission factors used for emission calculations are as follows:

ELECTRICAL ENERGY	FUEL, WATER	RAW MATERIALS (INCLUDING PACKAGING)	WASTE TRANSPORT
Re-DSS, 2016	Ecoinvent 2.2	European Aluminium Association (EAA), 2010	Ecoinvent 2.2
IEA, 2015		Ecoinvent 2.2	
IEA, 2016		European Corrugated Packaging Association (FEFCO), 2015	
IEA, 2017		Industry data 2.0 World Steel Association, 2011	

The market-based approach for calculating indirect emissions (Scope 2) requires the use of emission factors defined on a contractual basis with the electrical energy provider. Given the absence of specific contractual agreements (e.g., purchase of guarantee of origin certificates), the emission factors relating to the national residual mixes were used. The factors used to calculate NOx emissions derive from the sampling of post-combustion plants, where the monitoring is carried out following the general recommendations of the UNICHIM 158/1988 method, with particular reference to the use of the specific UNI EN 14792:2017 (Spinetta) or UNI 10878 (Magenta) method. On the other hand, other plants follow the methodology required by ISO 10849. As far as internal consumption is concerned, the table shows the factors used for the conversion from cubic metre/l/kg to GJ.

RESOURCE	UNIT OF MEASUR.	TOTAL ENERGY CONSUMPTION (GJ)
Electrical energy	kWh	0.0036
Diesel	litres	0.03771
GPL	kg	0.05
Propane	kg	0.05
Natural gas	Sm3	0.03884
Diesel fuel	litres	0.03884

TABLE OF CONNECTION WITH MATERIAL TOPICS AND GRI STANDARDS

AREA	MATERIAL THEMES FOR GUALA CLOSURES	REFERENCES	BOUNDARY	TYPE OF IMPACT
ENVIRONMENTAL RESPONSIBILITY	Preventing pollution	GRI 307 - ENVIRONMENTAL COMPLIANCE GRI 305 - EMISSIONS	GROUP, COMMUNITY	DIRECT
	Use of harmful substances	GRI 307 - ENVIRONMENTAL COMPLIANCE GRI 305 - EMISSIONS	GROUP	DIRECT
	Greenhouse gas emissions	GRI 305 - EMISSIONS	GROUP, COMMUNITY, SUPPLY CHAIN	DIRECT AND INDIRECT
	Energy efficiency	GRI 302 - ENERGY	GROUP	DIRECT
	Waste production	GRI 306 - WASTE	GROUP, COMMUNITY	DIRECT
	Recycling raw materials	GRI 301 - MATERIALS	GROUP, COMMUNITY	DIRECT
	Water resource management	GRI 303 - WATER	GROUP	DIRECT
	Product development with environmental benefits	*N.A.*	GROUP, SUPPLY CHAIN	DIRECT
SOCIAL RESPONSIBILITY	Occupational safety	GRI 403 - OCCUPATIONAL HEALTH AND SAFETY	GROUP	DIRECT
	Employee training	GRI 404 - TRAINING AND EDUCATION	GROUP	DIRECT
	Diversity and inclusion	GRI 405 - DIVERSITY AND EQUAL OPPORTUNITIES GRI 406 - NON-DISCRIMINATION	GROUP	DIRECT
	Employee satisfaction	GRI 401 - EMPLOYMENT	GROUP	DIRECT
	Employee development	GRI 404 - TRAINING AND EDUCATION	GROUP	DIRECT AND INDIRECT
ECONOMIC RESPONSIBILITY	Customer satisfaction	GRI 416 - CUSTOMER HEALTH AND SAFETY	GROUP, CONSUMERS	DIRECT
	Ethical business practices	GRI 408 - CHILD LABOR GRI 409 - FORCED OR COMPULSORY LABOR	GROUP	DIRECT
	Ethics and integrity	GRI 206 - ANTI-COMPETITIVE BEHAVIOR	GROUP	DIRECT
	Governance and compliance	GRI 419 - SOCIOECONOMIC COMPLIANCE	GROUP	DIRECT
	Innovation	*N.A.*	GROUP	DIRECT
	Economic performance	GRI 201 - ECONOMIC PERFORMANCE	GROUP	DIRECT AND INDIRECT
	Ethical purchasing practices	GRI 414 - SUPPLIER SOCIAL ASSESSMENT	GROUP	DIRECT AND INDIRECT
	Data privacy and security	GRI 418 - CUSTOMER PRIVACY	GROUP	DIRECT
	Transparency	*N.A.*	GROUP	DIRECT AND INDIRECT
	Corruption risk management	GRI 205 - ANTI-CORRUPTION	GROUP	DIRECT

With respect to the material topics "Product development with environmental benefits", "Transparency" and "Innovation", the group describes the management approach and shows its performance using KPIs

TABLE OF CONNECTION WITH THE DECREETE. 254/2016

Scope of Legislative decree no. 254/2016	Requirements of Legislative decree no. 254/2016	2020 section
Business model	article 3.1.a) Description of the management and organisation business model, including any models adopted pursuant to the relevant Legislative decree.	1.7 Value creation model 1.8 Strategy 1.15 Sustainability
Company policies	article 3.1.b) Description of the company's policies, including due diligence policies.	1.12 Policy and guidelines
Main risks and management approach	article 3.1.c) Description of the main risks, generated or suffered, and arising from the company's activities	3.2 Material topics 4.1 Risk analysis and risk management
Personnel	article 3.2.d) Information about personnel management, including gender equality, implementation of international organisation conventions and dialogue with social partners	3.7 Human capital
	article 3.2.c) Information about the impact on health and safety	3.7 Human capital
Environment	article 3.2.a, b and c) Use of energy resources, distinguishing between those from renewable and non-renewable sources; use of water resources; greenhouse gas emissions and air pollutant emissions; environmental impact.	3.9 Natural capital
Social	article 3.2.d) Information about social issues	3.5 Manufacturing capital 3.6 Intellectual capital 3.8 Social capital
Human rights protection	article 3.2.e) Information about the respect for human rights and measures taken to prevent human rights violations and discriminatory behaviour	3.5 Manufacturing capital 3.6 Intellectual capital 3.8 Social capital
Fight against corruption	article 3.2.f) Information about the fight against active and passive corruption	1.4 Competition and corruption

GRI Standard	Disclosure	Page	Omission
GRI 101: Foundation 2016			
General disclosures			
	ORGANIZATIONAL PROFILE		
	102-1 Name of the organization	11	
	102-2 Activities, brands, products, and services	11; 16	
	102-3 Location of headquarters	Spinetta Marengo - Alessandria (Italy)	
	102-4 Location of operations	15	
	102-5 Ownership and legal form	12-14	
	102-6 Markets served	56-58	
	102-7 Scale of the organization	11; 15; 143	
	102-8 Information on employees and other workers	123; 143	
	102-9 Supply chain	114-115	
	102-10 Significant changes to the organization and its supply	42-48	
	102-11 Precautionary principle or approach	107-108; 156-159	
	102-12 External initiatives	132-134; 156-159	
	102-13 Membership of associations	20-23; 96-97	
	STRATEGY		
	102-14 Statement from senior decision-maker	3	
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	ETHICS AND INTEGRITY		
	102-16 Values, principles, standards, and norms of behavior	26-29; 34-38; 107-108	
	102-17 Mechanisms for advice and concerns about ethics	27-30	
GRI 102: general disclosures 2016	**GOVERNANCE**		
	102-18 Governance structure	24-27	
	STAKEHOLDER ENGAGEMENT		
	102-40 List of stakeholder groups	20-23; 98	
	102-41 Collective bargaining agreements	127	
	102-42 Identifying and selecting stakeholders	96-97	
	102-43 Approach to stakeholder engagement	96-97	
	102-44 Key topics and concerns raised	96-97	
	REPORTING PRACTICES		
	102-45 Entities included in the consolidated financial statements	144-146; 2020 Annual Report 173	
	102-46 Defining report content and topic Boundaries	144-146	
	102-47 List of material topics	97-106	
	102-48 Restatements of information	Any re-exposures of previously published comparative data are clearly indicated in the text	
	102-49 Changes in reporting	No changes	
	102-50 Reporting period	144-146	
	102-51 Date of the most recent report	27/03/2020	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	mmittino@gualaclosures.com	
	102-54 Claims of reporting in accordance with the GRI Standards	144-146	
	102-55 GRI content index	148-153	
	102-56 External assurance	follows page 154	

GRI Standard	Disclosure	Page	Omission
Material topics			
Series 200: Economic topics			
	ECONOMIC PERFORMANCE		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-35; 38; 51-83; 107-108	
	103-3 Evaluation of the management approach	34-35; 38; 51-83; 107-108	
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	97-106; 109-110; 138-139; 155-159	
	ANTI-CORRUPTION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	33; Code of Ethics	
	103-3 Evaluation of the management approach	33	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	During 2020 there have been no cases of active or passive corruption.	
	ANTI-COMPETITIVE BEHAVIOUR		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	33; Code of Ethics	
	103-3 Evaluation of the management approach	33	
GRI 206: Anti-competiteve behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During 2020 no legal action has been taken against the Group for anti-competitive, anti-trust or monopoly practices.	
	TAX		
GRI 207: Tax 2019	207-1 Approach to tax	31-32	
	207-2 Tax governance, control, and risk management	31-32	
	207-3 Stakeholder engagement and management of concerns related to tax	31-32	
	207-4 Country-by-country reporting	31-32	
Series 300: Environmental topics			
	RAW MATERIAL		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-36; 107-108; 112	
	103-3 Evaluation of the management approach	34-36; 107-108; 112	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	112	
	301-2 Recycled input materials used	112	
	ENERGY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-36; 107-108; 113	
	103-3 Evaluation of the management approach	34-36; 107-108; 113	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	113; 144-146	
	302-3 Energy intensity	113	
	302-4 Reduction of energy consumption	113	
	WATER		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-36; 107-108; 140-141	
	103-3 Evaluation of the management approach	34-36; 107-108; 141-142	
GRI 303: Water and Effluents 2018	303-5 Water consumption	141-142	

GRI Standard	Disclosure	Page	Omission
Material topics			
Series 300: Environmental topics			
	EMISSION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-36; 107-108; 137-138	
	103-3 Evaluation of the management approach	34-36; 107-108; 138-139	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	138-139; 144-146	
	305-2 Energy indirect (Scope 2) GHG emissions	138-139;144-146	
	305-3 Other indirect (Scope 3) GHG emissions	138-139; 144-146	
	305-4 GHG emissions intensity	138-139	
	305-5 Reduction of GHG emissions	138-139	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	138-139	
	WASTE		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-36; 107-108; 140-141	
	103-3 Evaluation of the management approach	34-36; 107-108; 140-141	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	140-141	
	306-3 Waste generated	140-141	
	ENVIRONMENTAL COMPLIANCE		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-36; 107-108; 114	
	103-3 Evaluation of the management approach	34-36; 107-108; 114	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	During 2020 no significant fines or penalties were recorded.	
Series 400: Social topics			
	EMPLOYEMENT		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	27-29; 34-35; 37; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; Code of Ethics	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	123; 143	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	124; 126	
	OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35;37; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; Code of Ethics	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	107-108; 128-129	
	403-2 Hazard identification, risk assessment, and incident investigation	102-103; 107-108; 128-129	
	403-3 Occupational health services	102-103; 107-108; 128-129	

GRI Standard	Disclosure	Page	Omission
Material topics			
Series 400: Social topics			
	OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational health and safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	102-103; 107-108; 128-129	
	403-5 Worker training on occupational health and safety	125	
	403-6 Promotion of worker health	102-103; 107-108; 128-129	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	102-103; 107-108; 128-129	
	403-9 Work-related injuries	128-129; 143	
	TRAINING AND EDUCATION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; 125 Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; 125 Code of Ethics	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	125	
	404-2 Programs for upgrading employee skills and transition assistance programs	125	
	DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; 126; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; 126; Code of Ethics	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	24-25; 124	
	NON-DISCRIMINATION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; 126; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; 126; Code of Ethics	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	During 2020 there were no significant incidents of discrimination.	
	CHILD LABOUR		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; Code of Ethics	
GRI 408:Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	34-35; 37; 107-108	

GRI Standard	Disclosure	Page	Omission
Material topics			
Series 400: Social topics			
	FORCED OR COMPULSORY LABOUR		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; Code of Ethics	
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	28-29; 34-35; 37;107-108	
	SUPPLIER SOCIAL EVALUATION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; 107-108; 115; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; 107-108; 115; Code of Ethics	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	34-35; 37; 115	
	CUSTOMER HEALTH AND SAFETY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; 107-108; 131; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 37; 107-108; 132-133; Code of Ethics	
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	132-133	
	CUSTOMER PRIVACY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 37; 132-133; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; pag. 37; 132-133; Code of Ethics	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	132-133	
	SOCIO- ECONOMIC COMPLIANCE		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 38; Code of Ethics	
	103-3 Evaluation of the management approach	28-29; 34-35; 38;Code of Ethics	
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	During the reporting period, the Group did not receive significant penalties for noncompliance with laws or regulations in the socio-economic area	

GRI Standard	Disclosure	Page	Omission
Material topics not covered by GRI Standards			
	PRODUCT DEVELOPMENT WITH ENVIRONMENTAL BENEFITS		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-35; 38; 120-121	
	103-3 Evaluation of the management approach	34-35; 38; 120-121	
	INNOVATION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	34-35; 38; 118-119	
	103-3 Evaluation of the management approach	34-35; 38; 118-119	
	TRANSPARENCY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	97-106	
	103-2 The management approach and its components	28-29; 34-35; 38; Code of Ethics	
	103-3 Evaluation of the management approach	34-35; 38; Code of Ethics	

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

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Guala Closures S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2020 consolidated non-financial statement of the Guala Closures Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 10 March 2021 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Guala Closures S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

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The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.

4. Gaining an understanding of the following:

   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;

   - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;

   - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

   Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel and personnel of Guala Closures UK Ltd, Guala Closures UCP Ltd., Guala Closures DGS Poland S.A. and Guala Closures Argentina S.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:

   - at parent and subsidiaries level

     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,

     b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;

   - for the following companies, Guala Closures Argentina S.A. (Chivilcoy site), Guala Closures S.p.A. (Magenta site), Guala Closures UK Ltd. (Kirkintilloch site), Guala Closures UCP Ltd. (Bridge of Allan site) and Guala Closures DGS Poland S.A. (Włocławek site), selected by us on the basis of their business, their contribution to the key performance indicators at consolidated level and their location, we discussed with management and obtained documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators through the plant visits for Chivilcoy site and through remote communication tools for Magenta site, Kirkintilloch site, Bridge of Allan site and Włocławek site.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 consolidated non-financial statement of the Guala Closures Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Novara, 30 March 2021

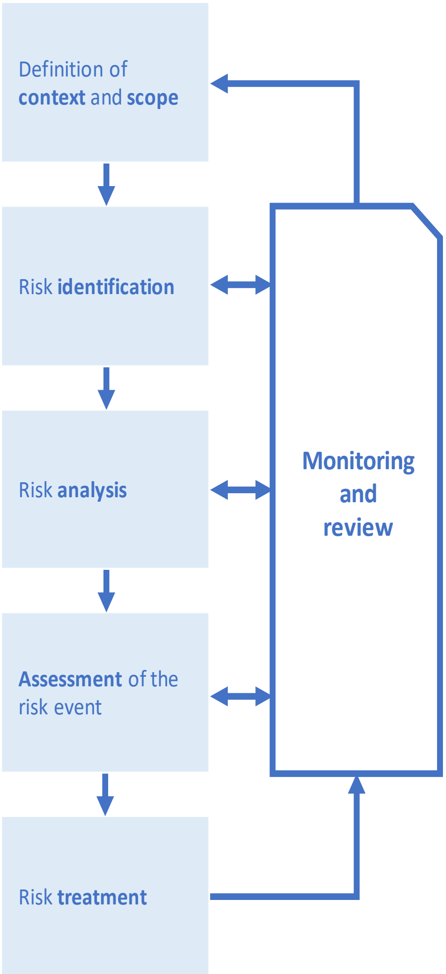
KPMG S.p.A.

(signed on the original)

Silvia Rimoldi
Director of Audit

Other information

4.1 Analysis and management of risks and opportunities



The aim of the Guala Closures Group's internal control and risk management system is to contribute to sound and correct management in line with the short and medium/long-term goals set by the board of directors. This system is designed both to identify, measure, manage and monitor significant risks, also in order to contribute to the sustainable success of the company and the group, and to ensure the reliability, accuracy, integrity and timeliness of financial and non-financial reporting. Responsibility for the adoption of an adequate internal control and risk management system lies with the board of directors which, assisted by the director in charge of the internal control and risk management system and the risk and control committee, carries out the tasks assigned to it by the Code of conduct.

The Guala Closures Group's internal control and risk management system includes, inter alia, the definition of an integrated risk management process whose main objective is to adopt a structured and systematic approach to identify and assess the company's priority risks with a potential negative effect and the subsequent definition of appropriate mitigation actions.

To this end, Guala Closures adopts a group risk model and specific risk evaluation & mapping methodologies, assigning a "risk materiality" valuation to each risk identified, which reflects the overall assessment of the general impact, the likelihood of occurrence and the level of maturity of the risk management system. Specifically, impacts are analysed by type of risk event at financial, operational, process and reputational level and for any ESG matters (environmental, social and ethical governance).

The Guala Closures' risk model examines the six following risk areas:

External environment
- Socio-political changes ("country risk")
- Macroeconomic changes (customs and duties)
- Climate change, natural disasters or intentional disaster

Strategic

Market/Competition
- Competitive trends
- Loss of key customers
- Evolving customer expectations/needs and changes in demand

Industrial/product R&D
- Technological change (innovation of production facilities and processes)
- Intellectual property, trademarks and patents
- Product portfolio and product life cycle/time to market

Business development
- Acquisitions, mergers (identification and management)
- Joint ventures

Financial

Financial operations
- Volatility of exchange rates
- Volatility of interest rates
- Access to capital
- Pension funds
- Liquidity/Indebtedness
- Price of financial assets
- Testing goodwill for impairment

Interdisciplinary

Compliance
- Regulations for listed companies
- Corporate regulations (Law no. 231, anti-corruption, criminal liability)
- Regulation 262
- Product and plant safety regulations and standards (HSE, quality and food safety)
- Tax regulations
- Labour legislation
- Privacy
- Anti-trust
- Other local/country regulations
- Contractual commitments and change of control

Operational

Purchases
- Supplier trends
- Raw material and commodity trends (prices, availability and quality)
- Procurement of services (energy and transport) and outsourcing

Production and logistics
- Potential,allocation and management of production facilities (capacity/efficiency)
- Product and service quality
- Storage
- Business interruption

Sales
- Trade policies and relations (prices, discounts, other trade promotions, seasonality)
- Customer relations

Governance, organisation and integrity
- Ethics and integrity
- Guidance and coordination
- Policy and procedures
- Conflict of interest between shareholders

Human resources
- Maintaining and developing key resources and skills
- Recruiting: access to and availability of skilled resources
- Organisational structure
- Internal communication
- Change management
- Incentive systems

Investments/CAPEX
- Investments in plant and machinery

Administration, planning and control
- Financial reporting
- Budget and forecasts
- Management reporting (actual) and KPIs
- Tax planning and management

Information technology
- IT infrastructure/Integrity strategy adequacy
- Access security
- Availability

External relations
- Investor relations
- Industrial/trade union relations
- Stakeholder relations

ENVIRONMENTAL
- Climate change
- Natural resources
- Pollution and waste
- Environmental opportunities

SOCIAL
- Human capital (Labour and H&S policies)
- Product liability/Consumer preferences
- Stakeholder opposition
- Social opportunities (healthcare)

GOVERNANCE
- Corporate governance (boards, committees)
- Ethics & conduct
  - Anti-corruption
  - Transparency (Fin. rep., tax..)

Nature of the risk	Risk management
Pandemic risk (Covid-19) The worldwide outbreak of Covid-19 and the consequent restrictive measures implemented by the public authorities of the affected countries to contain it characterised the 2020 international scenario. In addition to its enormous social impact, this ongoing public health emergency is also having direct and indirect effects on general economic performance and on consumption and investments, leading to general uncertainty and a wide array of potential consequent risks at business and financial level and for the health and safety of people and workers in particular.	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. The group's priority is and will remain ensuring the safety of its employees and business continuity. Specific business continuity plans have been prepared with some of the group's main customers. In addition to the Covid-19 prevention measures, the group has taken out a Covid-19 insurance policy with AON, a leading insurance company, covering all its employees worldwide. From a financial point of view, the group's current and prospective liquidity is constantly monitored.
Country risk Because of its production and marketing operations in international markets, the group is exposed to a series of risks deriving mainly from changes and structural elements of political, economic, social, regulatory and financial instability in the various countries in which it operates. These elements of risk can alter normal market conditions and, more generally, business operating conditions.	Where appropriate, the group adopts a local-for-local strategy, creating production facilities in rapidly-developing countries in order to meet local demand with competitive industrial and logistic costs. This strategy is aimed at increasing the group's competitiveness as well as overcoming potential protectionist measures. By diversifying its operations geographically, the group protects itself from local political and macroeconomic imbalances.
Climate change Production activities and the implementation of the group's strategies are exposed to the effects of natural events. Environmental changes, some of which may have significant impacts, could locally interfere with the supply chain and harm some customers, affecting the seasonality of production and sales.	The group monitors climatic risks, has adopted emergency and production reallocation plans and has insurance coverage for direct and indirect damage caused by business interruption. It has also adopted the Working together for sustainable growth programme to mitigate climate change.
Market and competitive risks The social and technological trends that have emerged over the last few decades could have a significant impact in terms of a contraction in the alcoholic beverage sector, leading to a reduction in the demand for the closures produced by Guala Closures.	The group constantly monitors trends in demand in its key customers' sectors, updating and diversifying its products. In the short to medium term, there are no significant risks related to the markets in which it operates.
Evolution of expectations Anticipating customer preferences in terms of technological and product development requires major investments. Product and process/facility innovation requires a considerable financial and organisational commitment in research and development and in the monitoring of evolutionary trends.	The innovation of its closures and its products in general has been one of the main growth drivers for the group. In recent years, significant resources have been channelled to this area to ensure that the group remains competitive, in terms of both the study of alternative materials and the management of product end-of-life (recycling).

Nature of the risk	Risk management
Product conformity and safety The group is exposed to the risks related to alleged defects in materials sold and to food safety regulations, which also include the production of food contact materials.	The entire production process is subject to specific control procedures in order to guarantee the quality, conformity and safety, also in terms of health, of the products manufactured at the group's facilities, in accordance with the legal requirements in force and voluntary certification standards with constantly higher safety and performance objectives.
Cost and scarcity of resources The production of Guala Closures Group products requires different types of raw materials, the main ones being aluminium and plastics, whose price fluctuations have a direct impact on production costs. With respect to energy and transport costs, the group is also exposed to the price trends of a number of energy sources, with a negative impact on profitability.	These risks are mitigated through short- and medium/long-term mitigation strategies applied to both raw materials and energy and transport purchases such as: increases in sales prices, specific agreements with customers, partial forward hedges on raw materials purchases, and/or various cost-cutting initiatives.
Business interruption The territorial fragmentation of operating activities and their partial interconnection exposes the group to business interruption risks. Risk scenarios relate to natural or accidental events, malicious behaviour, pandemics, the malfunctioning of auxiliary systems or the disruption of utilities supplies.	Business interruption risks are adequately monitored, thanks to a series of security measures, systems for preventing harmful events and to mitigate impacts on the business, also considering the current security programmes and the insurance policies covering property damage.
Information technology (IT) Information and data processing systems require continuous updating and alignment with the requirements of strategic objectives. The infrastructures are exposed to multiple risks deriving from anomalies, viruses, equipment failures, work or connectivity disruptions, programming errors or illegal conduct by third parties.	The group mainly works to prevent and mitigate the risks connected to possible system malfunctions through high-reliability solutions and protection of its information assets by strengthening security systems against unauthorised access and company data management solutions.
Interest rate risk The group is exposed to this risk since almost all its outstanding financial liabilities provide for the payment of interest expense at variable rates subject to short-term re-pricing.	Given the favourable conditions characterising the interest rate market, the group has no derivatives in place at 31 December 2020.
Currency risk This risk arises from the fluctuation of exchange rates on sales and purchases carried out in currencies other than the functional currency of the various group companies. In the case of particular macroeconomic instability in countries, such as that the current Covid-19 pandemic, this risk may be even more significant. The currency risk is therefore connected to the trend of the US dollar, Australian dollar, British pound, Indian rupee, Ukrainian hryvnia and Polish zloty.	The group mitigates part of this risk by pegging the currency of any financial exposures to the currency of the underlying transactions. In order to hedge against foreign currency exchange fluctuations, it adopts a hedging policy of buying/selling forward foreign currencies when significant imbalances arise between costs and revenue in foreign currencies.

Nature of the risk	Risk management
Liquidity risk This risk relates to the group's ability to meet obligations associated with financial liabilities. This may result in difficulties in settling these liabilities at maturity.	The group ensures it has sufficient liquidity to cover expected short-term operating costs, including those related to financial liabilities. The objective of this strategy is to maintain a well-balanced ageing list in order to reduce the re-financing risk.
Credit risk Credit risk is the risk that a customer or one of the counterparties to a financial instrument causes a financial loss by failing to meet an obligation. This risk arises mainly from trade receivables and financial investments. The group's exposure to credit risk mainly depends on the specific characteristics of each customer. Credit risk is affected by the demographic variables typical of the group's customer portfolio, including the insolvency risk of the industry and the countries in which the customers operate.	The group mitigates its credit exposure through supplier financing lines made available by its main customers, effectively discounting part of its receivables without recourse. Based on the group's historical trend, credit losses are very limited. This risk is largely covered by the corresponding loss allowance in the financial statements.
Compliance with laws and regulations The group is subject to many different rules and regulations at local and corporate level. Therefore, this scenario, especially in terms of evolution and subsequent implementation within the group, leads to the risk of potential non-compliance that may have an impact not only in terms of financial penalties, but also damage to its reputation.	The group monitors this risk situation through a structured system of internal policies and procedures, which also includes the Code of ethics that governs the conduct of employees, as well as internal compliance activities carried out both locally and at corporate level.
Health and safety This risk relates to ensuring full compliance with the obligations provided for by Italian, national and international regulations on occupational health and safety and, more generally, to guarantee and preserve the health and safety of workers in line with the group's standards and objectives.	In carrying out its activities, the Guala Closures Group bears the costs and charges for the measures necessary to ensure full compliance with the obligations provided for by Italian, national and international regulations on occupational health and safety. In particular, in Italy, occupational health and safety regulations (Legislative decree no. 81/08) and subsequent updates (Legislative decree no. 106/09) introduced specific requirements that affected the management of site operations and the allocation of responsibilities. Failure to comply with these regulations also entails criminal and/or civil penalties and, in some cases constitutes violation of objective corporate liability according to a European model transposed in Italian law (Legislative decree no. 231/01). In order to monitor these risks continuously and effectively, the Guala Closures Group set up a Health & safety structure (both at corporate and subsidiary level) which uses specific procedures to monitor occupational safety and compliance with the regulations in force in the individual countries in which the group operates. For additional information about the occupational health and safety management system and the related medium-term objective, reference should be made to the consolidated non-financial statement.

Nature of the risk	Risk management
Tax risk	
Changes in the domestic and international tax environment and complexity could increase the risks of correct application of regulations and the overall business costs due to an increase in the group's effective tax rate and lead to uncertain and/or unexpected tax exposures.	The group regularly reviews its business strategy, its tax policy and its control system in the light of regulatory changes and assesses the need to improve the tax framework and the likelihood of any adverse outcome from audits in order to determine the adequacy of tax provisions.
ESG risks	
These risks refer to environmental, social and governance topics and are in part linked to other business risks already described (e.g., compliance with occupational health and safety), either directly with specific impacts or indirectly as a consequence thereof.	These risks are managed by setting medium/long-term objectives and by the continuous monitoring of indicators through the collection and preparation of specific centralised reports, periodic audits by specialised third-party companies and related action plans to meet the objectives.

4.2 Management and coordination

The parent is not managed or coordinated by another party pursuant to article 2497-bis of the Italian Civil Code.

4.3 Related party transactions

All transactions with related parties are defined contractually and take place at market conditions (fair value).

Transactions with the parent's directors and key managers are listed in note 40) Related party transactions to the consolidated financial statements.

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 December 31, 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 on the board of statutory auditors of Guala Closures S.p.A. appointed on September 10, 2018, whom it appointed on the indication of GCL Holdings S.à r.l.;
- 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;
- GCL Holdings S.à r.l. owes Guala Closures S.p.A. €151 thousand for tax reconciliation;
- 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..;
- Guala Closures S.p.A. bonds listed on the Luxembourg stock exchange and totalling €998,207 were purchased on August 4, 2020;
- the transactions with GCL Holdings S.à r.l. took place on an arm's length basis.

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

The transactions and relationships between this company and the group at December 31, 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 on 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 year.

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 December 31, 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 reporting period.

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

Guala Closures S.p.A. also had transactions with other group companies. For further information, reference should be made to notes 4) Net revenue, 5) Other operating income, 7) Costs for raw materials, 8) Costs for services, 11) Financial income, 12) Financial expense, 13) Income from equity investments, 17) Current and non-current financial assets, 18) Trade receivables, 23) Other current assets, 25) Equity investments, 33) Trade payables and 38) Other current liabilities, to the separate financial statements.

There are no significant transactions with other related parties in addition to those indicated in the notes to the separate and consolidated financial statements.

4.4 Remuneration

The information referred to in article 123-bis.1/2 of Legislative decree no. 58/1998 is disclosed in the report on the corporate governance and shareholding structure, which makes reference to the remuneration report prepared pursuant to article 123-ter of Legislative decree no. 58/1998 for some information on remuneration. Both reports, approved by the board of directors, are published on the company's website www.gualaclosures.com within the required timeframes.

4.5 Other information

There are no stock option plans or any share-based payment arrangements in place at December 31, 2020.

At December 31, 2020, there were no free allocations of shares to employees.

Reference should be made to note 40) Related party transactions to the consolidated financial statements for information on the roles and responsibilities of the parent's directors.

At the reporting date, there are no proxies for share capital increases pursuant to article 2443 of the Italian Civil Code, nor do the directors have the power to issue equity instruments or to authorise the repurchase of treasury shares.

No repurchases of treasury shares have taken place at the date of this report.

In 2020, the group invested (net of divestments) €31.8 million (€35.4 million) to support future growth. The main capex of 2020 was incurred in Italy, Poland, Ukraine, India and Mexico. For additional information reference should be made to note 26) Property, plant and equipment.

During 2020 the costs for research and development activities amounted to approximately € 3.1 million, of which approximately € 0.7 million capitalized in the year.

4.6 Reconciliation between parent and consolidated results and equity

	December 31, 2020	2020
(€'000)	**Equity**	**Profit (loss) for the year**
Financial statement of the parent	666,532	
Profit for the year	(11,146)	11,146
Equity and profit of the consolidated investees	389,302	35,363
- Elimination of the carrying amount of the investees and other consolidation adjustments	(360,365)	(3,092)
- Elimination of intragroup gains and profits (losses) (including the impact of deferred taxes)	(13,274)	(164)
- Elimination of intragroup dividends	(49,171)	(49,171)
- Profit for the year	(5,918)	
Consolidated financial statements	**615,959**	**(5,918)**
- Equity and profit attributable to non-controlling interests	(38,143)	(8,627)
Equity and profit attributable to the owners of the parent	**577,817**	**(14,546)**

Source*: financial statements figures*

Outlook

We started 2021 on the long wave of an excellent growth in the fourth quarter of 2020, even if the pandemic has not stopped and we need to continue playing by ear.

We believe that the first semester will still be challenging both in terms of reopening the HORECA circuit and adapting to different health needs, involving the need to be extremely flexible in production and delivery to our customers.

However, we are confident that 2021 will be better than 2020 with a significant rebound in the second half.

Finally, we remind all Shareholders that the Company could be subject to a full takeover bid during 2021.

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

March 10, 2021

Annexes to the directors' report

Annex A)

Reconciliation between the tables included in the directors' report with the consolidate financial statements – financial income and expense

Annex B)

Reconciliation between the tables included in the directors' report with the consolidate financial statements – statement of financial position

Annex C)

Reconciliation between the tables included in the directors' report with the consolidate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

Annex D)

Reconciliation between the tables included in the directors' report with the separate financial statements – financial income and expense

Annex E)

Reconciliation between the tables included in the directors' report with the separate financial statements – statement of financial position

Annex F)

Reconciliation between the tables included in the directors' report with the separate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

Annex A)

Reconciliation between the tables included in the directors' report with the consolidate financial statements – financial income and expense

(€'000)

Classification in the reclassified Financial income and expense	2019	2020	Classification in the notes to consolidated financial statements (notes 16-17)
Net exchange rate losses	7,830	10,772	Exchange rate gains
Net exchange rate losses	(12,386)	(19,836)	Exchange rate losses
Fair value gains/(losses) on derivatives	465	(2,092)	Fair value gains (losses) on market warrants
Fair value gains/(losses) on currency derivatives	(485)	308	Fair value gains (losses) on currency derivatives
Fair value losses on financial liabilities due to non-controlling investors	(2,311)	(2,074)	Financial expense on financial liabilities to non-controlling investors
Net interest expense	464	284	Interest income
Net other financial expense	2,451	1,436	Other financial income
Net interest expense	(21,719)	(20,668)	Interest expense
Net other financial expense	(2,729)	(3,284)	Other financial expense
Total net financial expense	**(28,420)**	**(35,154)**	

Annex B)

Reconciliation between the tables included in the directors' report with the consolidate financial statements – statement of financial position

(€'000)

Classification in the reclassified statement of financial position	December 31, 2019	December 31, 2020	Classification in the statement of financial position
Net working capital	104,093	92,620	Crediti commerciali
Net working capital	100,342	100,021	Rimanenze
Net working capital	(76,556)	(68,835)	Debiti commerciali
Total net working capital	**127,880**	**123,806**	
Derivative assets	10	634	Attività per derivati finanziari
Derivative liabilities	(172)	-	Passività per derivati finanziari
Net derivative assets/(liabilities)	**(162)**	**634**	
Other net liabilities	28	-	Attività derivanti da contratto
Other net liabilities	2,783	4,201	Crediti verso l'Erario per imposte sul reddito
Other net liabilities	10,453	10,992	Crediti verso l'Erario per imposte indirette
Other net liabilities	5,131	6,417	Altre attività correnti
Other net liabilities	130	195	Costi del contratto
Other net liabilities	17,940	24,501	Attività fiscali differite
Other net liabilities	365	410	Altre attività non correnti
Other net liabilities	(4,342)	(5,514)	Debiti verso l'Erario per imposte sul reddito
Other net liabilities	(8,821)	(11,827)	Debiti verso l'Erario per imposte indirette
Other net liabilities	(1,980)	(2,298)	Quota corrente dei fondi
Other net liabilities	(301)	(626)	Passività derivanti da contratto
Other net liabilities	(28,745)	(29,267)	Altre passività correnti
Other net liabilities	(113,211)	(97,750)	Passività fiscali differite
Other net liabilities	(348)	(241)	Quota non corrente dei fondi
Other net liabilities	(1,203)	(2,407)	Altre passività non correnti
Total net other liabilities	**(122,123)**	**(103,215)**	
Net financial liabilities - third parties	(627)	(74)	Current financial assets
Net financial liabilities - third parties	(451)	(458)	Non-current financial assets
Net financial liabilities - third parties	11,170	9,905	Current financial liabilities
Market Warrants	3,873	5,965	Current financial liabilities
Net financial liabilities - IFRS 16	6,542	3,645	Current financial liabilities
Net financial liabilities - third parties	458,285	466,711	Non-current financial liabilities
Financial liabilities to non-controlling investors	26,958	29,032	Non-current financial liabilities
Financial liabilities - IFRS 16	13,816	13,366	Non-current financial liabilities
Cash and cash equivalents	(57,056)	(63,882)	Cash and cash equivalents
Total net financial indebtedness	**462,511**	**464,210**	

Annex C)

Reconciliation between the tables included in the directors' report with the consolidate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

(€'000)

	December 31, 2019	December 31, 2020
Total change in net financial indebtedness	**13,960**	**(1,699)**
Increase in right-of-use assets	(4,604)	(4,386)
Proceeds from new borrowings and bonds	11,485	31,256
Repayment of borrowings and bonds	(8,917)	(16,530)
Repayment of finance leases	(7,293)	(9,051)
FX translation effect on foreign currency assets and liabilities	839	(1,491)
Change in fair value of the put option on non-controlling interests	2,311	2,074
Change in liabilities for financial expense	2,350	6,325
Transaction costs paid for bonds issued in 2018	(718)	-
Change in financial assets	(151)	326
Total change in financial assets and liabilities	**(4,699)**	**8,525**
Total change in cash and cash equivalents	**9,261**	**6,826**

Annex D)

Reconciliation between the tables included in the directors' report with the separate financial statements – financial income and expense

(€'000)

Classification in the reclassified financial income and expense	2019	2020	Classification in the notes to separated financial statements (notes 11-12-13)
Net exchange rate losses	1,271	1,026	Exchange rate gains
Net exchange rate losses	(956)	(1,979)	Exchange rate losses
Net impact on profit or loss of aluminium and currency derivatives	53	349	Impact of currency derivatives on profit or loss
Net impact on profit or loss of aluminium and currency derivatives	(534)	(33)	Impact of aluminium and currency derivatives on profit or loss
Net gains on equity investments	22,500	22,000	Income and expense on financial assets/liabilities
Market warrants	465	(2,092)	Fair value gains on market warrants
Net interest expense - third parties	-	24	Interest income
Net interest expense - third parties	(19,836)	(20,008)	Interest expense
Net interest expense - third parties	(388)	(464)	Other financial expense
Net interest income - related parties	9,535	10,320	Net interest income - related parties
Total net financial expense	**12,109**	**9,144**	

Annex E)

Reconciliation between the tables included in the directors' report with the separate financial statements – statement of financial position

(€'000)

Classification in the reclassified statement of financial position	December 31, 2019	December 31, 2020	Classification in the statement of financial position
Net working capital	12,952	12,285	Trade receivables - third parties
Net working capital	30,567	23,373	Trade receivables - related parties
Net working capital	16,603	18,134	Inventories
Net working capital	(24,291)	(23,301)	Trade payables - third parties
Net working capital	(3,348)	(2,235)	Trade payables - related parties
Total net working capital	**32,482**	**28,256**	
Derivative assets	10	637	Financial derivative assets
Derivative liabilities	(172)	-	Financial derivative liabilities
Net derivative assets/(liabilities)	**(162)**	**637**	
Other assets/liabilities	371	143	Current direct tax assets
Other assets/liabilities	692	1,615	Current indirect tax assets
Other assets/liabilities	87	2,060	Other current assets - third parties
Other assets/liabilities	2,517	1,592	Other current assets - related parties
Other assets/liabilities	9,342	13,527	Deferred tax assets
Other assets/liabilities	18	221	Other non-current assets
Other assets/liabilities	(524)	(33)	Current direct tax liabilities
Other assets/liabilities	(870)	(936)	Current indirect tax liabilities
Other assets/liabilities	(966)	(1,357)	Current provisions
Other assets/liabilities	(7,854)	(7,999)	Other current liabilities - third parties
Other assets/liabilities	(1,042)	(123)	Other current liabilities - related parties
Other assets/liabilities	(212)	(409)	Other non-current liabilities - third parties
Other assets/liabilities	(42,842)	(40,204)	Deferred tax liabilities
Other assets/liabilities	(322)	(224)	Non-current provisions
Total other current assets/liabilities	**(41,604)**	**(32,128)**	
Net financial liabilities - third parties	(28)	(36)	Non-current financial assets - third parties
Net financial liabilities - third parties	10,934	9,933	Current financial liabilities - third parties
Net financial liabilities - third parties	448,793	458,777	Non-current financial liabilities - third parties
Net financial liabilities - IFRS 16	4,790	1,822	Non-current financial liabilities - third parties
Maket Warrants	3,873	5,965	Non-current financial liabilities - third parties
Financial assets - related parties	(35,657)	(3,468)	Current financial assets - related parties
Financial assets - related parties	(198,899)	(257,480)	Non-current financial assets - related parties
Cash and cash equivalents	(14,463)	(19,538)	Cash and cash equivalents
Total net financial indebtedness	**219,343**	**195,974**	

Annex F)

Reconciliation between the tables included in the directors' report with the separate financial statements – change in net financial indebtedness towards change in cash and cash equivalents

(€'000)

	December 31, 2019	December 31, 2020
Total change in net financial indebtedness	**12,483**	**23,368**
Proceeds from new borrowings and bonds	2,276	22,896
Repayment of borrowings and bonds	(1,176)	(15,000)
Repayment of finance leases	(3,312)	(3,864)
FX translation effect on foreign currency assets and liabilities	650	(694)
Impatto sul debito adozione IFRS 16	(2,532)	(896)
Change in liabilities for financial expense	(374)	6,103
Transaction costs paid for the Bridge Facility Agreement, new bonds and the Senior Revolving Facility	(718)	-
Change in financial assets	(8,941)	(26,839)
Total change in financial assets and liabilities	**(14,128)**	**(18,294)**

Total change in cash and cash equivalents	**(1,644)**	**5,073**

Consolidated financial statetments as at and for the year ended December 31, 2020

Statement of profit or loss

(€'000)	2019	of which: Related parties	of which: Non-recurring income (expense)	2020	of which: Related parties	of which: Non-recurring income (expense)	Note
Net revenue	**606,546**		**-**	**572,035**			8
Change in finished goods and semi-finished products	1,929		(197)	1,791		(273)	
Other operating income	4,945		294	5,592		661	9
Internal work capitalised	5,087		-	5,437			10
Costs for raw materials	(263,706)		(185)	(243,380)			11
Costs for services	(109,874)	(140)	(1,599)	(105,808)	-	(552)	12
Personnel expense	(125,316)		(241)	(129,873)		(132)	13
Other operating expense	(10,856)		(2,900)	(8,843)		(1,516)	14
Impairment losses on trade receivables and contract assets	(39)		-	(791)			
Impairment losses	(599)		(599)	(3,378)		(3,378)	28
Gains on sales of equity investments	-			2,830		2,830	15
Amortisation and depreciation	(62,909)			(64,734)			26-27-28
Financial income	11,263	4		12,838	1		16
Financial expense	(39,683)			(47,992)			17
Share of loss of equity-accounted investees, net of the tax effect			-	(160)			
Profit (loss) before taxation	**16,788**	**(136)**	**(5,426)**	**(4,435)**	**1**	**(2,360)**	
Income taxes	(2,129)			(1,483)			19
Profit (loss) for the year	**14,659**	**(136)**	**(5,426)**	**(5,918)**	**1**	**(2,360)**	
Attributable to:							
- the owners of the parent	7,705			(14,546)			
- non-controlling interests	6,954			8,627			
Basic earnings (loss) per share (€)	**0.12**			**(0.22)**			**21**
Diluted earnings (loss) per share (€)	**0.10**			**(0.19)**			**21**

The notes on pages 180 to 278 are an integral part of these consolidated financial statements.

Statement of profit or loss and other comprehensive income

(€'000)	2019	2020
Profit (loss) for the year	**14,659**	**(5,918)**
Other comprehensive income:		
Actuarial gains on defined benefit plans	(257)	(683)
Taxes on items that will not be reclassified to profit or loss	35	90
Items that will not be reclassified to profit or loss:	***(222)***	***(592)***
Foreign currency translation differences for foreign operations	12,727	(37,081)
Hedging reserve	58	695
Hedging reserve for cash flow hedges reclassified to profit or loss		(58)
Tax on items that are or may be reclassified subsequently to profit or loss	(14)	(188)
Items that are or may be reclassified subsequently to profit or loss:	**12,771**	**(36,632)**
Other comprehensive income (expense) for the year, net of tax	**12,549**	**(37,225)**
Comprehensive income (expense) for the year	**27,208**	**(43,143)**
Attributable to:		
- the owners of the parent	17,711	(46,347)
- non-controlling interests	9,497	3,204

The notes on pages 180 to 278 are an integral part of these consolidated financial statements.

Statement of financial position - ASSETS

(€'000)	**December 31, 2019**	*of which:* Related parties	**December 31, 2020**	*of which:* Related parties	**Notes**
ASSETS					
Current assets					
Cash and cash equivalents	57,056		63,882		22
Current financial assets	627	139	74		
Trade receivables	104,093	115	92,620		23
Contract assets	28		-		
Inventories	100,342		100,021		24
Current direct tax assets	2,783		4,201		
Current indirect tax assets	10,453		10,992		
Derivative assets	10		634		
Other current assets	5,131		6,417	151	
Total current assets	**280,523**	**255**	**278,841**	**151**	
Non-current assets					
Non-current financial assets	451		458		
Investments in associates	-		1,028		25
Property, plant and equipment	228,911		220,793		26
Right-of-use assets	27,630		16,516		27
Intangible assets	872,035		830,239		28
Contract costs	130		195		
Deferred tax assets	17,940		24,501		29
Other non-current assets	365		410		
Total non-current assets	**1,147,461**	-	**1,094,139**	-	
TOTAL ASSETS	**1,427,984**	255	**1,372,980**	**151**	

The notes on pages 180 to 278 are an integral part of these consolidated financial statements.

Statement of financial position - LIABILITIES

(€'000)	December 31, 2019	of which: Related parties	December 31, 2020	of which: Related parties	Notes
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities	21,585		19,515		30
Trade payables	76,556	10	68,835	-	31
Contract liabilities	301		626		
Current direct tax liabilities	4,342		5,514		
Current indirect tax liabilities	8,821		11,827		
Current provisions	1,980		2,298		32
Derivative liabilities	172		-		
Other current liabilities	28,745		29,267		33
Total current liabilities	**142,502**	**10**	**137,882**	**-**	
Non-current liabilities					
Non-current financial liabilities	499,060		509,109		30
Employee benefits	6,599		9,631		34
Deferred tax liabilities	113,211		97,750		29
Non-current provisions	348		241		32
Other non-current liabilities	1,203		2,407	-	
Total non-current liabilities	**620,421**	-	**619,139**	-	
Total liabilities	**762,923**	10	**757,021**	**-**	
Share capital and reserves attributable to non-controlling interests	34,726		29,515		
Profit for the year attributable to non-controlling interests	6,954		8,627		
Equity attributable to non-controlling interests	**41,680**	-	**38,143**	-	**36**
Share capital	68,907		68,907		
Share premium reserve	423,837		423,837		
Legal reserve	643		1,266		
Translation reserve	6,041		(25,679)		
Hedging reserve	-		449		
Retained earnings and other reserves	116,249		123,583		
Profit (loss) for the year	7,705		(14,546)		
Equity attributable to the owners of the parent	**623,381**	-	**577,817**	-	**35**
Total equity	**665,060**		**615,959**		
TOTAL LIABILITIES AND EQUITY	**1,427,984**	10	**1,372,980**	**-**	

The notes on pages 180 to 278 are an integral part of these consolidated financial statements.

Statement of cash flows

(€'000)	2019	2020	Notes
Opening cash and cash equivalents	**47,795**	**57,056**	**22**
A) Cash flows from operating activities			
Profit (loss) before taxation	16,788	(4,435)	
Adjustments:			
Amortisation and depreciation	62,909	64,734	26-27-28
Financial income	(11,263)	(12,838)	
Financial expense	39,683	47,992	
Gain from the bargain purchase of Closurelogic Turkey	-	(487)	
Share of loss of equity-accounted investees, net of the tax effect		160	
Gains on sales of equity investments		(2,830)	15
Net gains on sale of non-current assets	(404)	(166)	
Variation:			
Receivables, payables and inventories	991	(4,950)	23-31-24
Other operating items	(3,064)	5,796	
VAT and indirect tax assets/liabilities	(565)	2,458	
Income taxes paid	(18,424)	(18,240)	
Net cash flows from operating activities	**86,651**	**77,193**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(36,453)	(32,049)	26-27-28
Proceeds from sale of property, plant and equipment and intangible assets	1,015	298	26-27-28
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)	-	(897)	
Sale of GCL Pharma S.r.l. (net of cash transferred)	-	7,088	
Net cash flows used in investing activities	**(35,991)**	**(37,917)**	
C) Cash flows from financing activities			
Interest received	2,914	1,719	
Interest paid	(22,298)	(21,182)	
Transaction costs paid for bonds issued in 2018	(718)	-	
Other financial items	(831)	(168)	
Dividends paid	(8,643)	(6,930)	
Proceeds from new borrowings and bonds	2,276	22,484	30
Repayment of borrowings and bonds	(8,917)	(16,530)	30
Repayment of leases	(7,293)	(9,051)	
Change in financial assets	(151)	327	
Net cash flows used in financing activities	**(43,660)**	**(29,331)**	
Net cash flows of the year	**7,000**	**9,945**	
Effect of exchange fluctuations on cash held	2,261	(3,119)	
Closing cash and cash equivalents	**57,056**	**63,882**	**22**

The notes on pages 180 to 278 are an integral part of these consolidated financial statements.

Statement of changes in equity

(€'000)	January 1, 2019 (*)	Allocation of 2018 profit	Profit/(loss) for the year	Reclass.	Other compr. income	Compr. income (expense) for the year	Dividends	Acquisition of non-controlling interests that result in a change of control	Total trans-actions with owners	December 31, 2019
	A)	B)				C)			D)	A)+B)+C)+D)
Attributable to the owners of the parent:										
Share capital	68,907					-			-	**68,907**
Share premium reserve	423,837					-			-	**423,837**
Legal reserve	-	643				-			-	**643**
Translation reserve	(4,139)				10,180	10,180			-	**6,041**
Hedging reserve	43			(87)	44	(43)			-	**(0)**
Retained earnings and other reserves	116,928	(547)		87	(218)	(130)			-	**116,249**
Profit for the year	96	(96)	7,705			7,705			-	**7,705**
Equity	**605,671**	**-**	**7,705**	**-**	**10,006**	**17,711**	**-**	**-**	**-**	**623,381**
Non-controlling interests:										
Share capital and reserves	36,620	2,713			2,543	2,543	(7,296)	146	(7,150)	**34,726**
Profit for the year	2,713	(2,713)	6,954			6,954			-	**6,954**
Equity	**39,333**	**-**	**6,954**	**-**	**2,543**	**9,497**	**(7,296)**	**146**	**(7,150)**	**41,680**
Total equity	**645,004**	**-**	**14,659**	**-**	**12,549**	**27,207**	**(7,296)**	**146**	**(7,150)**	**665,060**

(€'000)	January 1, 2020	Allocation of 2019 profit	Profit/(loss) for the year	Reclass.	Other compr. income	Compr. income (expense) for the year	Dividends	Acquisition of non-controlling interests that result in a change of control	Total trans-actions with owners	December 31, 2020
	A)	B)				C)			D)	A)+B)+C)+D)
Attributable to the owners of the parent:										
Share capital	68,907					-			-	**68,907**
Share premium reserve	423,837					-			-	**423,837**
Legal reserve	643	623				-			-	**1,266**
Translation reserve	6,041				(31,720)	(31,720)			-	**(25,679)**
Hedging reserve	-				449	449			-	**449**
Retained earnings and other reserves	116,249	7,082			(529)	(529)		783	783	**123,583**
Profit (loss) for the year	7,705	(7,705)	(14,546)			(14,546)			-	**(14,546)**
Equity	**623,381**	**-**	**(14,546)**	**-**	**(31,801)**	**(46,347)**	**-**	**783**	**783**	**577,817**
Non-controlling interests:										
Share capital and reserves	34,726	6,954			(5,424)	(5,424)	(5,958)	(783)	(6,741)	**29,515**
Profit (loss) for the year	6,954	(6,954)	8,627			8,627			-	**8,627**
Equity	**41,680**	**-**	**8,627**	**-**	**(5,424)**	**3,204**	**(5,958)**	**(783)**	**(6,741)**	**38,143**
Total equity	**665,060**	**-**	**(5,919)**	**-**	**(37,225)**	**(43,143)**	**(5,958)**	**-**	**(5,958)**	**615,959**

The notes on pages 180 to 278 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements at December 31, 2020

General information

(1) General information

Guala Closures S.p.A. (the "company" or the "parent") (formerly Space4 S.p.A.) was incorporated by Space Holding S.r.l. on September 19, 2017 with the name of Space4 S.p.A.. It was a special purpose acquisition company (SPAC), set up under Italian law as an SIV (special investment vehicle) pursuant to the Italian stock exchange regulation. Trading began on December 21, 2017.

On July 31, 2018, Space4 S.p.A. acquired Guala Closures S.p.A., the parent of Guala Closures Group. On August 6, 2018, Guala Closures S.p.A. was merged into Space4 S.p.A..

Following the above transaction, the latter company was renamed Guala Closures S.p.A. and the group headed by Space4 S.p.A. was renamed Guala Closures Group.

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

The Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic beverages such as water, olive oil and vinegar to be sold mainly on international markets.

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

The group's activities are separated into two divisions:

- the Closures division, representing the group's core business, specialised in the production of safety closures, customised luxury closures, aluminium closures for wine, standard roll-on closures other sectors;

- the PET division, which produces PET bottles and miniatures. This division is no longer considered a core business and, as a result of the reorganisation which entailed the sale of part of the assets and the transfer of the residual ones from Spain to the United Kingdom in 2019, the division is now closely connected to the Closures division as its customers and those of the Closure division's Spirit sector are the same and because the PET division's activities are substantially an accessory market related to the sale of closures to group customers.

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

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

(2) Accounting policies

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

They have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between the 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.

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

These consolidated financial statements have been prepared using the following formats:

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

Starting from the consolidated financial statements as at December 31, 2020, the Group has changed the presentation of the statement of comprehensive income which has been divided into two statements: the statement of profit or loss and the statement of profit or loss and other comprehensive income. The comparative data relating to 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 consolidated financial statements.

a) Accounting for business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, 0the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Investments in non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

List of investments in subsidiaries and associates at December 31, 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 Technologia Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect (*)	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	6,252,120	70%	Indirect (*)	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect (*)	Line-by-line
Guala Closures BY LLC	Belarus	BYN	1,158,800	70%	Indirect (*)	Line-by-line
Guala Closures Deutschland GmbH	Germany	€	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	1,006,616,074	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

(b) Use of estimates and judgements

Management has to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot readily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is included in the following notes: loss allowance (note (p) estimated expected credit losses) and allowance for inventory write-down (note 24 inventory estimated recoverability), amortisation/depreciation and impairment of non-current assets (notes (i) (k) estimated useful life), employee benefits (note 34 estimated actuarial assumptions), taxes (note 29 estimated future taxable income), provisions (note 32), measurement of financial derivatives and measurement of business combinations (note 7 estimated fair value of acquired assets and liabilities), market warrants (note 30 estimated fair value of market warrants), financial liabilities to non-controlling investors (note 30 fair value put option).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognised in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognised in the year in which the review takes place.

(c) Changes in accounting standards

New applicable standards

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 same accounting policies as those used for the consolidated financial statements at December 31, 2019 are applied to these. Furthermore, no retrospective adjustments were made.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates ruling at the transaction date.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the same date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the transaction date. Exchange differences are generally recognised in profit or loss and presented within financial expense.

However, exchange differences arising from the translation of the following items are recognised in other comprehensive income:
– an investment in equity securities designated as at FVOCI;
– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
– qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into euro at the exchange rates at the transaction date.

Hyperinflationary economy: since 2018 Argentina has been considered a hyperinflationary economy as defined by IFRS, specifically IAS 29. Consequently, following Argentina's inclusion in the list of hyperinflationary economies, as of July 1, 2018 and effective from January 1, 2018, Guala Closures Group has applied IAS 29: Financial Reporting in Hyperinflationary Economies.
At December 31, 2020, the group's operations in Argentina represented approximately 2% of its revenue, (0.6)% of its operating performance and 0.3% of its net assets.

Exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reallocated to non-controlling interests. When the group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

	Average exchange rates		Spot exchange rates	
€1 = x foreign currency	**2019**	**2020**	**December 31, 2019**	**December 31, 2020**
Pound sterling	0.87731	0.88921	0.8508	0.8990
US dollar	1.11958	1.14128	1.1234	1.2271
Indian rupee	78.85016	84.57954	80.1870	89.6605
Mexican peso	21.55728	24.51176	21.2202	24.4160
Colombian peso	3,673.07250	4,215.64833	3,688.6600	4,202.3400
Brazilian real	4.41353	5.89002	4.5157	6.3735
Chinese renmimbi	7.73388	7.87084	7.8205	8.0225
Argentinian peso	67.27490	103.24940	67.2749	103.2494
Polish zloty	4.29753	4.44318	4.2568	4.5597
New Zealand dollar	1.69928	1.75646	1.6653	1.6984
Australian dollar	1.61059	1.65539	1.5995	1.5896
Ukrainian hryvnia	28.92921	30.81215	26.7195	34.7689
Bulgarian lev	1.95580	1.95580	1.9558	1.9558
South African rand	16.1731	18.7685	15.7773	18.0219
Japanese yen	122.0564	121.7755	121.9400	126.4900
Chilean peso	786.9642	903.1083	844.8600	872.5200
Kenyan shilling	114.1884	121.6251	113.8986	134.0171
Belarus ruble	2.2936	2.7898	2.3687	3.1646
Turkish lira	n.a.	9.2781	n.a.	9.1131

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realisable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(g) Assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(h) Discontinued operation

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

– represents a separate major line of business or geographical area of operations;

– is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

– is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative year.

(i) Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalised.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and moulds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognised. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognised at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described in paragraph (p) impairment losses.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognised as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalised when the product or process is feasible in technical and commercial terms and the group has adequate resources to complete the development stage and the group has concluded that it will have the ability to use it.
Capitalised development expenditure is measured at cost, net of accumulated amortisation and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortisation and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortisation periods for intangible assets are as follows:

	Amortisation period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licences	5
Customer list	20
Other capitalised expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the group. This expenditure is amortised over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognised in profit or loss at the time of disposal.

(I) Income taxes

Income taxes comprise current and deferred tax. They are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax also includes any tax arising from dividends and any interest and penalties imposed by the tax authorities following their review of the tax position of previous years which found a difference in tax due.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognised when the dividend is approved.

In determining the amount of current and deferred tax, the group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

(m) Financial instruments

Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see paragraph (n)). On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the group's key managers;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the group's continuing recognition of the assets.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding in a given period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable rate features;

– prepayment and extension features; and

– terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium on its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is immaterial at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See note (n) for derivatives designated as hedging instruments.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See note (n) for financial liabilities designated as hedging instruments.

Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(n) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of currency risk on a net investment in a foreign operation.

At the inception of designated hedging relationships, the group documents the risk management objective and strategy for undertaking the hedge. The group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventories, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same year or years during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same year or years as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(o) Share capital and equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognises a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognised decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognised in profit or loss as financial expense.

Warrants

Warrants are recognised in accordance with the conditions set out in the relevant regulations governing their operation.

Warrants with fixed conversion parameter

Some warrants (sponsor warrants and management warrants) have fixed and predetermined subscription prices and exercise ratios at the date of issue within predefined time windows. In these cases, the warrant regulation provides for the number of shares that will be issued and the price (if any) that the holder must pay to the company on the date of exercise of the warrants. These instruments are accounted for by the group as equity instruments.

Warrants with variable conversion parameter

Some warrants (market warrants) have a conversion ratio that varies over time and according to the variability of the market price of the underlying share and other parameters provided for in the relevant regulation. Despite the variability of the conversion ratio, the expiry date of the warrant is brought forward when certain thresholds of the price of the underlying share are achieved (thus representing a cap on its appreciation) with the right to settle the instrument through the delivery of shares or cash to the bearer of the rights or to the issuer. The group recognises these instruments as derivative financial liabilities. Given their characteristics, these instruments are qualified and classified as derivatives in accordance with IFRS 9, and the related fair value gains and losses are taken to profit or loss.

(p) Impairment

Non-derivative financial instruments

Financial instruments and contract assets

The group recognises loss allowances for ECLs on:

– financial assets measured at amortised cost;

– contract assets.

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

– debt securities that are determined to have low credit risk at the reporting date; and

– other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as enforcing a security (if any are held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

The gross carrying amount of a financial asset is partially or fully impaired to the extent the group has no reasonable expectations of its recovery. For customers, the group individually makes an assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets, except for inventories and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Employee benefits

The group's net obligation in respect of defined contribution plans relates to the post-employment benefit plans whereby the group companies pay fixed contributions to an entity that is legally separated on a mandatory, contractual or voluntary basis without there being any actual or constructive obligation to make additional payments if the entity does not hold sufficient assets to pay all accrued pension benefits relating to current or past services. Contributions payable are recognised in profit or loss on an accruals basis and classified as personnel expense.

The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

For the Italian companies, starting from January 1, 2007, the Finance Act (Law no. 296 of December 27, 2006, the "2006 Finance Act") and the relevant implementation decrees introduced important changes in the rules governing post-employment benefits ("TFR"), including the need for employees to decide on the allocation of their future benefits. In particular, this reform established that employees had to transfer the new amounts of their benefits to established pension funds after January 1, 2007 or leave them with the company; in the latter case, the company would pay these amounts to a specific INPS (Italian social security institution) treasury account. Therefore, the post-employment benefits stated in the consolidated financial statements refer to the amount due to employees, not yet paid but vested up to December 31, 2006.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date.

If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as financial expense.

(s) Revenue

The group has applied IFRS 15 Revenue from Contracts with Customers since January 1, 2018. Specifically, IFRS 15 introduced a new model for revenue recognition based on the following five steps:

- identify the contract(s) with a customer
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised, net of returns, discounts, rebates and bonuses, as well as taxes directly related to the sale of products and the provision of services. They are measured taking into account the consideration specified in the contract with the customer. The group, which generally operates as principal, recognises revenue when it transfers control of the goods or services (point in time). Control of the safety and standard closures is transferred to the customers when the goods are delivered to their premises, i.e., when the goods are taken over by the carrier selected by the customer if earlier and, accordingly, the group recognises the related revenue at such times. There are generally no further contractual obligations for the group.
There are no significant discounts for final customers and there are no contracts which enable customers to return products in exchange for new ones or cash reimbursements.
Usually, no costs are incurred to obtain or perform contracts with customers.

(t) Government grants

Grants relating to assets and income are recognised when there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognised as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognised under Other operating income.

(u) Financial income and expense

The group's financial income and finance expense include:

– interest income;

– interest expense;

– dividend income;

– dividends on preference shares classified as financial liabilities;

– the net gain or loss on the disposal of investments in debt securities measured at FVOCI;

– the net gain or loss on financial assets at FVTPL;

– the exchange gain or loss on financial assets and financial liabilities;

– impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

– the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;

– the fair value loss on contingent consideration classified as a financial liability;

– hedge ineffectiveness recognised in profit or loss; and

– the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(v) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When one is available, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
If an asset or a liability measured at fair value has a bid price and an ask price, then the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to measurement.
The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(w) Leases

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. Leases in which the group is a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices. However, for the leases of property, the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate (i.e., the incremental borrowing rate of each Guala Closures Group company) or the Guala Closures Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The group considered the renewal options when determining the lease term and, specifically, considered as reasonably certain the exercise of the first renewal option which may be included in the lease. With respect to leases that do not contain annual automatic renewal options, the group considered the lease term based on the time horizon of the business plan prepared by group management (five years), assuming that this time horizon properly reflects a period of time adequate to assess the lease term with a reasonable certainty. Assessment of the reasonable certainty of exercising the renewal option affects the lease term which, in turn, significantly affects the lease liability and the right-of-use asset.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group presents right-of-use assets separately from property, plant and equipment and intangible assets and it recognises lease liabilities under 'financial liabilities'.

B. Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

C. Leases in which the group is a lessor

At inception or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.
When the group acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
The group recognises ease payments received under operating leases as income on a straight-line basis over the least term as part of 'other revenue'.

(y) Standards, amendments and interpretations not yet applicable

The following are the new accounting standards and / or their amendments applicable to the annual financial statements subsequent to December 31, 2020.
A number of new standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements, given the expectation that they will not have a significant impact on the annual financial statements:

- extension of the temporary extension of the application of IFRS 9 (amendments to IFRS4);
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

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

At December 31, 2020, the Group has a credit line Senior Revolving Credit Facility partially used for £11 million at LIBOR interest rate that will be subject to IBOR reform. The Group expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

The effects deriving from future applications of the aforementioned accounting standards or amendments are currently being evaluated but should not have significant impacts in the future.

At the reference date of these consolidated financial statements, the competent bodies of the European Union had not yet completed the approval process necessary for the application of the new standards and amendments:

- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts, including subsequent amendments issued in June 2020
- Amendments
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)
- Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards (Cycle 2018–2020)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020.

(4) Covid-19

The worldwide outbreak of Covid-19 and the consequent restrictive measures implemented by the public authorities of the affected countries to contain it characterised the 2020 international scenario. In addition to its enormous social impact, this ongoing public health emergency is also having direct and indirect effects on general economic performance and on consumption and investments, leading to 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.

To this end, 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. Specific business continuity plans have been prepared with the group's 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 - 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 slower rates than expected due to Covid-19. The facilities in Eastern Europe, (Poland, Ukraine, Bulgaria and Belarus) continued to operate at full capacity.

The group's **Asian facilities** 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 sustained rates due to the growth in volumes for brands focused on off-premises and e-commerce sales, which spiked with Covid-19. The Chilean facility continued to operate at full capacity and, in Brazil, operations never stopped since the government authorities have not implemented any lockdown measures. In Colombia, during the lockdown period from March 20 to May 11, production was converted to produce closures for disinfectants. The production of closures for spirits subsequently resumed, although sales volumes were depressed by the closure of public places of business by local government order 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 facility in South Africa 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.

The group's business was only marginally impacted by Covid-19 starting in the first quarter of 2020, when the impact was limited to operations in India, China, Argentina and South Africa, where operations were ordered to temporarily shut down, as described above. In the second quarter of 2020, the impact of Covid-19 was significant, with a loss of sale volumes mainly in the group's operations 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 mainly 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 to May 11 lockdown to produce closures for disinfectants and public places of business remained shuttered until September; Spain and Italy, which were the European countries hit the hardest by Covid-19. In the second half 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 €402.3 million in 2019, down by €31.5 million, or 7.8%, to €370.7 million in 2020 at constant exchange rates). 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.

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. Near the end of the year, 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.

In 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 (PPE) for employees, sanitisation and the adaptation of work areas to comply with social distancing requirements.

In response to the decrease in sales volumes, the group began introducing measures to contain personnel expense in the second quarter of 2020 in order to limit the effect on the profit margin.

This resulted in a decrease in personnel expense, mainly in those European countries hit the hardest by the Covid-19 pandemic, particularly the United Kingdom, where the social shock absorbers introduced by the UK government (furlough) meant production could be reduced commensurate with the lower sales volumes using this income support measure, and in Spain and in Italy, where production was optimised by scheduling holiday leave for employees, concentrating production on the weekdays, avoiding production during the weekend and curtailing bonuses.

In India and South Africa, where the extremely 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 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.

(5) Brexit

The United Kingdom officially left the European Union on January 31, 2020, following the referendum of June 23, 2016 which endorsed the exit process.

Consequently, 2020 was a transition period in which the UK and the EU negotiated the terms of their future relationship. For the entirety of the transition period, EU law continued to apply to the UK and part of the customs union and single EU market rules remained in place, meaning there were no repercussions for the Guala Closures Group, which performs a significant share of its operations in the UK.

As of January 1, 2021, the UK is no longer a member of the single market and customs union and is no longer a party to the EU's international agreements, and the agreements signed on December 24, 2020 establish the terms of the relationship between the parties.

Such agreements between the parties include, notably, the "Free Trade Agreement", which provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin, and therefore the group's products. With respect to transport, the same agreement provides for continued and sustainable air, road, rail and maritime connectivity. Indeed, with the exception of a few customs delays in January due to the increased administrative burdens, which have now been resolved, the group has not seen a material impact on its operations.

Furthermore, the UK has rolled out a simplified process for value-added tax on imports, and this has not created any changes to the group's cash flows and administrative streams post-Brexit.

However, Brexit has clearly complicated the administrative process for imports and exports from and to the EU, but the financial impact of these additional burdens is immaterial for the group.

In light of the above, as was foreseen, Brexit had no material impact on the group's results of operations in the UK.

(6) 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 key management (CODM, 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 concentrating the remaining assets with 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.

Statement of profit or loss

(€'000)	Closures		Other operations		Total	
	2019	2020	2019	2020	2019	2020
Net revenue	601,027	569,313	5,519	2,723	606,546	572,035
Amortisation and depreciation	(62,728)	(64,495)	(181)	(238)	(62,909)	(64,734)
Profit (loss) before taxation	17,677	(4,389)	(889)	(46)	16,788	(4,435)

Statement of financial position

(€'000)	Closures		Other operations		Total	
	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020
Trade receivables	103,347	92,460	746	160	104,093	92,620
Inventories	99,799	99,463	543	558	100,342	100,021
Trade payables	(76,141)	(68,516)	(415)	(319)	(76,556)	(68,835)
Property, plant and equipment, right-of-use assets	255,362	236,127	1,179	1,181	256,541	237,308

Capex

(€'000)	Closures		Other operations		Total	
	2019	2020	2019	2020	2019	2020
Capex (net of sales)	34,455	31,508	983	242	35,438	31,751

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)	2019	2020
United Kingdom	109,638	95,333
Italy	68,348	67,020
Poland	64,121	55,273
India	73,120	54,079
Mexico	49,163	45,400
Spain	44,471	34,562
Ukraine	43,809	31,807
Germany	-	30,477
North America	16,548	26,824
Australia	28,380	26,254
France	13,467	13,140
South Africa	15,194	11,623
Other countries	80,287	80,244
Net revenue	**606,546**	**572,035**

	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**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**
Italy	589,933	581,140	9,342	13,527
Australia	86,761	84,605	2,383	2,255
India	70,746	59,258	751	912
Poland	50,252	48,524	-	-
Spain	40,933	39,993	295	520
Ukraine	40,489	30,739	-	-
Mexico	38,159	33,693	59	99
South Africa	16,826	13,865	400	672
Germany	-	10,693	-	1,541
Brazil	14,316	9,792	-	-
Chile	8,661	8,501	1,151	1,648
Argentina	3,687	3,153	1,845	313
New Zealand	12,193	11,057	170	189
China	8,704	7,329	148	132
Other countries	80,366	60,616	593	1,776
Consolidation adjustments	66,551	64,591	803	918
Total	**1,128,576**	**1,067,547**	**17,940**	**24,501**

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

Information about key customers

In the Closures segment, there are two customers in 2020 that generate over 10% of revenue each: the turnover of the first customer amounts to around €68 million for 2020 (roughly 12% of net revenue), while that of the second customer is approximately €58 million for the same year (roughly 10% of net revenue).

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

In 2020, the group closed on the following non-recurring transactions:

- 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.

(7.1) Acquisition of Closurelogic GmbH's assets

(7.1.1) 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.

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 loss for the period would have amounted to approximately €576.4 million and about €6.0 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.

(7.1.2) Consideration transferred

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

(7.1.3) Transaction costs

The group incurred transaction costs of approximately €0.3 million related to legal and notary fees and due diligence costs on the acquisition. These costs have been mainly included under legal/consultancy expenses in the group's 2020 statement of profit or loss.

(7.1.4) Identifiable assets acquired and liabilities assumed

Recognised assets acquired and liabilities assumed at the acquisition date are summarised below:

(€'000)	Carrying amounts before acquisition	Adjustments for fair value measurement	Amounts recognised at the acquisition date
Property, plant and equipment	6,990	2,013	9,003
Intangible assets	200	-	200
Inventories	4,997	273	5,270
Right-of-use assets	1,271	-	1,271
Current financial liabilities	(297)	-	(297)
Non-current financial liabilities	(974)	-	(974)
Employee benefits	(3,006)	-	(3,006)
Other current liabilities	(172)	-	(172)
Current provisions	(213)	-	(213)
Deferred tax assets	349	-	349
Net identifiable assets and liabilities	**9,146**	**2,286**	**11,432**

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 €3,006 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.
The fair value adjustment to property, plant and equipment refers to the adjustment to the fair value of the purchased building and land on which the production facility stands. This adjustment was based on the technical appraisal by the group's independent expert during the due diligence.
The fair value adjustment to inventories was recognised to adjust the carrying amount of purchased inventories to their market value.

(7.1.5) Goodwill

Goodwill arising from the acquisition was recognised as follows:

(€'000)	Amounts recognised at the acquisition date
Consideration paid at the acquisition date	12,187
less: net identifiable assets and liabilities	(11,432)
Provisional goodwill arising from the acquisition	**755**

Goodwill recognised in these consolidated financial statements will not be deductible for income tax purposes.
The goodwill resulting from the acquisition mainly refers to the skills and technical knowledge of the Closurelogic GmbH business staff.

(7.2) 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 fully diluted share capital.
Under the agreements reached, the Guala Closures Group can increase its investment by subscribing specific capital increases and can also recover its investment.
The investment in the associate SharpEnd, with an initial carrying amount of €1.3 million, is periodically adjusted according to the equity method.

(7.3) 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 consolidated financial statements reflect the accounting effects of this sale. Specifically, the statement of profit or loss for 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.

(7.4) 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.

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

(7.5.1) 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.

(7.5.2) 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.

(7.5.3) Transaction costs

The group had incurred transactions costs of roughly €0.1 million at December 31, 2020.

(7.5.4) 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	46	(46)	0
Property, plant and equipment	222		222
Right-of-use assets	41		41
Inventories	290	(50)	240
Trade receivables	301	(55)	246
Tax assets	139	(136)	3
Other current assets	89		89
Cash and cash equivalents	144		144
Trade payables	(45)		(45)
Tax liabilities	(7)		(7)
Provisions for risks	0	(90)	(90)
Current financial liabilities	(41)		(41)
Net identifiable assets and liabilities	**1,179**	**(377)**	**802**

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), reflects the impairment of intangible assets, as they refer to leasehold improvements that are not recoverable, the adjustment of trade receivables to their estimated realisable value, the adjustment of inventories to their market value, the impairment of the tax assets for VAT credits that the group does not believe will be recoverable and the accrual to the provisions for risks of liabilities assumed in connection with contractual charges.
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.

(7.5.5) Goodwill

The provisional determination of the assets acquired and liabilities assumed in the acquisition generated goodwill from a bargain purchase. This goodwill 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	(802)
Provisional goodwill arising from the acquisition	**(487)**

In consideration of the limited period of time between the date of the business combination and the date of 31 December 2020 of these consolidated financial statements, in relation to the complexity of the process of allocating the purchase values to the assets acquired, liabilities assumed and potential liabilities assumed by the Company and the longer term of 12 months from the date of the business combination allowed by the relevant legislation precisely because of the aforementioned complexity, in the present consolidated financial statements at 31 December 2020, a badwill was provisionally recorded under the item "Other revenues" for an amount equal to € 487 thousand, corresponding to the difference between the consideration transferred for the purchase of the company shares (€ 315 thousand) and the net assets of the Company (€ 802 thousand).

If, within one year from the acquisition date, new information relating to facts and circumstances existing at the acquisition date is acquired which will lead to adjustments to the amounts indicated or to any additional provisions existing at the acquisition date, the valuation of the acquisition will be revised.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(8) Net revenue

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

(€'000)	2019	2020
Europe	358,228	345,306
Americas	109,754	112,460
Asia	80,137	59,446
Oceania	40,093	38,195
Africa	18,334	16,628
Total	**606,546**	**572,035**

The table below illustrates net revenue by product type:

(€'000)	2019	2020
Safety closures	256,148	203,767
Luxury closures	32,823	29,749
Roll-on closures	179,273	201,009
Roll-on closures for wine	108,253	115,869
Other revenue	30,048	21,642
Total	**606,546**	**572,035**

The table below illustrates net revenue by destination market:

(€'000)	2019	2020
Spirits closures	402,267	346,833
Wine closures	108,253	115,869
Water & beverage closures	44,375	64,867
Olive oil & condiment closures	12,124	14,100
Other markets	39,527	30,367
Total	**606,546**	**572,035**

(9) Other operating income

This caption includes:

(€'000)	2019	2020
Sundry recoveries/repayments	3,355	2,400
Government assistance	651	1,450
Gain from the bargain purchase of Closurelogic Turkey	-	487
Gains on sale of non-current assets	396	166
Other	543	1,089
Total	**4,945**	**5,592**

(10) Internal work capitalised

(€'000)	2019	2020
Internal work capitalised	5,087	5,437
Total	**5,087**	**5,437**

(11) Costs for raw materials

This caption includes:

(€'000)	2019	2020
Raw materials and supplies	245,162	223,728
Packaging	11,614	10,666
Consumables and maintenance	6,804	8,102
Fuels	470	349
Other purchases	3,042	3,834
Change in inventories	(3,385)	(3,298)
Total	**263,706**	**243,380**

(12) Costs for services

This caption includes:

(€'000)	2019	2020
Transport	26,264	25,775
Electricity / heating	28,639	25,441
External processing	11,517	14,088
Sundry industrial services	6,046	8,146
Maintenance	7,534	7,428
Legal and consulting fees	6,520	6,409
Administrative services	3,022	2,693
Insurance	3,163	2,749
Travel	5,082	1,966
Technical assistance	1,745	1,949
Cleaning service	1,282	1,479
External labour / porterage	1,941	1,454
Commissions	1,089	1,050
Directors' fees	1,191	903
Telephone costs	684	663
Entertainment expenses	783	471
Security	429	428
Advertising services	253	332
Commercial services	290	329
Expos and trade fairs	401	178
Other	1,999	1,877
Total	**109,874**	**105,808**

In 2019, "Legal and consulting fees" included €60 thousand relating to the advisory service provided by Space Holding S.r.l. (nil in 2020) and €80 thousand (nil in 2020) relating to the advisory services provided by TAN Advisory S.r.l..

Details of fees paid to the key management personnel are provided in note 40) Related party transactions.

(13) Personnel expense

This caption includes:

(€'000)	2019	2020
Wages and salaries	98,509	101,936
Social security contributions	14,287	14,740
Expense from defined benefit plans	1,570	1,723
Other costs	10,950	11,473
Total	**125,316**	**129,873**

Details of fees paid to the key management personnel are provided in note 40) Related party transactions.

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

	December 31, 2019	December 31, 2020
Blue collars	3,476	3,520
White collars	1,029	1,062
Managers	259	270
Total	**4,764**	**4,852**

(14) Other operating expense

This caption includes:

(€'000)	2019	2020
Accruals to loss allowances	3,667	2,074
Taxes and duties	2,280	2,993
Use of third-party assets	2,258	1,964
Other charges	2,651	1,812
Total	**10,856**	**8,843**

The accruals to loss allowances mainly refer to the provision for reorganisation and the provision for returns.
The accruals to the loss allowance for trade receivables total €791 thousand.
Short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value, which have been excluded from the scope of IFRS 16 as per the practical expedient, are recognised as "Use of third-party assets" on a straight-line basis over the lease term.

(15) Gains on sales of equity investments

This caption amounts to €2.8 million in 2020 and relates to the gain realised in April 2020 on the sale of the investment in GCL Pharma S.r.l..

(16) Financial income

This caption includes:

(€'000)	2019	2020
Exchange gains	7,830	10,772
Fair value gains on currency derivatives	53	346
Interest income	464	284
Fair value gains on market warrants	465	-
Other financial income	2,451	1,436
Total	**11,263**	**12,838**

(17) Financial expense

This caption includes:

(€'000)	2019	2020
Interest expense	21,719	20,668
Exchange losses	12,386	19,836
Net fair value gains (losses) on market warrants	-	2,092
Financial expense on financial liabilities to non-controlling investors	2,311	2,074
Fair value losses on currency derivatives	538	38
Other financial expense	2,729	3,284
Total	**39,683**	**47,992**

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 2020, whereas in 2019 it was financial income) since it results in an increase of the underlying financial liability.

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

In 2020, other financial expense includes €1,111 thousand related to the initial application of IFRS 16 (€970 thousand in 2019).

(18) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognised in profit or loss and which directly in equity:

(€'000)	2019	2020
Recognised in profit or loss		
Interest income	464	284
Fair value gains on market warrants	465	-
Fair value gains on currency derivatives	53	346
Exchange gains	7,830	10,772
Other financial income	2,451	1,436
Total financial income	**11,263**	**12,838**
Interest expense on financial liabilities measured at amortised cost	(21,719)	(20,668)
Exchange losses	(12,386)	(19,836)
Fair value losses on market warrants	-	(2,092)
Fair value losses on currency derivatives	(538)	(38)
Other financial expense	(5,040)	(5,358)
Total financial expense	**(39,683)**	**(47,992)**
Net financial expense recognised in profit or loss	**(28,420)**	**(35,154)**
Recognised directly in equity in the Hedging reserve		
Effective portion of fair value gains/losses in cash flow hedges	58	695
Net change in fair value of cash flow hedges reclassified to profit or loss	-	(58)
Total recognised directly in equity	**58**	**637**

(19) Income taxes

This caption includes:

(€'000)	2019	2020
Current taxes	(20,511)	(17,257)
Changes in deferred taxes	18,382	15,774
Total	**(2,129)**	**(1,483)**

The changes in deferred tax assets recognised in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognised directly in OCI (-€98 thousand), as described in the following table:

Change in deferred tax liabilities recognised directly in OCI

(€'000)	2019	2020
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(14)	(188)
Taxes on items that will not be reclassified to profit or loss	35	90
Total	**21**	**(98)**

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, tax-exempt revenue, non-deductible costs and the use of prior year tax losses.

(€'000)	2019	2020
Pre-tax profit	**16,788**	**(4,435)**
Income taxes using Italian tax rate (2019: 24%; 2020: 24%)	**(4,029)**	**1,064**
Effect of tax rates in foreign jurisdictions	756	1,738
Reduction in tax rate	-	394
Non-deductible expenses	(6,907)	(6,519)
Tax-exempt income	1,532	3,474
Tax incentives	938	216
Current year losses for which no deferred tax assets were recognised	837	320
Recognition and use of previously unrecognised tax losses	9,538	2,165
Changes in estimates related to prior years	1	(275)
Total increase	6,695	1,513
Effective tax	2,666	2,578
IRAP	(393)	(33)
Other income taxes	(4,402)	(4,028)
Total taxes for the year	**(2,129)**	**(1,483)**

Other taxes include the impairment on taxes paid abroad for which there is no certainty about their recovery based on the forecast taxable income.

(20) Notes to the statement of cash flows

The following is a reconciliation of liabilities arising from financing activities for the year ended December 31, 2020:

(€'000)		Note
Total liabilities at January 1, 2020	**520,644**	
Derivative and similar liabilities at January 1, 2020	162	
Total liabilities from financing activities at January 1, 2020	**520,806**	
Cash effect (*)		
Proceeds from new borrowings and bonds	26,870	
Repayment of borrowings and bonds	(16,530)	
Repayment of finance leases	(9,051)	
Interest paid	(21,182)	
Non-cash effect		
Changes following the initial application of IFRS 16 due to the change in scope	1,339	7
Net fair value losses on market warrants	2,092	
Interest and other financial expense	21,281	16-17
Translation effect	(1,491)	
Net fair value gains on derivatives	(796)	
Net fair value losses on financial liabilities to non-controlling investors	2,074	30
Amortisation of transaction costs	2,672	30
Other changes	(94)	
Total liabilities from financing activities at December 31, 2020	**527,990**	
Derivative and similar assets at December 31, 2020	(634)	
Total liabilities at December 31, 2020	**528,624**	

(*) In relation to the cash effect, reference should be made to the statement of cash flows.

(21) Earnings (loss) per share – basic and diluted

(€'000)	2019	2020
Profit (loss) for the year attributable to the owners of the parent	7,705	(14,546)
Weighted average number of shares	66,372,404	66,372,404
Earnings (loss) per share (in Euro)	**0.12**	**(0.22)**

(€'000)	2019	2020
Profit (loss) for the year attributable to the owners of the parent	7,705	(14,546)
Weighted average number of shares (including warrants)	78,032,699	78,032,699
Diluted earnings (loss) per share (in Euro)	**0.10**	**(0.19)**

In 2020, the basic loss per share amounts to €0.22 (compared to earnings of €0.12 per share in 2019).

In 2020, the diluted loss per share amounts to €0.19 (compared to earnings of €0.10 per share in 2019), calculated on the basis of the outstanding ordinary shares and the maximum potential ordinary shares arising on the possible conversion of:

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

Statement of financial position

(22) Cash and cash equivalents

Cash and cash equivalents totalled €63,882 thousand at December 31, 2020 (€57,056 thousand at December 31, 2019).

(23) Trade receivables

This caption may be analysed as follows:

(€'000)	**December 31, 2019**	**December 31, 2020**
Trade receivables	106,022	95,378
Loss allowance	(1,929)	(2,758)
Total	**104,093**	**92,620**

The balance of trade receivables reflects the various group companies' use of reverse without-recourse factoring. This impact at December 31, 2020 was €26.7 million, compared to €28.2 million December 31, 2019.

The loss allowance changed as follows:

(€'000)	**December 31, 2020**
Opening balance	1,929
Net exchange losses	94
Impairment losses	791
Utilisations/releases of the year	(56)
Closing balance	**2,758**

At December 31, 2020, the allowance relates to a few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(24) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Raw materials, consumables and supplies	51,843	52,226
Allowance for inventory write-down	(1,536)	(1,791)
Work in progress and semi-finished products	25,300	24,542
Allowance for inventory write-down	(492)	(856)
Finished products and goods	25,942	27,130
Allowance for inventory write-down	(1,030)	(1,409)
Payments on account	315	180
Total	**100,342**	**100,021**

Changes in 2020 are as follows:

(€'000)	
January 1, 2020	100,342
Exchange losses	(8,266)
Change in the consolidation scope	2,990
Change in raw materials, consumables and supplies	3,298
Change in finished goods and semi-finished products	1,791
Change in payments on account	(135)
Balance at December 31, 2020	**100,021**

The allowance for inventory write-down changed as follows:

(€'000)	December 31, 2020
Opening balance	3,058
Net exchange gains	(129)
Accruals	1,128
Closing balance	**4,057**

(25) Investments in associates

This caption amounts to €1.0 million at December 31, 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 fully diluted share capital.

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

The investment in the associate SharpEnd, with an initial carrying amount of €1.3 million, was impaired to reflect the company's loss in 2020 between the capital subscription date and the reporting date.

(26) Property, plant and equipment

The following table shows the changes in this caption in 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	5,369	2,050	(575)	(25)	-	**6,818**
Net exchange gains (losses)	(4,263)	(11,776)	16	(89)	(48)	**(16,160)**
Increases	211	3,061	10	259	27,543	**31,085**
Disposals	-	(18)	(7)	(69)	(39)	**(133)**
Reclassifications	11,660	15,392	6,855	213	(24,769)	**9,352**
Depreciation	(1,710)	(33,053)	(3,572)	(746)	-	**(39,081)**
Historical cost at December 31, 2020	58,300	203,668	22,295	3,019	13,108	**300,391**
Accumulated depreciation and impairment losses at December 31, 2020	(5,009)	(65,731)	(7,359)	(1,499)	-	**(79,598)**
Carrying amount at December 31, 2020	**53,290**	**137,938**	**14,936**	**1,520**	**13,108**	**220,793**

In 2020, net capex of €31.0 million mainly refers to plant and machinery across all five continents where the group operates, with a specific focus on Europe at the facilities in Italy, Poland and Ukraine.

In Italy, capex was mainly directed at increasing production capacity, new product development and extraordinary plant maintenance.
In Poland, capex mainly consisted of increasing production capacity.
In Ukraine, capex mainly consisted of increasing production capacity, plant safety and extraordinary plant maintenance.

Furthermore, Europe saw capex for new product development at the facilities in France and Bulgaria and the research centre in Luxembourg and for extraordinary maintenance on plants in the UK, Spain and Germany.

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

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

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

In Australia and New Zealand, capex mainly consisted of maintenance for negligible amounts.

After Guala Closures S.p.A. exercised the purchase option on a building it leased, €9.4 million was reclassified from right-of-use assets to property, plant and equipment.

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

None of the group's property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 39) Commitments and guarantees.

(27) Right-of-use assets

The following table shows the changes in this caption in 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	(174)	1,227	-	-	**1,053**
Net exchange gains (losses)	(628)	(781)	(111)	101	**(1,419)**
Increases	2,169	363	641	1,245	**4,417**
Disposals	-	-	(3)	(27)	**(31)**
Reclassifications	(9,210)	(142)			**(9,352)**
Depreciation of right-of-use assets	(3,513)	(800)	(698)	(773)	**(5,784)**
Historical cost at December 31, 2020	19,083	2,997	2,893	3,155	**28,128**
Accumulated depreciation and impairment losses at December 31, 2020	(7,037)	(1,669)	(1,423)	(1,485)	**(11,613)**
Carrying amount at December 31, 2020	**12,047**	**1,329**	**1,470**	**1,670**	**16,516**

The main increases in right-of-use assets were seen in land and buildings and reflect the increase of right-of-use assets in the owner-occupied buildings of Guala Closures S.p.A., GCL International S.à r.l., Guala Closures BY and Guala Closures Deutschland GmbH.

(28) Intangible assets

The following table shows the changes in this caption in 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	755	(3,532)	-	**(2,658)**
Net exchange gains (losses)	54	(84)	-	(18,100)	(70)	**(18,200)**
Increases	316	232	-	73	1,689	**2,309**
Impairment losses	-	(3,370)	(0)	(0)	(8)	**(3,443)**
Reclassifications	568	312	-	(26)	(854)	**-**
Amortisation	(805)	(9,341)	-	(9,721)	-	**(19,868)**
Historical cost at December 31, 2020	3,809	133,813	505,224	235,505	2,676	**881,027**
Accumulated amortisation and impairment losses at December 31, 2020	(1,818)	(25,769)		(23,201)	-	**(50,788)**
Carrying amount at December 31, 2020	**1,991**	**108,045**	**505,224**	**212,303**	**2,676**	**830,239**

The reduction in intangible assets compared to December 31, 2019 mainly refers to amortisation of 2020 (approximately €19.9 million), the negative translation effect (€18.1 million; for additional information reference should be made to the note to Equity), the sale of GCL Pharma's assets on 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 (€3.4 million), partly offset by the increase due to the assets acquired (€0.9 million) in the acquisition of Guala Closures Deutschland in February 2020 and Guala Closures Turkey in September 2020 and capital expenditure of the year.
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 goodwill arising on the purchase price allocation procedure for the business acquired by the group in Germany. Reference should be made to note 7.1 for further details.

As indicated in Note (2) Accounting policies, 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).

From an accounting point of view, the Covid-19 emergency, as also referred to by ESMA (European Securities and Market Authority), configures an impairment indicator and therefore the Group has carefully checked the potential impacts on the recoverability of the values recognized as intangible assets and start-up. As indicated in note 4) Covid-19, the current Covid-19 pandemic has affected sales volumes in 2020 due to the contagion containment policies and specifically plant closures, prohibitions on alcohol consumption, restrictions to the movement and temporary closure of the on-premises consumption channel and at the same time demonstrated a strong resilience of the off-premises channels with an increase in household consumption.

Goodwill recoverability is tested at consolidated level, considering Guala Closures Group as a single CGU. Indeed:

- Guala has a single, integrated investment strategy at group level, pursued on the basis of centralised cost/benefit analyses that maximise the return on investment for the entire Guala Closures Group, while taking into account the performance objectives of the individual legal entities;
- by virtue of the centralised strategy described above, the investments of the individual legal entities are subject to the group approval in accordance with its strategy;
- strategic guidance and coordination activities are carried out centrally by a single management team;
- consistency with the representation of the group's financial results provided to the market is ensured. In particular, the results and the KPIs are disclosed at consolidated level, while for the individual legal entities only the figures relating to revenue are shown.

The CGU identified by the group to monitor goodwill coincides with the level of aggregation of operations set out in IFRS 8 - Operating segments which, for the group, is the Closures division.

Goodwill allocated to the Closures CGU was successfully tested for impairment at the reporting date. Consequently, no impairment loss was recognised on goodwill at December 31, 2020.

The recoverability of the recognised amounts is tested by comparing the net invested capital (carrying amount) of the CGU with the related recoverable amount. The recoverable amount of goodwill is equal to value in use, i.e., the present value of the operating cash flows which arise from the forecasts included in the long-term plans approved by the group (budget 2021 and business plan 2022-2025), consistent with the Group's business model and with the duration of its products and the normalised terminal value, used to express a summary estimate of future figures over the explicit given timeframe. These cash flows are subsequently discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the group asset or CGU.

The discounted cash flow model is based on the cash flow projections for five years based on the business plan approved by the board of directors on March 9, 2021 which envisages a CAGR of net revenue and EBITDA of 4.3% and 7.5%, respectively. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make. Such growth rate is consistent with the inflation expected in the countries in which the group operates weighted by revenue for the geographical segment.

In the 2020 valuation, the following assumptions were used:

- the WACC for the Closures division was weighted by the net revenue percentage by destination market of each country in respect of the consolidated net revenue, with a weighted average of 7.4%;

- long-term growth rate "g": a value of 2.5% was used calculated by weighting the estimated inflation rate for each country (source Economist-December 2020) by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation.

The discount rate was a post-tax measure estimated based on the past history and the industry weighted-average cost of capital, with a possible percentage of indebtedness of 39% at a market interest rate of 2.6%.

The division's estimated recoverable amount exceeds the carrying amount by €343 million (2019: €55 million). The positive change in the surplus value identified in the recoverable amount compared to the previous year derives from the general reduction in financial parameters while the net change in the other assumptions (such as cash flows deriving from the plan and the change in perimeter) does not have a significant effect.

The estimates and plan figures to which the above parameters are applied are calculated by management based on past experience and the expected developments of the markets in which the group operates at the reporting date. To this end, the current international macro-economic situation, the possible economic-financial impacts and the current downturn due to the health emergency, may result in uncertain scenarios in terms of achieving the objectives and levels of activity set out in the plan.

In particular, the current Covid-19 pandemic has affected sales volumes in 2020 due to the infection containment policies (specifically, the shuttering of facilities, bans on alcohol consumption, restricted travel and temporary block on on-premises consumption). Despite the expected easing of these measures by 2021 and a progressive improvement in market conditions given the containment measures of the pandemic in progress, the growing diffusion of the availability of vaccines (although still uncertain in its timing), the presence of Group differentiated in the various countries, the estimate of these effects over the plan years is subject to extreme uncertainty, especially in the time horizon in which it is realistic to return to pre-Covid cash flows.

For this reason, given the positive recovery demonstrated in the second half of 2020 and the substantial resilience of the business model in the Group, the plan was drawn up on the assumption that the Covid-19 pandemic has no effects on the plan (Covid-19 free) and in continuity with the previous business plan, effectively sterilizing this effect and assuming cash flows determined on the basis of the Group's supply capacity, its ability to absorb any drops in turnover through containment measures costs and investments, from the very close relationships with its customers and on the potential of the reference market historically characterized by constant and countercyclical organic growth rates. In addition to the recurrent sensitivity analysis, and in order to assess the effect of the Covid-19 impacts of 2020 on the entire plan period, a "stress test" was carried out which provides for a reduction in EBITDA over the entire period of the plan and on the terminal in the hypothesis, very conservative approach, that the effects of the pandemic could have permanent effects on the volumes of the group's activities: the reduction in EBITDA that would make the recoverable value of the CGU equal to its carrying amount at 31 December 2020 is 15.69 %, a value higher than the negative change recorded in 2020 compared to 2019 (-12.3% on a like-for-like basis; -13.7% on a current basis).

The group has also carried out a sensitivity analysis of changes in the WACC and 'g' rates. Specifically, the WACC and the 'g' rates which, individually, would make the CGU's recoverable amount equal to its carrying amount at December 31, 2020 are 8.4% and 0.7%, respectively. In addition, an increase in the WACC of 0.5% would lead to a reduction in headroom of €139 million, while a reduction in the growth rate of 0.5% would lead to a reduction in headroom of €118 million.

These sensitivity analyzes highlighted the Group's low vulnerability to the effects of the crisis in the medium term and resilience in the ability to generate income in the long term.

This aspect highlights even more the weight of the TV (Terminal Value) in the estimate of the value in use carried out for the purposes of the impairment test; in fact, the incidence of TV on EV based on the impairment test carried out as at December 31, 2020 is 82% (80% the incidence of TV on EV as at 31 December 2019). It follows that potential impacts that make it necessary to recognize an impairment of the carrying amounts of goodwill and other intangible assets should derive from an expected reduction in long-term cash flows considered for the purposes of terminal value, a scenario not considered probable at the date today.

However, the estimate of goodwill's recoverable amount requires management's discretion and use of estimates, and, therefore, goodwill may be impaired in the future due to presently-unforeseeable changes in the scenario.

Group management constantly monitors the circumstances and events which may result in an additional impairment test.

(29) Deferred tax assets and liabilities

The following table gives a breakdown of these captions at December 31, 2019 and 2020:

(€'000)	Assets		Liabilities			
	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020
Allowance for inventory write-down	647	846	(6)	(56)	642	790
Bad debt allowance	3,918	3,090	-	-	3,918	3,090
Provisions	328	270	-	-	328	270
Other	869	1,528	(4,487)	(1,060)	(3,618)	468
Tax losses carried forward	10,319	16,411	-	-	10,319	16,410
Derecognition of intragroup profit on inventories	246	246	-	-	246	246
Leases	476	454	(2,417)	(446)	(1,941)	8
Property, plant and equipment and intangible assets	443	351	(106,258)	(95,969)	(105,815)	(95,618)
Employee benefits	694	1,307	(31)	(30)	663	1,276
Derivatives	-	(1)	-	(188)	-	(189)
Net exchange losses	-	-	(14)	(1)	(14)	(1)
TOTAL	**17,940**	**24,501**	**(113,211)**	**(97,750)**	**(95,272)**	**(73,249)**

Changes in net deferred tax assets/liabilities may be analysed as follows:

(€'000)	December 31, 2019	Increases following business combinations	Changes in profit or loss	Changes in equity	Net exchange gains/(losses)	December 31, 2020
Allowance for inventory write-down	642	-	174	-	(26)	790
Bad debt allowance	3,918	-	(69)	-	(759)	3,090
Provisions	328	-	(58)	-	-	270
Other	(3,618)	-	2,297	-	1,789	468
Tax losses carried forward	10,319	-	6,133	-	(42)	16,410
Derecognition of intragroup profit on inventories	246	-	-	-	-	246
Leases	(1,941)	-	1,843	-	106	8
Property, plant and equipment and intangible assets	(105,815)	-	5,247	-	4,949	(95,618)
Employee benefits	663	349	208	90	(33)	1,276
Derivatives	-	-	(1)	(188)	-	(189)
Net exchange gains (losses)	(14)	-	-	-	14	(1)
TOTAL	**(95,272)**	**349**	**15,774**	**(98)**	**5,998**	**(73,249)**

Deferred taxes mainly relate to the Guala Closures Group's business combination on July 31, 2018.
Specifically, deferred tax liabilities were recognised on the revaluation of the group's assets as part of the PPA procedure following their recognition at fair value. Indeed, these revaluations are neutral for tax purposes.
The higher deferred tax liabilities recognised in respect of the business combination of Guala Closures Group relates to the revaluation of the following assets:

- intangible assets and, specifically, Trade relationships with customers, Guala Closures trademark and Patents;
- property, plant and equipment and, specifically, plant and equipment.

In the year, the parent Guala Closures S.p.A. recognised deferred tax assets of €3.5 million based on the most recent estimates of taxable income forecast in the 2021-2025 five-year plan, which will make it possible to use deferred tax assets on prior year tax losses. The parent's deferred tax assets on tax losses that it may carry forward total €11.4 million and account for most of the consolidated deferred tax assets on tax losses.

Tax losses that may be carried forward at December 31, 2020 amount to €192,176 thousand and may be used according to the legislation in the various countries where the reporting companies are based.
The tax losses that can be carried forward indefinitely amount to €173,493 thousand and refer to Guala Closures S.p.A., Guala Closures Chile S.p.A., Guala Closures France SAS, Guala Closures North America Inc., Guala Closures UK Ltd. and Guala Closures UCP Ltd.
Based on the most recent estimates of future taxable income, the group recognised deferred tax assets on tax loss carryforwards of €16,410 thousand, corresponding to estimated future taxable income of €59,587 thousand, which is considered probable based on the group's tax planning.
Therefore, tax loss carryforwards not included in the calculation of deferred tax assets recognised in the group's statement of financial position at December 31, 2020 total €132,589 thousand, corresponding to potential deferred tax assets of €31,518 thousand (including €29,001 in tax losses that can be carried forward indefinitely) if they were recognised.

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

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

On October 3, 2018, Guala Closures S.p.A. issued floating rate bonds of €445 million (3M Euribor + 3.5% - zero floor) due in 2024 (the "**Bonds**") under an indenture contract governed by the laws of the State of New York. The contract was signed, inter alia, by Guala Closures S.p.A., as the issuer, The Law Debenture Trust Corporation p.l.c., as the senior secured notes trustee and Bondholders' representative pursuant to articles 2417 and 2418 of the Italian Civil Code, Deutsche Bank AG, London branch, as the paying agent, and Deutsche Bank Luxembourg S.A., as the transfer agent and the registrar (the "**Indenture**").

The parent has, inter alia, a covenant on the New RCF. Failure to comply with it may require the parent to repay the facility earlier, should the New RCF be drawn by more than 40% of its total amount (€80 million). Under this covenant, the ratio of the parent's indebtedness to consolidated EBITDA, both calculated in accordance with the contractual provisions of the New RCF, shall not exceed 6.40x.
Under this agreement, the parent's Treasury department is required to constantly monitor the covenant and to regularly report to management and the lending bank in order to ensure compliance. At December 31, 2020, not more than 40% of the facility has been used, which is the trigger for the application of the covenant. In any case, the covenant is complied with.

Lastly, the contract governing the New RCF and the terms of the Bonds provide for change of control clauses. Specifically, the threshold that determines a change of control according to the New RCF is 35% of voting rights at Guala Closures shareholders' meetings, while the same threshold under the Bond regulation is 50% of voting rights. Considering the situation that could arise following (i) the potential finalisation of the agreements indicated in the information released by Special Packaging Solutions Investments S.à r.l. ("**SPSI**") on December 8, 2020 and (ii) the outcome of the consequent mandatory public offer for Guala Closures ordinary shares, the parent is monitoring developments in the situation, so as to take the appropriate action if the circumstances envisaged by the change of control clause arise.

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

(€'000)	**December 31, 2019**	**December 31, 2020**
Current financial liabilities		
Bonds	3,406	3,406
Bank loans and borrowings	7,763	6,497
Other financial liabilities	10,415	9,611
	21,585	***19,515***
Non-current financial liabilities		
Bonds	443,926	446,454
Bank loans and borrowings	14,360	20,258
Other financial liabilities	40,774	42,398
	499,060	***509,109***
Total	**520,645**	**528,624**

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

				Nominal amount				
					Current	Non-current		
(€'000)	Currency	Nominal interest rate	Year of maturity	Total December 31, 2019	Within one year	Between one and five years	More than five years	Total non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	3M Euribor + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2020	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(11,074)	-	(11,074)	-	(11,074)
TOTAL FRSSN 2024 bonds - 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	1M Wibor (*)	n.a.	4,410	4,410	-	-	-
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	168	168	-	-	-
Santander loans 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 to non-controlling investors	€	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**

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

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

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

Other financial liabilities include the fair value of the market warrants at December 31, 2020 and December 31, 2019 (€5,965 thousand and €3,873 thousand, respectively). The difference between the fair value at December 31, 2020 and that at December 31, 2019 was recognised in the statement of profit or loss and other comprehensive income for the year, under financial expense (€2,092 thousand). The impact on the statement of profit or loss and other comprehensive income for the year is attributable to the increase in the market price of the market warrants, which went from €0.20 at December 31, 2019 to €0.31 at December 31, 2020.

On the date of their first trading, the parent recognised 10,000,000 market warrants, traded separately to the shares, for an amount of €6,000,000, by setting up a negative equity reserve of the same amount (described in note 35) Equity attributable to the owners of the parent). Furthermore, on August 6, 2018, the date the merger became effective, another 9,367,393 market warrants were assigned for €9,367,393, setting up a negative equity reserve of the same amount. The warrants were assigned free of charge in the ratio of four market warrants to every 10 ordinary shares. They can be exercised against payment as resolved by the shareholders in their extraordinary meetings of September 26, 2017 and November 16, 2017.

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

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

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

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

Financial liabilities - non-controlling investors relate to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its expected time of exercise.

This caption has been recognised using the present access method, whereby the financial liability was recognised as a reduction in equity in the first year. The fluctuation in each year, if any, is recognised under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment. Following the PPA procedure, the financial liability was adjusted to reflect the allocation of the resulting gains attributable to non-controlling investors.

Reference should be made to note 38) Fair value of financial instruments and sensitivity analysis for further details.

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

Facility	Available amount (€'000)	Amount used at December 31, 2020	Residual available amount at December 31, 2020	Repayment date
Revolving Credit Facility due 2024	80,000	19,235	60,765	final repayment 02/28/2024
Total	**80,000**	**19,235**	**60,765**	

(31) Trade payables

These may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Suppliers	76,111	68,278
Payments on account	445	557
Total	**76,556**	**68,835**

At December 31, 2020, trade payables may be analysed by original currency as follows:

(€'000)	EUR	USD	GBP	Other currencies	Total
Trade payables	39,830	3,850	5,147	20,008	**68,835**

Other currencies include trade payables in the following local currencies:

(€'000)	December 31, 2020
Indian rupee	4,318
Polish zloty	4,093
Australian dollar	3,139
Ukrainian hryvnia	2,111
South African rand	1,232
Mexican peso	909
Chinese renmimbi	827
Argentinian peso	764
Chilean peso	735
New Zealand dollar	477
Brazilian real	435
Other	967
Total	**20,008**

(32) Provisions

This caption may be analysed as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2019	December 31, 2020
Provision for returns	1,020	896
Provision for contingencies	167	701
Provision for reorganisation	677	686
Other provisions	115	16
Total current provisions	**1,980**	**2,298**

The provision for reorganisation includes:

- €311 thousand for the downsizing of Guala Closures UK Ltd's production activities, commenced in 2018, which entails the transfer of plant and machinery from the secondary Broomhill facility to the main facility in Kirkintilloch. The provision has been calculated considering the cost of terminating the existing agreements and the benefits due to employees under the related contracts. The provision is unchanged since the production site has not yet been definitively discontinued.
- €250 thousand for the company Guala Closures Deutschland and in particular to the early exit of administrative staff.
- €87 thousand for the reorganization process of Guala Closures Turkey and in particular to the provisional estimate of the liabilities assumed upon the acquisition of the equity investment in relation to liabilities for restoration costs of leased properties and onerous contracts.

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

At December 31, 2019, the provision for contingencies and the other provisions were entirely related to the evaluations carried out during Guala Closures UCP's PPA procedure whereby the estimated liabilities acquired as part of the business combination (€282 thousand) were allocated to these provisions. These liabilities mainly relate to disputes with third parties and charges for safety measures. The value of these funds as at December 31, 2020 refers in part to the evaluations carried out during Guala Closures Deutschland's PPA procedure which led to the allocation of the estimated amount for liabilities acquired in the business combination (€213 thousand) to these funds staff reorganization processes in progress at the acquisition date and administrative burdens and, for the remaining part, risks of possible tax liabilities.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

(€'000)	December 31, 2020
Opening balance	1,980
Change in the consolidation scope	163
Exchange losses	(18)
Accruals	2,000
Utilisations	(1,827)
Closing balance	**2,298**

The movement of the year relates to the items described above.

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2019	December 31, 2020
Provision for legal disputes	201	85
Provision for agents' termination indemnity	147	156
Total non-current provisions	**348**	**241**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

(€'000)	December 31, 2020
Opening balance	348
Exchange losses	(5)
Accruals	73
Utilisations	(175)
Closing non-current provisions	**241**

(33) Other current liabilities

This caption may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Amounts due to employees	9,678	11,004
Liabilities for investments	3,372	4,286
Social security charges payable	3,575	3,429
Liabilities for dividends	2,284	822
Other liabilities	9,835	9,725
Total	**28,745**	**29,267**

(34) Employee benefits

These may be analysed as follows:

(€'000)	**December 31, 2019**	**December 31, 2020**
Post-employment benefits - Guala Closures S.p.A.	3,754	3,567
Other	2,846	6,064
Total	**6,599**	**9,631**

Changes in Employee benefits are as follows:

(€'000)	**December 31, 2019**	**December 31, 2020**
Balance at January 1	6,461	6,599
Business combination	-	2,155
Exchange gains	(5)	(134)
Change recognised in profit or loss - personnel expense	1,964	1,832
Change recognised in profit or loss - other (income)/expense	(408)	207
Change recognised in OCI	257	561
Benefits paid	(1,670)	(1,589)
December 31	**6,599**	**9,631**

The liability for post-employment benefits ("TFR" – Trattamento di fine rapporto) relates to Guala Closures S.p.A. for employee departures, determined using actuarial techniques and regulated by article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by Italy's social security institution (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution plan. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

(€'000)	December 31, 2019	December 31, 2020
January 1	3,958	3,754
Interest	29	12
Change recognised in OCI	126	32
Benefits paid	(359)	(231)
December 31	**3,754**	**3,567**

Actuarial parameter baseline:

	December 31, 2019	December 31, 2020
Average inflation rate	1.20% p.a.	0.80% p.a.
Discount rate	0.37% p.a.	(0.02%) p.a.
Annual rate of increase in post-employment benefits	2.40% p.a.	2.10% p.a.

For valuations at December 31, 2020, an annual fixed discount rate of (0.02%) was used based on the value of Iboxx indexes AA corporate duration 7- 10 observed at December 31, 2020, as per the requirements of IAS 19.

The group expects to pay around €0.5 million of benefits to its defined benefit plan in 2021.

Sensitivity analysis:

Reasonably possible changes at the reporting date, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2020 by the amounts shown below:

	Defined benefit obligation	
(€'000)	**Increase**	**Decrease**
Turnover rate (1% variation)	(25)	27
Average inflation rate (0.25% variation)	41	(40)
Discount rate (0.25% variation)	(65)	67

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd have the right to a pension. This plan has a surplus at December 31, 2020 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognised must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognised the fund surplus. In addition, the group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.
For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

(€'000)	**December 31, 2019**	**December 31, 2020**
Present value of the obligations	(71,569)	(74,018)
Fair value of plan assets	88,412	89,916
Total	**16,843**	**15,898**

Changes in the components of Guala Closures UK Ltd.'s pension fund may be analysed as follows.:

Changes in the net amount of the fund:

(€'000)	**December 31, 2019**	**December 31, 2020**
January 1	13,294	16,843
Net exchange gains	770	(903)
Service cost	(27)	(31)
Interest on defined benefit obligation	(1,711)	(1,336)
Interest on plan assets	2,070	1,658
Administration expenses	(286)	(198)
Net actuarial gains	2,733	(135)
December 31	**16,843**	**15,898**

Changes in the present value of the obligations:

(€'000)	**December 31, 2019**	**December 31, 2020**
January 1	(64,842)	(71,569)
Exchange losses	(3,532)	3,945
Interest on plan assets	(27)	(31)
Administration expenses	(1,711)	(1,336)
Contribution by plan participants	(3)	(3)
Benefits paid	3,211	3,309
Actuarial losses	(4,664)	(8,332)
December 31	**(71,569)**	**(74,018)**

Changes in the fair value of plan assets:

(€'000)	**December 31, 2019**	**December 31, 2020**
January 1	78,136	88,412
Exchange losses	4,302	(4,848)
Interest on plan assets	2,070	1,658
Administration expenses	(286)	(198)
Contribution by plan participants	3	3
Benefits paid	(3,211)	(3,309)
Actuarial losses	7,398	8,198
December 31	**88,412**	**89,916**

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	December 31, 2019	**December 31, 2020**
Equities	11%	10%
Bonds	37%	37%
Gilts	52%	53%
Cash	0%	0%

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	December 31, 2019	**December 31, 2020**
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.05% p.a.
Average inflation rate	3.00% p.a.	2.95% p.a.
Discount rate	2.00% p.a.	1.25% p.a.

The group does not expect to pay any further contributions in 2021 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2020 by the amounts shown below:

(€'000)	Impact on present value of the obligations	Impact on fair value of plan assets
Life expectancy (+1 year)	(2,861)	-
Average inflation rate (-0.1% p.a.)	201	-
Discount rate (+0.1% p.a.)	1,053	-

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(35) Equity attributable to the owners of the parent

At December 31, 2020, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario) organised and managed by Borsa Italiana S.p.A., within the Star Segment, since August 6, 2018.
Guala Closures S.p.A. has subscribed and paid-in share capital of €68,907 thousand, consisting of 67,184,904 shares, of which 62,049,966 ordinary shares, 4,322,438 class B multiple-vote shares and 812,500 class C shares with no voting rights. Similarly, 19,367,393 market warrants, 2,500,000 sponsor warrants and 1,000,000 management warrants are outstanding.

At December 31, 2020, equity comprises unavailable reserves for market warrants of €19,367 thousand, of which €6,000 thousand was recognised as a decrease in the share premium reserve following the capital increase which took place on December 21, 2017 and the concurrent allocation of 10,000 thousand market warrants, and €9,367 thousand was taken as a reduction of other reserves, following the allocation of the residual 9,367,393 market warrants upon listing and the concurrent merger on August 6, 2018.

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

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

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

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

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

The board of directors monitors the return on capital, being total equity, 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 December 31, 2020, the parent's main shareholders are as follows:

- Investindustrial Advisors Limited, holding 25.30% of the voting rights;
- GCL Holdings S.à r.l., holding 24.28% of the voting rights;
- Alantra EQMC Asset Management SGIIC, holding 9.79% of the voting rights;
- PII G S.à r.l., holding 8.82% of the voting rights.

On December 8, 2020, Special Packaging Solutions Investments S.à r.l. announced to the market that it had signed binding agreements for the acquisition of an equity investment in Guala Closures which, together with the shares that it already held, would constitute an interest of 48.9% of Guala Closures' fully diluted share capital [1].

According SPSI's press release issued on December 8, 2020, the execution of these co-investment agreements mentioned in said press release is subject to the fulfillment of the co-investment agreements at the latest by March 31, 2021 (or any other term that may be subsequently agreed between the parties) of certain conditions precedent, as better described in these agreements, concerning among others (i) obtaining the necessary antitrust authorizations, (ii) issuing authorization measures, where necessary, pursuant to the golden power legislation, (iii) obtaining the necessary loans for the repayment of the bond loan called "floating rate senior secured notes" issued

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

by Guala Closures or the issue by the bondholders' meeting of a waiver to the clause change of control of the aforementioned bond as well as (iv) the absence of significant adverse events relating to Guala Closures or the market. On January 13, 2021, SPSI communicated to the market the fulfillment of the suspensive condition relating to the golden power proceeding.

As indicated in SPSI's press release dated December 8, 2020, once these binding agreements are finalised, SPSI will be required to promote a mandatory tender offer for all residual Guala Closures ordinary shares. Furthermore, in the press release, SPSI announced its intention to launch a voluntary tender offer for all Guala Closures market warrants.

At the date of approval of these financial statements, there have been no further significant developments in relation to this matter.

(36) Equity attributable to non-controlling interests

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

(€'000)	non-controlling interests (%) at December 31, 2019	non-controlling interests (%) at December 31, 2020	Balance at December 31, 2019	Balance at December 31, 2020
Guala Closures Ukraine LLC	30.0%	30.0%	16,987	13,441
Guala Closures India Pvt Ltd.	5.0%	5.0%	3,745	3,044
Guala Closures de Colombia Ltda	6.8%	6.8%	782	628
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,651	2,895
Guala Closures DGS Poland S.A.	30.0%	30.0%	16,570	17,948
Guala Closures France SAS	30.0%	-	783	-
Guala Closures BY LLC	30.0%	30.0%	161	186
Total			**41,680**	**38,143**

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

The following tables summarise the information relating to each of the group's subsidiaries that have material non-controlling interests, before any intragroup eliminations.

December 31, 2020

(€'000)	Guala Closures DGS Poland S.A.	Guala Closures Technologia Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures (India) Pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	48,524	30,788	6,636	60,270		
Current assets	38,507	26,513	6,325	22,438		
Non-current liabilities	(6,067)	(2,983)	(1,527)	(8,984)		
Current liabilities	(21,137)	(9,514)	(1,784)	(12,855)		
Equity	**59,828**	**44,805**	**9,651**	**60,869**		
Equity attributable to non-controlling interests	**17,948**	**13,441**	**2,895**	**3,044**	814	**38,143**
Total revenue (third parties + related parties)	**99,898**	**57,050**	**10,034**	**55,567**		
Profit for the year	14,302	10,867	2,207	6,269		
Other comprehensive income/(expense)	(3,695)	(12,662)	-	(7,438)		
Comprehensive income/(expense)	**10,607**	**(1,795)**	**2,207**	**(1,169)**		
Profit (loss) allocated to non-controlling interests	4,291	3,260	662	313	101	**8,627**
OCI allocated to non-controlling interests	(1,109)	(3,799)	-	(372)	(145)	**(5,424)**
Comprehensive income (expense) allocated to non-controlling interests	**3,182**	**(538)**	**662**	**(58)**	**(44)**	**3,204**
Cash flows from operating activities	14,979	12,344	3,399	19,676		
Cash flows used in investing activities	(5,855)	(5,428)	(424)	(3,936)		
Cash flows used in financing activities (including dividends to NCI)	(10,442)	(9,482)	(1,470)	(12,824)		
Net increase (decrease) in cash and cash equivalents	**(1,317)**	**(2,566)**	**1,505**	**2,916**		
Dividends to non-controlling interests	3,016	2,765	418	619	112	**6,930**

(37) Net financial indebtedness

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

	(€'000)	December 31, 2019	December 31, 2020
A	Cash	-	-
B	Cash equivalents	57,056	63,882
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**57,056**	**63,882**
E	**Current loan assets**	**627**	**74**
F	Current bank loans and borrowings	6,598	5,455
G	Current portion of non-current indebtedness	4,571	4,448
H	Other current loans and borrowings	6,542	3,646
I	**Current financial indebtedness (F+G+H)**	**17,711**	**13,550**
J	**Net current financial indebtedness (I-E-D)**	**(39,971)**	**(50,406)**
K	Non-current bank loans and borrowings	14,360	20,258
L	Bonds issued	443,926	446,454
M	Other non-current liabilities	40,774	42,398
N	**Non-current financial indebtedness (K+L+M)**	**499,060**	**509,109**
O	**Net financial indebtedness as per the ESMA's recommendation (J+N)**	**459,089**	**458,703**

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

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

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

	(€'000)	December 31, 2019	December 31, 2020
O	Net financial indebtedness as per the ESMA's recommendation	459,089	458,703
P	Non-current financial assets	(451)	(458)
Q	Market warrants	3,873	5,965
R	**Total net financial indebtedness (O-P+Q)**	**462,511**	**464,210**

OTHER INFORMATION

(38) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, at December 31, 2019 and 2020. It does not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in the reporting period. The "Accounting policies" section provides information about the fair value hierarchy.

December 31, 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	23			104,093		**104,093**				**-**
Financial assets				1,077		**1,077**				**-**
Partecipazioni in società collegate	25					**-**		-		**-**
Cash and cash equivalents	22			57,056		**57,056**				**-**
		-	**-**	**162,226**	**-**	**162,226**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Currency derivatives held for trading		(172)	-			**(172)**		-		**-**
Market warrants	30	(3,873)				**(3,873)**	(3,873)			**(3,873)**
Derivati su alluminio di negoziazione						**-**	-			**-**
Financial liabilities to non-controlling investors	30	(26,958)				**(26,958)**		-	(26,958)	**(26,958)**
		(31,003)	**-**	**-**	**-**	**(31,003)**	**(3,873)**	**-**	**(26,958)**	**(30,831)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	30				(6,361)	**(6,361)**		(6,361)		**(6,361)**
Secured bank loans	30				(15,525)	**(15,525)**		(15,712)		**(15,712)**
Unsecured bank loans	30				(238)	**(238)**		(238)		**(238)**
Secured bond issues	30				(447,332)	**(447,332)**		(462,674)		**(462,674)**
Lease liabilities (IFRS 16)	30				(20,358)	**(20,358)**				**-**
Trade payables	31				(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.

December 31, 2020		Carrying amount					Fair value			
(€'000)	Note	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading			634			**634**		634		**634**
		-	**634**	**-**	**-**	**634**	**-**	**634**	**-**	**634**
Financial assets not measured at fair value (*)										
Trade receivables	23			92,620		**92,620**				**-**
Financial assets				532		**532**				**-**
Investments in associates	25			1,028		**1,028**		-		**-**
Cash and cash equivalents	22			63,882		**63,882**				**-**
		-	**-**	**158,062**	**-**	**158,062**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value										
Currency derivatives held for trading			-			**-**		-		**-**
Market warrants	30	(5,965)				**(5,965)**	(5,965)			**(5,965)**
Aluminium derivatives held for trading						**-**	-			**-**
Financial liabilities to non-controlling investors	30	(29,032)				**(29,032)**		-	(29,032)	**(29,032)**
		(34,997)	**-**	**-**	**-**	**(34,997)**	**(5,965)**	**-**	**(29,032)**	**(34,997)**
Financial liabilities not measured at fair value (*)										
Bank overdraft	30				(4,534)	**(4,534)**		(4,534)		**(4,534)**
Secured bank loans	30				(21,876)	**(21,876)**		(22,001)		**(22,001)**
Unsecured bank loans	30				(345)	**(345)**		(345)		**(345)**
Secured bond issues	30				(449,860)	**(449,860)**		(469,328)		**(469,328)**
Lease liabilities (IFRS 16)	30				(17,011)	**(17,011)**				**-**
Trade payables	31				(68,835)	**(68,835)**				**-**
Other financial liabilities	30				(1)	**(1)**				**-**
		-	**-**	**-**	**(562,462)**	**(562,462)**	**-**	**(496,208)**	**-**	**(496,208)**

(*) The group has not disclosed the fair values of some financial instruments, such as cash and cash equivalents, trade receivables, financial assets, trade payables, 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 2021-2025 plan and expected cash flows in the period; • net financial position at the reporting date; • capitalisation rate (risk free specific to the country in which the subsidiary operates), net of the expected dividend yield (based on the historical average of dividends paid by the subsidiary); • inflation data about Ukraine, Bulgaria, Poland and the USA, used to calculate risk-free rates; • discount rate specific to the country in which the subsidiary operates, adjusted by the group's credit risk; • expected date of put option exercise based on demographic assumptions and any change of control clauses	The estimated fair value would increase if: • the gross operating profit was higher • the net financial position improved • the risk-free rate of the country decreased • the expected dividend yield decreased • the inflation rate differential between Ukraine and the USA increases the discount rate adjusted by the group's credit risk • the expected inflation rate of the country in which the subsidiary is based increases in the last year of the plan • the expected exercise date for the put option was earlier following the anticipation of the retirement or mortality date and / or following the change of control clauses.
Forward interest rate swaps, currency forwards and aluminium derivatives	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions of similar instruments.	Not applicable.	Not applicable.

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

Financial instruments not measured at fair value

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

(i) 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)	
Balance at December 31, 2019	26,958
Included "financial expense" - Net fair value gain (unrealised)	2,074
Balance at December 31, 2020	**29,032**

Sensitivity analysis

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

(€'000)	Increase/(decrease) in input data not directly observable	Favourable/ (unfavourable) effect on the profit (loss) for the year
Risk-adjusted discount rate	1%	2,323
	(1%)	(2,852)
Growth rate	1%	(1,458)
	(1%)	834
Expected date of put option exercise	+ 1 year	1,916
	- 1 year	(2,103)

(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.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.
The group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the group's customer portfolio, including the sector insolvency risk and the country risk, have an impact on the credit risk.
The group accrues a loss allowance equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.
Most of the group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers.
The group reduces its credit risk using supplier financing lines made available by the group's main customers, factoring without recourse part of its trade receivables.
The group's historical figures indicate a modest amount of credit losses. The risk is fully covered by the corresponding loss allowance recognised in the consolidated financial statements.
There are no cases of particularly concentrated credit risk in geographical terms.

At December 31, 2019 and 2020, trade receivables may be analysed by geographical segment as follows:

(€'000)	December 31, 2019	December 31, 2020
Europe	58,481	50,032
Latin America	14,379	15,534
Asia	16,840	12,548
Oceania	4,510	3,980
Rest of the world	9,883	10,526
Total	**104,093**	**92,620**

At December 31, 2020, trade receivables may be analysed by due date as follows:

(€'000)	**Gross amount December 31, 2020**	**Impairment losses December 31, 2020**	**Net amount December 31, 2020**
Not past due	72,966	(20)	72,945
0-30 days past due	13,149	(69)	13,081
31-90 days past due	4,296	(72)	4,224
More than 90 days past due	4,967	(2,597)	2,370
Total	**95,378**	**(2,758)**	**92,620**

The group believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historical payment behaviour and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the group believes that, apart from the above, no loss allowance is necessary in respect of trade receivables not yet due or past due by up to 90 days.

At December 31, 2020, trade receivables may be analysed by original currency as follows:

(€'000)	**EUR**	**USD**	**INR**	**GBP**	**Other currencies**	**Total**
Trade receivables	40,215	11,846	10,357	6,486	23,715	**92,620**

Other currencies include trade receivables in the following local currencies:

(€'000)	**December 31, 2020**
Polish zloty	4,794
Ukrainian hryvnia	3,601
Australian dollar	2,627
Mexican peso	2,525
South African rand	2,118
Chilean peso	1,496
Argentinian peso	1,430
New Zealand dollar	1,354
Colombian peso	1,146
Brazilian real	821
Kenyan shilling	781
Chinese renmimbi	514
Other	509
Total	**23,715**

An analysis of the credit quality of trade receivables is as follows:

(€'000)	December 31, 2020
- Four or more years' trading history with the group	63,744
- From one to four years' trading history with the group	8,661
- Less than one year' trading history with the group	6,237
- Residual (not classified)	13,979
Total	**92,620**

Liquidity risk

This risk regards the group's ability to meet its obligations arising from financial liabilities.
The group's approach to liquidity management is to ensure adequate funds are always available to meet its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.
The group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the group has always met its obligations on time and has been able to re-finance indebtedness before its expiry.
Reference should be made to the tables in note 30) Current and non-current financial liabilities to these consolidated financial statements for information on the group's loans, credit lines and facilities at the reporting date.

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

		Contractual cash flows			
(€'000)	Carrying amount	Within one year	From one to five years	After five years	Total contractual cash flows
Non-derivative financial liabilities					
Put option on non-controlling interests	29,032			(55,119)	(55,119)
Bank overdrafts	4,534	(4,534)	-	-	(4,534)
Secured bank loans	21,876	(1,833)	(22,719)	-	(24,551)
Unsecured bank loans	345	(1,081)	(185)	-	(1,267)
Secured bond issues	449,860	(15,925)	(491,495)	-	(507,420)
Market warrants	5,965	(5,965)	-	-	(5,965)
Finance lease liabilities	17,011	(3,645)	(13,366)	-	(17,011)
Trade payables	68,835	(68,835)	-	-	(68,835)
Other	1	(1)	-	-	(1)
Total	**597,459**	**(101,819)**	**(527,765)**	**(55,119)**	**(684,703)**
Derivative financial assets					
Trading aluminium derivatives	634	-	-	-	-
Total	**634**	**-**	**-**	**-**	**-**

The interest payments on variable interest rate loans and bond issues in the table above and included in contractual cash flows reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on the put options on non-controlling interests and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. The maturities of the bond and part of the guaranteed bank loans could change by virtue of change of control clauses (see note 30) Current and non-current financial liabilities to these consolidated financial statements).
Except as previously reported, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

Interest rate risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.
The group is exposed to interest rate risk as almost the full amount of its financial liabilities is subject to the payment of interest at floating rates subject to short-term repricing.
The group does not currently deem it necessary to hedge the portion of the liability subject to interest rate risk given the current Euribor parameters.

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

(€'000)	Effective interest rate - December 2020	Repricing date: Total 12/31/20	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After five years
Bonds							
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	3.50%	455,000	455,000	-	-	-	-
Interest on bonds	n.a.	3,406	3,406	-	-	-	-
Transaction costs	n.a.	(8,546)	(8,546)	-	-	-	-
TOTAL FRSSN 2024 bonds - Guala Closures S.p.A.		**449,860**	**449,860**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Senior Revolving Credit Facility - Guala Closures S.p.A.	2.50% / 2.53%	19,235	19,235	-	-	-	-
Transaction costs	n.a.	(453)	(453)	-	-	-	-
Total Senior Revolving Credit Facility - Guala Closures S.p.A.		**18,782**	**18,782**	**-**	**-**	**-**	**-**
Other accrued expenses - Guala Closures S.p.A.	n.a.	67	67	-	-	-	-
Yes Bank loan and bank overdraft (India)	8.95%	469	469	-	-	-	-
Handlowy S.A. / Millennium S.A. bank facilities (Poland)	0.70%	4,064	4,064	-	-	-	-
Banco Chile loan (Chile)	3.48%	328	328	-	-	-	-
Santander loans and bank overdraft (Brazil)	n.a.	18	18	-	-	-	-
Bancomer loan (Mexico)	n.a.	3,027	3,027	-	-	-	-
TOTAL bank loans and borrowings		**26,755**	**26,755**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Market warrants	n.a.	5,965	5,965	-	-	-	-
Leases (IFRS 16)	n.a.	17,011	17,011	-	-	-	-
Financial liabilities to non-controlling investors	n.a.	29,032	29,032	-	-	-	-
Other liabilities	n.a.	1	1	-	-	-	-
TOTAL other financial liabilities		**52,009**	**52,009**	**-**	**-**	**-**	**-**
TOTAL		**528,624**	**528,624**	**-**	**-**	**-**	**-**

Sensitivity analysis

The fair value of financial liabilities was calculated by an external actuary using the following methodology:
- the cash flows generated by the outstanding liabilities are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the related repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. These rates are deducted from the swap rates using the bootstrap method for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2020:

(€'000)	**Increase of 100bp**	**Decrease of 100bp**
Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	(6,685)	529
Senior Revolving Facility Agreement - gross of transaction costs	(452)	36
Sensitivity of cash flows for Bonds and Revolving facility (net)	**(17,137)**	**565**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group companies.
The group is exposed to currency risk, particularly in relation to fluctuations of the US dollar, British pound, Australian dollar, Indian rupee, Ukrainian hryvnia and Polish zloty.
Interest on loans is denominated in the currency of the cash flows generated by the group's underlying transactions. The risk of exchange fluctuations was managed in the past using currency hedges when significant differences are noted between cost and revenue in foreign currency and such differences were hedged through currency swaps. These provided for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Sensitivity analysis

The appreciation of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2020 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Appreciation		Depreciation	
2020	**Assets**	**Profit (loss) for the year**	**Liabilities**	**Profit (loss) for the year**
USD (10% change)	996	996	(815)	(815)
GBP (10% change)	(295)	(295)	241	241
AUD (10% change)	(16)	(16)	13	13
INR (10% change)	1,254	1,254	(1,026)	(1,026)
UAH (10% change)	441	441	(360)	(360)
PLN (10% change)	(222)	(222)	182	182

Other price risk

As a result of the nature of its activities, the group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminium.
The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets.
The risk of fluctuations in the purchase price of aluminium is partly hedged based on market needs and outlook through derivatives which set the forward purchase price.

The following table shows the summary of the expirations of the aluminum derivatives contracts:

(€'000)			
Expiry date	**Hedged amount (tonnes)**	**Strike price (€/tonnes)**	**December 31, 2020 Fair value Assets/(Liabilities)**
January 2021	1,000	1,430	229
February 2021	1,000	1,430	188
March 2021	1,000	1,430	185
April 2021	100	1,500	12
May 2021	200	1,500	24
Total	**3,300**		**637**

With respect to the fair value of market warrants, it is noted that, at December 31, 2020, their carrying amount is calculated as the number of market warrants outstanding (19,367,393) at the official unit price of Borsa Italiana S.p.A. (€0.308).
The table below shows the effect in the event of a 10% increase/decrease in the official price:

(€'000)	**Increase/ (decrease) in the official price**	**Favourable/ (unfavourable) effect on the profit (loss) for the year**
Variation in the unit price of market warrants	10%	(597)
	(10%)	542

(39) Commitments and guarantees

On October 11, 2018, under some agreements to participate in the new RCF and a supplement to the indenture, Guala Closures International B.V., Guala Closures U.K. Limited, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures do Brasil Ltda and Guala Closures Iberica S.A. granted a personal guarantee in relation to the facility made available by the new RCF and the Bonds.

In addition to the above and in order to guarantee the facility made available by the new RCF and the Bonds, the following companies granted the following guarantees:

- (i) Pledge over the Guala Closures International B.V. shares held by Guala Closures S.p.A.;
- (ii) Pledge over Guala Closures International B.V.'s receivables arising from some intragroup financing contracts;
- (iii) Specific security deed on Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures International B.V.;
- (iv) Specific security deed on Guala Closures Australia Holdings Pty Ltd shares held by Guala Closures Australia Holdings Pty Ltd;
- (v) Pledge over the FPI and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.;
- (vi) Specific security deed on Guala Closures New Zealand Limited shares held by Guala Closures International B.V.;
- (vii) Charge on Guala Closures U.K. Limited shares held by Guala Closures International B.V.;
- (viii) Pledge over Guala Closures DGS Poland S.A. shares held by Guala Closures International B.V.;

The other guarantees given by group companies at December 31, 2020 are as follows:

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of ARS61.9 million.

Guala Closures India Pvt Ltd

- Securities given to Yes Bank for an amount of INR570 million

(€'000)	December 31, 2020
Guala Closures S.p.A.	
Third party assets held by the group	5,659

(40) Related party transactions

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

Pursuant to Consob communication no. 6064293 of July 28, 2006, the economic and equity impacts of trade and financial transactions carried out with related parties recognized in 2020 are reported below. In this regard, it should be noted that in 2020 interest income of approximately €1 thousand was recognized towards GCL Holdings S.à r.l.

Transactions with key management personnel are set our below:

(€'000)	**Costs recognised in the year**						**Accrual for post-employment benefits at December 31, 2020**	**Other liabilities at December 31, 2020**	**Cash flows for the year**
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	**Total**			
Total key managers	487	1,805	2,276	22	369	**4,960**	1	3,273	2,855

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 December 31, 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 on the board of statutory auditors of Guala Closures S.p.A. appointed on September 10, 2018, whom it appointed on the indication of GCL Holdings S.à r.l.;
- 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;
- GCL Holdings S.à r.l. owes Guala Closures S.p.A. €151 thousand for tax reconciliation;
- 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..;
- Guala Closures S.p.A. bonds listed on the Luxembourg stock exchange and totalling €998,207 were purchased on August 4, 2020;
- the transactions with GCL Holdings S.à r.l. took place on an arm's length basis.

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

The transactions and relationships between this company and the group at December 31, 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 on 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 year.

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 December 31, 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 year.

Related parties also include the pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 34) Employee benefits for additional information.

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

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

There are no significant transactions with other related parties in addition to those indicated in the notes to the separate and consolidated financial statements.

(41) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the group can currently foresee future expenditure.

(42) Statutory auditors' and independent auditors' fees

The statutory auditors' fees are as follows:

(€'000)	Costs recognised in the year		Liabilities at December 31, 2020	Cash flows for the year
	Fees for position held	Total		
Total statutory auditors	**125**	**125**	**59**	**125**

Information pursuant to article 149 – duodecies of Consob's Issuer Regulation. Pursuant to article 149 duodecies of Consob's Issuer Regulation, the table below provides information about the 2020 audit fees and the fees related to other services provided by KPMG S.p.A. and its network companies and the fees paid to other independent auditors:

(€'000)	*Provider*	*Beneficiary*	*2020 fees*
Audit fees	KPMG S.p.A.	Parent	354
		Italian subsidiaries	6
	KPMG (*)	Foreign subsidiaries	1,236
	Other independent auditors	Foreign subsidiaries	50
			1,646
Other services provided			
Limited assurance engagement on the non-financial statement	KPMG S.p.A.	Parent	60
Other attestation services	KPMG S.p.A.	Parent	25
Other services (**)	KPMG S.p.A./KPMG (*)	Parent/Foreign subsidiaries	11
			96
Total			**1,742**

(*) Other Italian or foreign companies belonging to the same network as KPMG
(**) Mainly services required by local legislation for tax form signature and/or audit

(43) Atypical and/or unusual transactions

Pursuant to Consob communication dated July 28, 2006, it is noted that, during the year, Guala Closures Group did not carry out any atypical and/or unusual transactions, as described in the relevant communication, whereby atypical and/or unusual transactions are all those transactions whose significance/relevance, nature of the counterparties, subject-matter of the transaction, transfer pricing method and timing of the event (near year 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.

(44) Events after the reporting period

Increase in stake of SharpEnd

It should be noted that on February 26, 2021 the Luxembourg subsidiary GCL International S.à r.l. subscribed a capital increase in the associated company SharpEnd Ltd.. The capital increase subscribed for the equivalent of 1.4 million pounds allowed the Group to reach a 30% stake in the share capital of this company fully diluted (including the option for the issue of stock options).

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

March 10, 2021

Annexes to the consolidated financial statements

Annex

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

ANNEX

Statement of the CEO and manager in charge of financial reporting

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

1. The undersigned Marco Giovannini and Anibal Diaz, respectively CEO and manager in charge of financial reporting of Guala Closures S.p.A. (the "**company**"), state that, pursuant to article 154-bis.3/4 of Legislative decree no. 58 of February 24, 1998:
    - the administrative and accounting procedures are adequate given the group's characteristics;
    - they were applied during the year to prepare the consolidated financial statements as at and for the year ended December 31, 2020.
2. No significant issues arose.
3. Moreover, they state that:

    3.1 The consolidated financial statements at and for the year ended December 31, 2020:

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

    b) are consistent with the accounting records and entries;

    c) are suitable to give a true and fair view of the financial position as at December 30, 2020 and the financial performance and cash flows for the year then ended of the issuer and the consolidated companies.

    3.2 The directors' report includes a reliable analysis of the key events that took place during the year and position of the issuer and the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

March 10, 2021

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

3. SEPARATE FINANCIAL STATEMENTS

Guala Closures S.p.A. December 31, 2020



Statement of profit or loss

		of which:			of which:		
(Euros)	**2019**	Related parties	non-recurring expense	**2020**	Related parties	non-recurring expense	**Note**
Net revenue	**133,736,319**	**65,388,210**		**137,106,470**	**70,086,696**		4
Change in finished goods and semi-finished products	1,253,280			1,226,569			
Other operating income	22,424,983	20,049,510		27,214,300	25,177,000		5
Internal work capitalised	2,680,370			2,379,688			6
Costs for raw materials	(77,687,677)	(8,969,761)		(79,937,197)	(9,860,760)		7
Costs for services	(41,188,886)	(10,529,360)	(308,663)	(42,056,617)	(10,420,930)	(127,298)	8
Personnel expense	(29,154,450)			(28,926,804)			9
Other operating expense	(1,975,018)			(2,529,443)		(500,000)	10
Impairment losses on trade receivables and contract assets	-			(375)			
Impairment losses	(13,266)		(13,266)	(10,414)		(10,414)	
Losses on sales of equity investments				(2,144,150)		(2,144,150)	13
Amortisation and depreciation	(16,415,511)			(16,602,533)			26-27-28
Financial income	11,323,689	9,534,780		11,718,966	10,320,490		11
Financial expense	(21,714,829)	-		(24,574,819)	-		12
Income from equity investments	22,500,000	22,500,000		22,000,000	22,000,000		13
Profit before taxation	**5,769,004**	**97,973,379**	**(321,929)**	**4,863,642**	**107,302,496**	**(2,781,862)**	
Income taxes	6,706,169			6,281,878			15
Profit for the year	**12,475,173**	**97,973,379**	**(321,929)**	**11,145,520**	**107,302,496**	**(2,781,862)**	

The notes on pages 288 to 362 are an integral part of the separate financial statements.

Statement of profit or loss and other comprehensive income

(Euros)	2019	2020
Profit for the year	**12,475,173**	**11,145,520**
Items that will never be reclassified to profit or loss:		
Actuarial losses on defined benefit plans	**(126,919)**	**(32,393)**
Taxes on items that will not be reclassified to profit or loss	35,215	**9,579**
	(91,704)	**(22,814)**
Items that are or may be reclassified subsequently to profit or loss:		
Hedging reserve	58,000	**694,901**
Net change in fair value of cash flow hedges reclassified to profit or loss	-	**(58,000)**
Taxes on items that are or may be reclassified subsequently to profit or loss	(13,920)	**(188,332)**
Other	**44,080**	**448,569**
Other comprehensive income (expense) for the year, net of tax	**(47,624)**	**425,755**
Comprehensive income for the year	**12,427,549**	**11,571,275**

The notes on pages 288 to 362 are an integral part of the separate financial statements.

Statement of financial position

ASSETS

(Euros)	December 31, 2019	of which: Related parties	December 31, 2020	of which: Related parties	Note
ASSETS					
Current assets					
Cash and cash equivalents	14,463,494		19,537,850		16
Current financial assets	35,656,855	35,656,855	3,468,219	3,468,219	17
Trade receivables	43,518,751	30,566,608	35,657,880	23,373,040	18
Inventories	16,602,798		18,134,282		19
Current direct tax assets	370,550		142,560		20
Current indirect tax assets	691,587		1,614,700		21
Derivative assets	9,806		636,900		22
Other current assets	2,604,534	2,517,303	3,651,893	1,591,890	23
Assets classified as held for sale			2,042,221		24
Total current assets	**113,918,375**	**68,740,766**	**84,886,506**	**28,433,149**	
Non-current assets					
Non-current financial assets	198,927,404	198,899,174	257,516,720	257,480,240	17
Investments	669,309,776	669,203,170	658,029,750	657,885,150	25
Property, plant and equipment	46,540,204		54,402,910		26
Right-of-use assets	12,057,394		1,778,380		27
Intangible assets	159,433,351		153,054,886		28
Deferred tax assets	9,342,303		13,526,960		30
Other non-current assets	17,834		221,387		31
Total non-current assets	**1,095,628,266**	**868,102,344**	**1,138,530,993**	**915,365,390**	
TOTAL ASSETS	**1,209,546,641**		**1,223,417,499**		

The notes on pages 288 to 362 are an integral part of the separate financial statements.

Statement of financial position

LIABILITIES

(Euros)	December 31, 2019	of which: Related parties	December 31, 2020	of which: Related parties	Note
LIABILITIES AND EQUITY					
Current liabilities					
Current loans and borrowings	10,933,876		9,932,758		32
Trade payables	27,639,444	3,348,388	25,535,860	2,234,890	33
Direct tax liabilities	523,897		33,000		34
Current indirect tax liabilities	869,540		935,607		35
Current provisions	966,310		1,357,401		36
Derivative liabilities	171,581		-		37
Other current liabilities	8,895,747	1,041,704	8,122,854	123,370	38
Total current liabilities	**50,000,395**	**4,390,092**	**45,917,479**	**2,358,260**	
Non-current liabilities					
Non-current loans and borrowings	457,456,484		466,563,997		32
Other non-current liabilities	211,987		408,539		39
Employee benefits	3,753,852		3,567,357		40
Deferred tax liabilities	42,841,736		40,204,224		30
Non-current provisions	321,561		224,001		36
Total non-current liabilities	**504,585,620**		**510,968,119**		
Total liabilities	**554,586,015**	**4,390,092**	**556,885,598**	**2,358,260**	
Equity					
Share capital	68,906,646		68,906,646		
Share premium reserve	423,836,890		423,836,890		
Legal reserve	642,596		1,266,355		
Other reserves	157,798,947		169,650,361		
Hedging reserve	-		448,569		
Losses carried forward	(8,699,626)		(8,722,440)		
Profit for the year	12,475,173		11,145,520		
Total equity	**654,960,626**		**666,531,901**		41
TOTAL LIABILITIES AND EQUITY	**1,209,546,641**	**4,390,092**	**1,223,417,499**	**2,358,260**	

The notes on pages 288 to 362 are an integral part of the separate financial statements.

Statement of cash flows

(Euros)	2019	2020	Nota
Opening cash and cash equivalents	**16,107,594**	**14,463,494**	
A) Cash flows from operating activities			
Profit before taxation	5,769,004	4,863,642	
Adjustments for:			
Amortisation, depreciation and impairment losses	16,415,511	16,602,533	27-28-29
Income from equity investments	(22,500,000)	(22,000,000)	14
Losses on sales of equity investments	-	2,144,150	
Financial income	(11,323,689)	(11,718,966)	12-13
Financial expense	21,714,829	24,574,819	
Net gains on sale of non-current assets	(190,980)	(90,230)	27-29
Changes in:			
Receivables, payables and inventories	700,160	4,225,847	19-20-33
Other	(3,456,779)	(101,709)	
VAT and indirect tax assets/liabilities	757,120	(857,040)	22-36
Income taxes paid	(1,315,640)	(1,006,760)	21-35
Net cash flows from operating activities	**6,569,536**	**16,636,286**	
B) Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets	(9,859,566)	(10,610,722)	27-29
Proceeds from sale of property, plant and equipment and intangible assets	1,479,690	2,336,762	27-29
Sale of the investment in GCL Pharma S.r.l.	-	7,283,880	4
Net cash flows used in investing activities	**(8,379,876)**	**(990,080)**	
C) Cash flow from financing activities			
Interest received	6,760,331	9,848,460	12-13
Interest paid	(18,074,454)	(17,733,053)	12-13
Transaction costs paid for the Bridge Facility Agreement, new bonds and the Senior Revolving facility	(717,808)	-	
Other financial items	(299,933)	(385,736)	
Dividends from GC International	22,500,000	22,000,000	14
Proceeds from new borrowings and bonds	2,276,219	22,896,050	31
Repayment of borrowings and bonds	(1,176,194)	(15,000,000)	31
Repayment of finance leases	(3,312,466)	(3,864,064)	31
Change in financial assets	(8,941,210)	(26,839,140)	18
Net cash flows used in financing activities	**(985,515)**	**(9,077,484)**	
D) Net cash flow for the year	**(2,795,855)**	**6,568,723**	
Effect of exchange fluctuations on cash held	1,151,755	(1,494,366)	
E) Closing cash and cash equivalents	**14,463,494**	**19,537,850**	

The notes on pages 288 to 362 are an integral part of the separate financial statements.

Statement of changes in equity

(Euros)	January 1, 2019	Allocation of 2018 profit	Profit for 2019	Reclassifications	Other comprehensive income	Comprehensive income for the year	December 31, 2019
Share capital	68,906,646					-	**68,906,646**
Share premium reserve	423,836,890					-	**423,836,890**
Legal reserve	-	642,596				642,596	**642,596**
Other reserves	145,589,628	12,209,319				12,209,319	**157,798,947**
Hedging reserve	43,320.00	-		(87,400)	44,080.00	(43,320.00)	**-**
Losses carried forward	(6,524,622)	(2,170,700)		87,400	(91,704)	(2,175,004)	**(8,699,626)**
Profit for the year	***10,681,215***	***(10,681,215)***	***12,475,173***			***1,793,958***	***12,475,173***
Total equity	**642,533,077**	**-**	**12,475,173**	**-**	**(47,624)**	**12,427,549**	**654,960,626**

(Euros)	January 1, 2020	Allocation of 2019 profit	Profit for 2020	Reclassifications	Other comprehensive income	Comprehensive expense for the year	December 31, 2020
Share capital	68,906,646					-	68,906,646
Share premium reserve	423,836,890					-	423,836,890
Legal reserve	642,596	623,759				623,759	1,266,355
Other reserves	157,798,947	11,851,414				11,851,414	169,650,361
Hedging reserve	-				448,569	448,569	448,569
Losses carried forward	(8,699,626)				(22,814)	(22,814)	(8,722,440)
Profit for the year	***12,475,173***	***(12,475,173)***	***11,145,520***			***(1,329,653)***	***11,145,520***
Total equity	**654,960,626**	**-**	**11,145,520**		**425,755**	**11,571,275**	**666,531,901**

The notes on pages 288 to 362 are an integral part of the separate financial statements.

Notes to the separate financial statements of Guala Closures S.p.A. at December 31, 2020



General information

1. The company's activities and key changes in its ownership structure during the year

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).

Since August 2018, Guala Closures S.p.A. is listed in the STAR segment of the Italian Stock Exchange and since September 2019 has entered the FTSE Italia Mid Cap index.

The company also acts as the holding company for the Guala Closures Group.

Guala Closures S.p.A., originally founded in 1954, is currently the European and world leader in the production of plastic safety closures for alcoholic beverage bottles, with over 60 years of experience in the sector.

It is also the leading producer in Europe of aluminum closures for alcoholic beverage bottles. Guala Closures S.p.A. mainly operates in the design and production of anti-adulteration closures (Safety), customized closures (Luxury), aluminum closures for wines (Roll-on for wine), standard closures (Roll-on) and others.

It should be noted that following the extraordinary operation, occurred on 2018, Guala Closures S.p.A. (the "company" or the "parent") (formerly Space4 S.p.A.) was incorporated by Space Holding S.r.l. on September 19, 2017 with the name of Space4 S.p.A.. It was a special purpose acquisition company (SPAC), set up under Italian law as an SIV (special investment vehicle) pursuant to the Italian stock exchange regulation. Trading began on December 21, 2017

On July 31, 2018, Space4 S.p.A. acquired Guala Closures S.p.A., the parent of the Guala Closures Group. On August 6, 2018, Guala Closures S.p.A. was merged into Space4 S.p.A.. Furthermore, following the above transaction, the latter company was renamed Guala Closures S.p.A. and the group headed by Space4 S.p.A. was renamed Guala Closures Group.

Covid-19

The worldwide outbreak of Covid-19 and the consequent restrictive measures implemented by the public authorities of the affected countries to contain it characterised the 2020 international scenario. In addition to its enormous social impact, this ongoing public health emergency is also having direct and indirect effects on general economic performance and on consumption and investments, leading to general uncertainty.

The company 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 company has worked tirelessly to ensure the utmost health and safety for its employees, customers and suppliers. The company 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 company's priority is and will remain ensuring the safety of its employees and business continuity. The company 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.
To this end, the safety and prevention measures introduced at the onset of the emergency are still in place and are continuously updated to comply with the new directives issued by the competent authorities. Constant liaising with key business partners such as suppliers and customers has been further ramped up with the aim of ensuring business continuity.
In addition to the measures taken to prevent the spread of Covid-19, such as the distribution of disposable masks and gloves, social distancing between workers, measuring body temperature when entering the workplace and the sanitisation of all premises every two weeks, the company entered into a Covid-19 insurance policy with AON, a leading insurance company, covering all its workers worldwide.

All the company facilities continued to operate during the entire lockdown in compliance with the applicable regulations as they are essential to the supply chain.

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 €41.4 million in 2019, down by €4.0 million, or 9.64%, to €37.4 million in 2020). 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. The strict limits to travel also adversely affected sales through the duty free ("Global Travel Retail") channel.

In 2020, the company 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 (PPE) for employees, sanitisation and the adaptation of work areas to comply with social distancing requirements.
In response to the decrease in sales volumes, the company began introducing measures to contain personnel expense in the second quarter of 2020 in order to limit the effect on the profit margin.

In financial terms, the company'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.

2. Changes to standards

Except for that set out below, the accounting policies applied in the preparation of these separate financial statements are the same as those applied to the separate 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 separate financial statements at December 31, 2020 are unchanged. Furthermore, no retrospective adjustments were made.

3. Accounting policies

Guala Closures S.p.A.'s separate financial statements at December 31, 2020 have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Union, and related interpretations.

Except for the provisions of IFRS 3 applicable to the business combination which took place in 2018, these separate financial statements have been prepared in accordance with the IFRS, on the historical cost basis, adjusted to reflect the measurement of some financial instruments and other assets and liabilities at fair value, and on a going concern basis.
They have also been prepared in accordance with CONSOB (the Italian Commission for Listed Companies and the Stock Exchange) provisions about financial statements in accordance with article 9 of Legislative decree no. 38/2005 and other applicable provisions and regulations.
These separate financial statements have been clearly prepared and give a true and fair view of the company's financial position, financial performance and cash flows.

They comprise:

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

Starting from the financial statements as at December 31, 2020, the Company has changed the presentation of the summary statement of comprehensive income which has been divided into two statements: the statement of profit / (loss) and the statement of profit / (loss) and other components of the comprehensive income statement. The comparative data relating to the same period of the previous year have been reclassified accordingly.

Guala Closures S.p.A. has prepared its separate financial statements in Euros, which is the company's functional currency, without decimals, except for the notes, which have been prepared in thousands of Euros. Any discrepancies between financial statements balances and those of the tables of the notes to the separate financial statements are due exclusively to rounding and do not alter their reliability or substance.

The company's board of directors approved the publication of the separate financial statements on March 10, 2021.

The company is part of the Guala Closures Group which prepares the consolidated financial statements for Guala Closures S.p.A. and its subsidiaries as part of the smaller and larger group of companies.

Neither the company nor the group are subject to management or coordination activities.

(a) Use of estimates and judgements

Management has to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is included in the following notes: loss allowance (note (n) estimated expected credit loss) and allowance for inventory write-down (note 20 inventory estimated recoverability), amortisation/depreciation and impairment of non-current assets (notes (h) (i) estimated useful life), employee benefits (note (o) estimated actuarial assumptions), taxes (note 20 estimated future taxable income), provisions (note 36), measurement of financial derivatives (note 23 estimated interest rates), effects of business combinations (note 4 estimated fair value of acquired assets and liabilities) and market warrants (note 45 estimated fair value of market warrants).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognised in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognised in the year in which the review takes place.

b) Accounting for business combinations

The company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the company. In determining whether a particular set of activities and assets is a business, the company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is passed if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred and the identifiable net assets are generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note (n) Share capital and equity).

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(c) Foreign currency

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the transaction date. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

(d) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(e) Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.
The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.
Purchase or production cost is calculated on a weighted average cost basis.
Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realisable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(f) Assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(g) Investments

Investments in subsidiaries, associates and jointly-controlled companies are measured at cost, net of any impairment losses. Cost is the purchase price or the amount recognised following the merger and reflects the contribution amount in the financial statements at the acquisition-date considered in said financial statements.

Any positive difference arising at the time of purchase, between the acquisition cost and the company's share of equity at the fair value of the investee, is included in the carrying amount of the investment and is tested annually for impairment, comparing the full carrying amount of the investment with its recoverable amount (the higher of fair value less costs to sell and value in use).

If there is evidence of impairment, an impairment loss is recognised. If the company's share of losses of an investee exceeds the carrying amount of the investment and the company has the obligation to cover it, the carrying amount of the investment is reduced to zero and the additional losses are recognised as a provision. If the impairment loss subsequently decreases or ceases to exist, it is reversed in profit or loss up to the original carrying amount.

Investments in other companies, consisting of non-current financial assets not held for trading, for which the fair value is difficult to determine, since they are unlisted companies, are measured at acquisition or subscription cost, reduced, if necessary, by impairment losses. If the company's share of losses exceeds the carrying amount of the recognised investment, the carrying amount of the investment is reduced to zero and the share of further losses is not recognised as a liability, unless the company has a legal or constructive obligation to cover them.

(h) Property, plant and equipment

Property, plant and equipment are recognised at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalised.
Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the company. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and moulds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the company. This expenditure is amortised over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognised. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(i) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognised at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described in paragraph (p) "impairment losses".

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortisation and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognised in profit or loss at the time of disposal.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognised as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalised when the product or process is feasible in technical and commercial terms and the company has adequate resources to complete the development stage.

Capitalised development expenditure is measured at cost, net of accumulated amortisation and impairment losses.

It is classified under "Internal work capitalised".

The amortisation periods for intangible assets are as follows:

	Amortisation period (years)
Development expenditure	5
Patents and trademarks	5
Software	5
Licences	5
Customer list	20
Other capitalised expenditure	5 or in the line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the company. This expenditure is amortised over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognised in profit or loss at the time of disposal.

(j) Leases

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases in which the group is a lessee

The company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.
The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The company presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets
The company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<u>Leases in which the group is a lessor</u>
At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.
When the company acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, then the company applies IFRS 15 to allocate the consideration in the contract
The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.
The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.
The company recognises ease payments received under operating leases as income on a straight-line basis over the least term as part of 'other revenue'.

(k) Income taxes

Income taxes comprise current and deferred tax. They are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.
Current tax also includes any tax arising from dividends and any interest and penalties imposed by the tax authorities following their review of the tax position of previous years which found a difference in tax due.
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
The income tax consequences of dividends are recognised when the dividend is approved.
In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(l) Financial instruments

Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see paragraph (m)). On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the company's key managers;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding in a given period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:
– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable rate features;
– prepayment and extension features; and
– terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium on its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is immaterial at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. See note (m) for derivatives designated as hedging instruments.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.
See note (m) for financial liabilities designated as hedging instruments.

Derecognition

Financial assets
The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
The company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.
The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(m) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting
The company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.
Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.
Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.
The company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of currency risk on a net investment in a foreign operation.
At the inception of designated hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge. The company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
The company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventories, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised,
For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same year or years during which the hedged expected future cash flows affect profit or loss.
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same year or years as the hedged expected future cash flows affect profit or loss.
If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss

(n) Share capital and equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the company has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investor still has present access to the economic benefit associated with the underlying ownership interests, it recognises a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognised decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognised in profit or loss as financial expense.

Warrant

Warrants are recognised in accordance with the conditions set out in the relevant regulations governing their operation.

Warrants with fixed conversion parameter
Some warrants (sponsor warrants and management warrants) have fixed and predetermined subscription prices and exercise ratios at the date of issue within predefined time windows. In these cases, the warrant regulation provides for the number of shares that will be issued and the price (if any) that the holder must pay to the company on the date of exercise of the warrants. These instruments are accounted for by the company as equity instruments.

Warrants with variable conversion parameter
Some warrants (market warrants) have a conversion ratio that varies over time and according to the variability of the market price of the underlying share and other parameters provided for in the relevant regulation. Despite the variability of the conversion ratio, the expiry date of the warrant is brought forward when certain thresholds of the price of the underlying share are achieved (thus representing a cap on its appreciation) with the right to settle the instrument through the delivery of shares or cash to the bearer of the rights or to the issuer. The company recognises these instruments as derivative financial liabilities.

(o) Impairment

Non-derivative financial instruments
Financial instruments and contract assets
The company recognises loss allowances for ECLs on:
– financial assets measured at amortised cost;
– contract assets.
The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs at the reporting date:
– debt securities that are determined to have low credit risk at the reporting date; and;
– other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECL.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.
The company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.
The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as enforcing a security (if any are held);
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

Credit-impaired financial assets
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.
For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.
The gross carrying amount of a financial asset is partially or fully impaired to the extent the company has no reasonable expectations of its recovery. For customers, the company individually makes an assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

<u>Non-financial assets</u>
At each reporting date, the company reviews the carrying amounts of its non-financial assets, except for inventories and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Employee benefits

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Such liabilities are related mainly to TFR, as provided by Italian law.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The company determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.
Starting from January 1, 2007, the Finance Act (Law no. 296 of December 27, 2006, the "2007 Finance Act") and the relevant implementation decrees introduced important changes in the rules governing post- employment benefits ("TFR"), including the need for employees to decide on the allocation of their future benefits. In particular, this reform established that employees had to transfer the new amounts of their benefits to established pension funds or leave them with the company; in the latter case, the company would pay these amounts to a specific INPS (Italian social security institution) treasury account. Therefore, the post-employment benefits stated in the separate financial statements at the end of the year refers to the amount due to employees, not yet paid but vested up to December 31, 2006.

(q) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognised when a company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the company of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

(r) Revenue

The company has applied IFRS 15 Revenue from Contracts with Customers since January 1, 2018. Specifically, IFRS 15 introduced a new model for revenue recognition based on the following five steps:

- identify the contract(s) with a customer
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised, net of returns, discounts, rebates and bonuses, as well as taxes directly related to the sale of products and the provision of services. They are measured taking into account the consideration specified in the contract with the customer. The company, which generally operates as principal, recognises revenue when it

transfers control of the goods or services (point in time). Control of the safety and standard closures is transferred to the customers when the goods are delivered to their premises, i.e., when the goods are taken over by the carrier selected by the customer if earlier and, accordingly, the company recognises the related revenue at such times. There are generally no further contractual obligations for the company.
There are no significant discounts for final customers and there are no contracts which enable customers to return products in exchange for new ones or cash reimbursements.
Usually, no costs are incurred to obtain or perform contracts with customers.

(s) Government grants

Grants relating to assets and income are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognised as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognised under Other operating income.

(t) Financial income and expense

The company's financial income and finance expense include:

– interest income;

– interest expense;

– dividend income;

– dividends on preference shares classified as financial liabilities;

– the net gain or loss on the disposal of investments in debt securities measured at FVOCI;

– the net gain or loss on financial assets at FVTPL;

– the exchange gain or loss on financial assets and financial liabilities;

– impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

– the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;

– the fair value loss on contingent consideration classified as a financial liability;

– hedge ineffectiveness recognised in profit or loss; and

– the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the company's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset; or

– the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(u) Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to measurement.
The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(v) Standards, amendments and interpretations not yet applicable

The new standards and/or amendments thereto applicable to annual reporting periods ending on or after December 31, 2020 are set out below.
A number of new standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted; however, the company has not early adopted the new or amended standards in preparing these separate financial statements since they are not expected to have a significant impact thereon:

- Amendments to IFRS 4 (deferral of effective date of IFRS 9)
- Interest rate benchmark reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The effects of the future application of these standards and amendments are currently being examined.

At the reporting date, the European Union had not yet completed the endorsement process for the following standards and amendments:

- IFRS 14 - Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
- Amendments
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)
- Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards (Cycle 2018–2020)

Classification of Liabilities as Current or Non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020

The effects of the future application of these standards and amendments are currently being examined.

Statement of profit or loss

(4) Net revenue

Net revenue from third parties amounts to **€67,020 thousand** in 2020.

Net revenue may be analysed by geographical segment as follows:

(€'000)	2019	2020
Europe	57,148	55,245
Asia	2,302	2,644
Latin America	923	1,051
Rest of the world	7,975	8,079
Total	**68,348**	**67,020**

A breakdown by type of product is as follows:

(€'000)	2019	2020
Roll-on closures (standard)	30,166	32,945
Safety closures	29,495	24,364
Roll-on closures for wine	4,691	4,789
Luxury closures (customised)	21	597
Other revenue	3,974	4,325
Total	**68,348**	**67,020**

A breakdown by destination is as follows:

(€'000)	2019	2020
Spirits closures	41,396	37,405
Olive oil & condiment closures	9,728	11,354
Water & beverage closures	7,931	7,541
Wine closures	4,691	4,789
Closures for other markets	4,603	5,932
Total	**68,348**	**67,020**

Revenue for 2020 reflects the impact of Covid-19, mainly in the spirits market and in the HORECA sector (down 9.64% on 2019), while sales on the mineral water market declined mainly in the last quarter of the year.

This decline was minimised by the significant increase in the sale of olive oil & condiment closures and the launch of new closures.

Net revenue from subsidiaries amounts to **€70,087 thousand** in 2020.
It accounts for **51.1%** of total net revenue.

(€'000)	2019	2020
Guala Closures Uk Ltd	15,880	12,492
Guala Closures Iberica S.A.	14,575	11,781
Guala Closures Deutschland GmbH	-	10,472
Guala Closures UCP Ltd.	8,249	9,552
Guala Closures Mexico, S.A. de C.V.	7,596	7,291
Guala Closures Chile SpA	2,213	3,054
Guala Closures Australia Pty Ltd.	3,128	2,973
Guala Closures Technologia Ukraine LLC	2,167	2,562
Guala Closures New Zealand Ltd.	2,908	2,350
Guala Closures Argentina S.A.	1,769	2,282
Guala Closures South Africa Pty Ltd	1,734	1,485
Guala Closures France SAS	1,873	1,321
Beijing Guala Closures Ltd.	1,183	1,252
Guala Closures DGS Poland S.A.	425	401
Guala Closures North America, Inc.	571	285
GCL Pharma S.r.l.	720	271
Guala Closures do Brasil Ltda	202	137
Guala Closures (India) Pvt Ltd.	54	67
Guala Closures Bulgaria A.D.	103	50
GCL International Sarl	17	3
Guala Closures Colombia Ltda	11	3
Guala Closures East Africa Ltd	9	2
Guala Closures BY LLC	3	-
Total	**65,388**	**70,087**

Net revenue from related parties may be analysed by geographical segment as follows:

(€'000)	2019	2020
Europe	44,011	48,906
Latin America	11,791	12,767
Oceania	6,036	5,323
Asia	1,237	1,319
Rest of the world	2,314	1,771
Total	**65,388**	**70,087**

(5) Other operating income

(€'000)	2019	2020
Cost recoveries	1,462	1,193
Customer contributions	735	663
Ordinary prior year items	24	107
Gains	7	19
Royalty income	-	7
Other revenue	147	48
Total	**2,375**	**2,037**

In 2020, **"Other revenue"** amounts to **€48 thousand** and mainly refers to tax credits.

Other operating income from subsidiaries amounts to **€25,177 thousand** in 2020 and accounts for **92.51%** of total other operating income. It is mainly due to the following:

a) the **service agreement** for the recharge to subsidiaries of costs incurred by Guala Closures S.p.A. on behalf of other group companies for accounting, financial, treasury, purchasing, personnel management and data management services and for the cost of insurance paid in Italy.

(€'000)	2019	2020
Guala Closures (India) Pvt Ltd	2,282	2,105
Guala Closures DGS Poland S.A.	1,689	1,867
Guala Closures UK Ltd	1,730	1,688
Guala Closures UCP Ltd	-	1,523
Guala Closures Mexico SA de CV	1,534	1,403
Guala Closures Iberica S.A.	1,400	1,183
Guala Closures Technologia Ukraine LLC	-	869
Guala Closures Australia Holdings Pty Ltd	756	840
Guala Closures North America Inc.	571	474
Guala Closures South Africa Pty Ltd	429	443
Guala Closures France SAS	-	402
Guala Closures Argentina S.A.	253	383
Guala Closures do Brazil Ltda	240	349
Guala Closures de Colombia Ltda	275	322
Guala Closures New Zealand Ltd	319	306
Guala Closures Chile SpA	273	277
Beijing Guala Closures Ltd	184	212
GCL International S.à r.l.	149	149
Guala Closures Bulgaria AD	45	136
Guala Closures East Africa Ltd	-	90
GCL Pharma S.r.l.	234	66
Total	**12,363**	**15,086**

b) recharging of **personnel expense**

(€'000)	2019	2020
Beijing Guala Closures Ltd	153	154
Guala Closures Deutschland GmbH	-	114
Guala Closures East Africa Ltd	-	72
Guala Closures Turkey A.S.	-	54
Guala Closures North America Inc.	75	-
Guala Closures (India) Pvt Ltd	47	48
Guala Closures Mexico SA de CV	40	15
Total	**315**	**458**

c) recharging of **transport costs**

(€'000)	2019	2020
Guala Closures UCP Ltd	287	287
Guala Closures Mexico SA de CV	231	269
Guala Closures Deutschland GmbH	-	155
Guala Closures Argentina S.A.	65	97
Guala Closures Chile SpA	42	63
Guala Closures South Africa Pty Ltd	53	19
Guala Closures France SAS	33	18
Beijing Guala Closures Ltd	13	10
Guala Closures Australia Holdings Pty Ltd	-	8
Guala Closures New Zealand Ltd	-	6
Guala Closures UK Ltd	2	5
Guala Closures North America Inc.	-	3
Guala Closures Iberica S.A.	-	1
Guala Closures Japan KK	1	-
Total	**727**	**942**

d) gains on the sale of assets

(€'000)	2019	2020
Guala Closures UK Ltd	-	43
Guala Closures Technologia Ukraine LLC	-	21
Guala Closures Iberica S.A.	12	6
Guala Closures East Africa Ltd	170	-
Guala Closures Argentina S.A.	2	-
Guala Closures de Colombia Ltda	2	-
Total	**185**	**70**

e) **royalties**

(€'000)	2019	2020
Guala Closures (India) Pty Ltd	1,494	1,054
Guala Closures DGS Poland S.A.	-	975
Guala Closures Mexico SA de CV	1,052	961
Guala Closures UCP Ltd	-	656
Guala Closures Iberica S.A.	763	620
Guala Closures Australia Holdings Pty Ltd	553	526
Guala Closures Technologia Ukraine LLC	-	524
Guala Closures UK Ltd	512	440
Guala Closures New Zealand Ltd	272	283
Guala Closures Argentina S.A.	252	259
Guala Closures South Africa Pty Ltd	308	238
Guala Closures de Colombia Ltda	197	148
Guala Closures Chile SpA	-	127
Guala Closures East Africa Ltd	-	120
Guala Closures do Brazil Ltda	103	82
Beijing Guala Closures Ltd	90	63
Guala Closures North America Inc.	63	60
Guala Closures France SAS	-	28
Total	**5,657**	**7,164**

f) **Commissions and other income**

(€'000)	2019	2020
Guala Closures Iberica S.A.	69	469
Guala Closures UK Ltd	86	99
Guala Closures France SAS	17	29
Guala Closures North America Inc.	14	26
Guala Closures (India) Pty Ltd	-	19
Guala Closures Turkey A.S.	-	17
Guala Closures UCP Ltd	9	13
Guala Closures Deutschland GmbH	-	12
Guala Closures Mexico SA de CV	23	11
Guala Closures Chile SpA	6	8
Guala Closures Bulgaria AD	12	8
GCL Pharma S.r.l.	22	7
Beijing Guala Closures Ltd	25	6
GCL International S.à r.l.	17	4
Guala Closures New Zealand Ltd	1	3
Guala Closures Japan KK	7	1
Guala Closures Argentina S.A.	2	1
Guala Closures East Africa Ltd	-	1
Guala Closures Technologia Ukraine LLC	8	-
Guala Closures South Africa Pty Ltd	1	-
Guala Closures Holding International BV	1	-
Total	**319**	**733**

g) recharging of **insurance costs**

(€'000)	2019	2020
Guala Closures UK Ltd	88	151
Guala Closures Iberica S.A.	19	97
Guala Closures UCP Ltd	-	66
Guala Closures (India) Pty Ltd	50	59
Guala Closures DGS Poland S.A.	47	58
Guala Closures Technologia Ukraine LLC	-	45
Guala Closures Mexico SA de CV	34	31
Guala Closures North America Inc.	10	27
Guala Closures Australia Holdings Pty Ltd	29	25
Guala Closures Argentina S.A.	16	16
Guala Closures South Africa Pty Ltd	14	11
Guala Closures France SAS	13	10
Guala Closures de Colombia Ltda	11	10
GCL International S.à r.l.	1	10
Beijing Guala Closures Ltd	12	9
Guala Closures do Brazil Ltda	10	8
Guala Closures New Zealand Ltd	13	8
Guala Closures Japan KK	27	7
GCL Pharma S.r.l.	-	6
Guala Closures Bulgaria AD	1	5
Guala Closures Deutschland GmbH	-	4
Guala Closures Chile SpA	5	3
Guala Closures East Africa Ltd	1	1
Total	**401**	**669**

h) technical assistance

(€'000)	2019	2020
GCL International S.à r.l.	35	32
Guala Closures Iberica S.A.	41	20
Guala Closures DGS Poland S.A.	-	2
Beijing Guala Closures Ltd	-	1
Guala Closures UK Ltd	4	-
GCL Pharma S.r.l.	2	-
Guala Closures North America Inc.	1	-
Total	**82**	**55**

(6) Internal work capitalised

This caption amounts to **€2,380 thousand** in 2020. Of this amount, **€740 thousand** mainly relates to development expenditure capitalised for new closures, **€733 thousand** to work on plant and machinery for extraordinary maintenance and the upgrading of the production capacity of Guala Closures S.p.A. and **€702 thousand** to work on plant and machinery for extraordinary maintenance and the upgrading of the production capacity of foreign subsidiaries subsequently reinvoiced to foreign companies.

(7) Costs for raw materials

Costs for raw materials - third parties include:

(€'000)	**2019**	**2020**
Raw materials and supplies	65,537	66,060
Packaging	2,483	2,288
Consumables and maintenance	1,592	1,838
Fuels	230	196
Change in inventories	(1,125)	(305)
Total	**68,718**	**70,076**

The **cost of raw materials purchased from third parties** rose from €68,718 thousand in 2019 to **€70,076 thousand** in 2020 as did its percentage impact on production revenue.

The **costs for raw materials purchased from subsidiaries** in 2020 amounts to **€9,861 thousand**. These make up **12.3%** of total costs for raw materials and mainly relate to purchases from Guala Closures Technologia Ukraine LLC (€5,761 thousand), Guala Closures DGS Poland S.A. (€1,646 thousand), Guala Closures Iberica S.A. (€990 thousand), Guala Closures France SAS (€434 thousand), GCL International S.à r.l. (€360 thousand), Guala Closures Bulgaria A.D. (€268 thousand), Guala Closures Deutschland GmbH (€167 thousand), Guala Closures UCP Ltd (€132 thousand), GCL Pharma S.r.l. (€29 thousand), Beijing Guala Closures Co. Ltd. (€28 thousand), Guala Closures UK Ltd. (€26 thousand) and Guala Closures Mexico SA de CV (€21 thousand). The transactions are part of ordinary operations and are agreed on an arm's length basis.

(8) Costs for services

This caption includes:

(€'000)	2019	2020
External processing	6,696	8,499
Transport	5,081	5,014
Electricity / heating	5,230	4,774
Maintenance	2,643	2,882
Legal and consulting fees	2,665	2,877
Sundry industrial services	1,485	2,089
Insurance	1,070	1,203
Technical assistance	1,254	906
External labour / porterage	491	524
Travel	1,465	494
External cleaning	329	368
Commissions	285	357
Patents	258	299
Administrative services	463	282
Telephone costs	184	211
Membership fees	216	210
Other	46	171
Advertising costs	147	161
Entertainment expenses	249	135
Training costs	168	71
Expos and trade fairs	210	69
Surveillance	25	41
Total	**30,660**	**31,636**

In 2020, the impact of Covid-19 also affected costs for services as a consequence of all company actions aimed at ensuring the safety of facilities and workers.
The costs directly attributable to Covid-19 mainly relate to personal protective equipment (PPE) for employees, sanitisation and the adaptation of work areas to comply with social distancing requirements.
Futhermore, travel expenses decreased significantly on 2019 (down by approximately 66.28%). In fact, the company has adopted and implemented occupational health and safety procedures which limited business trips and, where possible, replaced face-to-face meetings with conference calls and favoured remote work.

Costs for services provided by subsidiaries in 2020 amount to **€10,421 thousand**.
They mainly relate to consultancy fees paid to G.C.L. International S.a.r.l. (€9,357 thousand), fees paid to Guala Closures North America Inc. (€360 thousand) and Guala Closures Technologia Ukraine LLC (€113 thousand) and transport costs paid to Guala Closures UK Ltd. (€99 thousand). The transactions are part of ordinary operations and are agreed on an arm's length basis.

(9) Personnel expense

This caption includes:

(€'000)	2019	2020
Wages and salaries	19,019	18,806
Social security contributions	6,305	6,171
Net expense from defined benefit plans	1,282	1,303
Other costs	2,548	2,647
Total	**29,154**	**28,927**

Covid-19 also affected this caption. In response to the decrease in sales volumes, the company began introducing measures to contain personnel expense in the second quarter of 2020 in order to limit the effect on the profit margin. Consequently, personnel expense decreased by 0.78% on 2019.

Reference should be made to note 40) Employee benefits for details on the expense for defined benefit plans.

At December 31, 2020, the company had the following number of employees:

Number	December 31, 2019	December 31, 2020
Blue collars	290	293
White collars	150	155
Managers	16	18
Total	**456**	**466**

The average number of employees in 2020 was 460 (447 in 2019), including 18 managers, 151 white collars and 291 blue collars.

(10) Other operating expense

This caption includes:

(€'000)	2019	2020
Accruals to provisions	1,005	1,328
Other costs for the use of third party assets	485	527
Taxes and duties	357	388
Rent and leases	105	204
Other charges	23	83
Total	**1,975**	**2,530**

Short-term leases, i.e., with a term of less than 12 months, and leases for which the underlying asset is of low value, which have been excluded from the scope of IFRS 16 as per the practical expedient, are recognised as "Other costs for the use of third party assets" on a straight-line basis over the lease term.

In 2020, **Use of third-party assets** includes approximately €314 million related to short-term contracts (less than one year) or low-value contracts (less than €5 thousand).

The caption **'Rentals and leases'** of 2020 of € 204 thousand mainly refers to the higher expenses incurred for the temporary storage of aluminum coils relating to the Magenta plant

Accruals to provisions include €500 thousand accrued for potential tax risks.

(11) Financial income

Financial income - third parties includes:

(€'000)	2019	2020
Exchange gains	1,271	1,026
Impact of currency derivatives on profit or loss	53	349
Interest income	-	24
Fair value gains on market warrants	465	-
Total	**1,789**	**1,398**

Financial income - subsidiaries amounts to **€10,320 thousand** in 2020.
Of this amount, **88.1%** relates to interest accrued on the loans granted to group companies and the default interest charged on some of them. Specifically, interest income was charged to Guala Closures International B.V. (€9,535 thousand), Guala Closures UCP Ltd. (€261 thousand), Guala Closures Chile S.p.A. (€171 thousand), Guala Closures Argentina S.A. (€80 thousand) and Guala Closures East Africa Pty Ltd. (€44 thousand).
Default interest was charged to Guala Closures South Africa PTY Ltd. (€52 thousand), Guala Closures Chile S.p.A. (€36 thousand), Guala Closures Argentina S.A. (€7 thousand), Guala Closures Mexico, S.A. de C.V. (€6 thousand) and Guala Closures do Brasil Ltda (€3 thousand).

(12) Financial expense

Financial expense - third parties includes:

(€'000)	2019	2020
Interest expense	19,836	20,008
Fair value losses on market warrants	-	2.092
Exchange losses	956	1.979
Impact of aluminium and currency derivatives on profit or loss	534	33
Other financial expense	388	464
Total	**21,715**	**24,575**

(13) Income from equity investments

This caption includes the **dividends** received from Guala Closures International B.V. **(€22,000 thousand)**.

(14) Income and expense on financial assets/liabilities

The following table shows income – third parties - and expense on financial assets/liabilities, specifying those recognised in profit or loss and those directly included in other comprehensive income:

(€'000)	2019	2020
Recognised in profit or loss		
Bank interest income	-	24
Fair value gains on market warrants	465	-
Exchange gains	1,271	1,026
Impact of derivatives on profit or loss	53	349
Total financial income	**1,788**	**1,398**
Interest expense on financial liabilities measured at amortised cost	(19,836)	(20,008)
Exchange losses	(956)	(1,979)
Impact of derivatives on profit or loss	(534)	(33)
Fair value losses on market warrants	-	(2,092)
Other financial expense	(388)	(464)
Total financial expense	**(21,715)**	**(24,575)**
Net financial expense	**(19,926)**	**(23,176)**
Recognised directly in equity		
Effective portion of fair value gains/losses in cash flow hedges	44	391
of which, to the hedging reserve	**44**	**391**

(15) Income taxes

This caption includes:

(€'000)	2019	2020
Current taxes	(1,776)	(719)
Deferred tax assets	8,482	7,001
Total	**6,706**	**6,282**

Change in deferred tax liabilities recognised directly in OCI

(€'000)	December 31, 2020
Change in deferred tax liabilities on TFR discounting	10
Change in deferred tax liabilities on fluctuations in the fair value of cash flow hedges	(188)
Total	**(179)**

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to non-taxable revenue and non-deductible costs.

(€'000)	2019	2020
Profit before taxation	**5,769**	**4,864**
Taxation using Italian tax rate (2019: 24%; 2020: 24%)	**(1,385)**	**(1,167)**
Non-deductible expenses	(5,750)	(2,058)
Tax-exempt income	6,197	5,575
Tax incentives	935	214
Recognition and use of previously unrecognised tax losses	8,482	4,120
Total increase	**9,864**	**7,850**
Effective tax	**8,480**	**6,683**
IRAP	(363)	(33)
Other income taxes	(1,410)	(368)
Total taxes for the year	**6,707**	**6,282**

Income taxes varied from income of € 6.7 million in 2019 to income of € 6.3 million in 2020, mainly due to the adjustment of the provision made in deferred tax assets, linked to the tax losses of € 47.6 million which is expected to be used in the period 2021 - 2025 with effect in the statement of profits and other components of the comprehensive income for € 11.4 million.

It should also be noted that the realignment for tax purposes of the existing differences between the tax and civil data resulting from the transition to the international accounting standards, as required by Article 15, paragraphs 7 and 8, of the Legislative Decree 185 of 29 November 2008, converted into Law 2 of 28 January 2009, as the previous tax losses that can be carried forward and those realized in the previous year did not make it convenient to release these differences by paying the substitute tax.

Other taxes refer to potential refunds of taxes paid abroad whose recovery is not certain on the basis of the Company's expected taxable income.

Statement of financial position

(16) Cash and cash equivalents

This caption represents the balance of the bank and postal deposits considering the nominal amount of the current accounts held with banks.

(€'000)	December 31, 2019	December 31, 2020
Bank and postal accounts	14,448	19,525
Cash on hand	15	13
Total	**14,463**	**19,538**

(17) Current and non-current financial assets

These captions relate to transactions between Guala Closures S.p.A. and its subsidiaries at December 31, 2020 **(€260,948 thousand)** and financial assets - third parties **(€36 thousand)**.

This note provides information on the contractual terms regulating the loan agreements between Guala Closures S.p.A. and its subsidiaries.

At December 31, 2020:

1. **Current financial assets amounted to €3,468 thousand**
2. **Non-current financial assets amounted to €257,480 thousand**

Beneficiary	Contract date	Contract execution date	Contract expiry date	Original amount	Outstanding amount at December 31, 2020	Outstanding amount (€) at December 31, 2020 Non-current	Interest rate
Guala Closures International B.V.	26/06/2020	30/06/2020	31/12/2024	€ 250,000	€ 221,350	€ 221,350	Euribor 3M + 4.0%
Guala Closures International B.V.	05/12/2018	06/12/2018	31/12/2024	£ 19,000	£ 18,000	€ 20,022	Libor GBP 3M + 4.0%
Guala Closures Argentina SA	26/06/2020	30/06/2020	31/12/2024	€ 2,000	€ 2,000	€ 2,000	Euribor 3M + 4.0%
Guala Closures Chile SPA	30/06/2020	30/06/2020	31/12/2024	€ 4,500	€ 4,250	€ 4,250	4.0%
Guala Closures East Africa Ltd	26/06/2020	30/06/2020	31/12/2022	€ 1,100	€ 1,100	€ 1,100	Euribor 3M + 4.0%
Guala Closures UCP Ltd	26/06/2020	30/06/2020	31/12/2024	£ 8,000	£ 5,500	€ 6,118	Libor GBP 3M + 4.0%
Total						**€ 254,839**	

The table shows the notional amount of the loans granted to subsidiaries. Furthermore, current financial assets include the **interest accrued** on said loans **(€3,159 thousand)** at December 31, 2020. Furthermore, the loan assets from Guala Closures East Africa Ltd include lease assets recognised in accordance with IFRS 16 under current financial assets (€309 thousand) and non-current financial assets (€2,641 thousand).

Current and non-current financial assets - subsidiaries at December 31, 2020 may be analysed as follows:

	Nominal amount		
(€'000)	Total 31/12/2020	Current financial assets	Non-current financial assets
Loan assets from:			
Guala Closures East Africa Ltd	4,061	320	3,741
Guala Closures International B.V.	243,808	2,436	241,372
Guala Closures Chile SPA	4,749	499	4,250
Guala Closures Argentina S.A.	2,150	150	2,000
Guala Closures UCP Ltd	6,180	63	6,118
Total	**260,948**	**3,468**	**257,480**

Non-current financial assets - third parties, of **€36 thousand**, mainly comprise guarantee deposits.
The carrying amount of non-current financial assets - third parties matches their fair value at the reporting date.

(18) Trade receivables

This caption may be analysed as follows: **€12,285 thousand from third parties** and **€23,373 thousand from related parties**.

(€'000)	December 31, 2019	December 31, 2020
Trade receivables	13,435	13,135
Loss allowance	(483)	(849)
Total	**12,952**	**12,285**

The loss allowance changed as follows:

(€'000)	December 31, 2020
Opening balance	483
Accrual of the year	375
Release of the year	(9)
Closing balance	**849**

At December 31, 2020, the loss allowance mainly related to amounts past due by more than 90 days and concerned only a few foreign customers.

The residual amount relates to customers who expressed their uncertainty about their ability to repay the outstanding balances, mainly as a result of financial difficulties.

The **'Release of the year'** of **€9 thousand** relates to an amount which can no longer be recovered.

At December 31, 2020, trade receivables - related parties were entirely comprised of transactions with subsidiaries.

These may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Trade receivables - subsidiaries	30,566	23,373
Total	**30,566**	**23,373**

They may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Guala Closures Chile SpA	5,366	3,534
Guala Closures UK Ltd	2,786	2,744
Guala Closures South Africa PTY Ltd	2,510	2,735
Guala Closures UCP Ltd.	1,176	2,184
Guala Closures Iberica S.A.	2,957	2,091
Guala Closures Mexico S.A. de C.V.	2,939	1,726
Guala Closures Argentina S.A.	5,921	1,391
Guala Closures Technologia Ukraine LLC	392	1,302
Guala Closures (India) Pvt Ltd	1,346	1,244
Guala Closures Deutschland GmbH	-	1,179
Guala Closures DGS Poland SA	587	885
Guala Closures Australia Pty Ltd	607	403
Guala Closures New Zealand Ltd	540	372
Guala Closures do Brasil Ltda	192	357
Guala Closures France SAS	252	299
GCL International SARL	1,972	249
Beijing Guala Closures Ltd	193	223
Guala Closures North America Inc.	465	179
Guala Closures East Africa Ltd	-	98
Guala Closures Turkey A.S.	-	71
Guala Closures de Colombia Ltda	34	52
Guala Closures Bulgaria A.D.	73	39
Guala Closures Japan KK	4	16
GCL Pharma S.r.l.	400	-
Total	**30,566**	**23,373**

Intragroup trade receivables are part of ordinary transactions agreed at market conditions.

(19) Inventories

This caption may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Raw materials, consumables and supplies	8,232	9,006
(Allowance for inventory write-down)	(951)	(1,319)
Work in progress and semi-finished products	6,264	6,219
(Allowance for inventory write-down)	(436)	(685)
Finished products and goods	4,221	5,795
(Allowance for inventory write-down)	(728)	(882)
Total	**16,603**	**18,134**

Changes in this caption are as follows:

(€'000)	
January 1, 2020	16,603
Change in raw materials, consumables and supplies	305
Change in finished goods and semi-finished products	1,227
December 31, 2020	**18,134**

The allowance for inventory write-down changed as follows:

(€'000)	December 31, 2020
Opening balance	2,115
Accrual of the year	1,084
Utilisations	(313)
Total	**2,886**

(20) Current direct tax assets

Current direct tax assets of **€143 thousand** at December 31, 2020 may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
IRAP	307	-
IRES to be offset during the year/other	64	143
Total	**371**	**143**

At December 31, 2020, the IRES (corporate income tax) asset amounts to €38 thousand and other tax assets resulting from measures which encourage investments and the adoption of pandemic containment measures, such as sanitising and the purchase of personal protective equipment, are equal to €105 thousand.

(21) Current indirect tax assets

Current indirect tax assets of **€1,615 thousand** at December 31, 2020 relate to VAT.

(22) Derivative assets

At December 31, 2020, this caption amounted to **€637 thousand** and was entirely related to aluminium derivatives held for trading.

(€'000)			
Expiry date	**Hedged amount (tonnes)**	**Strike price (€/tonnes)**	**December 31, 2020 Fair value Assets/(Liabilities)**
January 2021	1,000	1,430	229
February 2021	1,000	1,430	188
March 2021	1,000	1,430	185
April 2021	100	1,500	12
May 2021	200	1,500	24
Total	**3,300**		**637**

(23) Other current assets

Third parties may be analysed as follows:

(€'000)	**December 31, 2019**	**December 31, 2020**
Amounts due from employees	35	27
INAIL (Italy's institute for insurance against accidents at work)	17	16
Other	36	2.016
Total	**88**	**2,060**

Other includes the residual €2,000 thousand related to the sale of the investment in GCL Pharma S.r.l., which will be collected by April 30, 2021.

Related parties may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Guala East Africa Ltd capex	345	766
Guala Closures UK Ltd capex	-	230
Guala Closures Mexico,S.A. de C.V. capex	72	145
GCL International Sarl capex	252	115
Guala Closures South Africa Pty Ltd capex	142	114
Guala Closures Bulgaria A.D. capex	68	80
Beijing Guala Closures Ltd capex	157	48
Guala Closures France SAS capex	8	30
Guala Closures (India) Pvt Ltd capex	34	17
Guala Closures Chile S.p.A. capex	772	16
Guala Closures UCP Ltd capex	57	13
Guala Closures Iberica, S.A. capex	68	10
Guala Closures Argentina S.A. capex	182	7
Guala Closures de Colombia Ltda capex	6	1
GCL Pharma S.r.l. capex	341	-
Guala Closures North America,Inc. capex	12	-
Guala Closures Australia Holdings Pty Ltd capex	2	-
Total	**2,517**	**1,592**

(24) Assets classified as held for sale

Assets classified as held for sale refer to property, plant and equipment for €2,042 thousand, specifically assets to be sold to Guala Closures East Africa Ltd..

(25) Equity investments

Equity investments amount to **€658,029 thousand**.

a) Investments in subsidiaries

Investments in direct subsidiaries may be analysed as follows:

(€'000)	December 31, 2019		December 31, 2020	
	Carrying amount	Equity	Carrying amount	Equity
Guala Closures International B.V.	657,885	307,363	657,885	246,128
GCL Pharma S.r.l.	11,318	8,925	-	-
Total	**669,203**	**316,288**	**657,885**	**246,128**

At December 31, 2020, the investment in GCL Pharma S.r.l. changed following the sale of 100% of its quota capital to Bormioli Pharma Group in April 2020.

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 separate financial statements reflect the accounting effects of this sale. Specifically, the statement of profit or loss includes the impairment loss on the equity investment (€2,144 thousand) which was recognised in Losses on the sale of investments.

Equity of Guala Closures International B.V. refers to the consolidated equity of Guala Closures International at December 31, 2020.

b) Investments in other companies

The company holds an investment of €11 thousand in Consorzio per la promozione della cultura plastica (PROPLAST), with registered office in Tortona.

It also holds an investment of €121 thousand in Wallfarm S.r.l. with registered office in Rome, and an investment of €2 thousand, or 20%, in IACOMEC S.r.l., with registered office in Latina.

The total carrying amount of the three investments is €134 thousand. Other investments amount to €10 thousand and may be analysed as follows:

(€'000)	Conai Consortium	Replastic Consortium	Idroenergia Scrl	Other	Total
January 1, 2020	5	2	1	2	**10**
December 31, 2020	5	2	1	2	**10**

(26) Property, plant and equipment

The following table shows the changes in this caption:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other operations	Assets under construction and payments on account	Total
Historical cost at December 31, 2019	9,731	37,383	7,129	221	2,286	**56,749**
Accumulated depreciation at December 31, 2019	(472)	(8,046)	(1,637)	(54)	-	**(10,209)**
Carrying amount at December 31, 2019	**9,259**	**29,337**	**5,492**	**167**	**2,286**	**46,540**
Carrying amount at January 1, 2020	**9,259**	**29,337**	**5,492**	**167**	**2,286**	**46,540**
Increases	-	-	-	-	9,159	**9,159**
Decreases	-	(35)	(233)	-	(968)	**(1,235)**
Decreases in allowances	-	14	100	-	-	**114**
Reclassifications	10,369	626	6,742	90	(8,010)	**9,817**
Reclassification of allowances	(897)	(557)	(1,054)	-	-	**(2,507)**
Depreciation	(362)	(4,861)	(2,207)	(56)	-	**(7,485)**
Historical cost at December 31, 2020	20,100	37,974	13,638	311	2,467	**74,490**
Accumulated depreciation at December 31, 2020	(1,730)	(13,449)	(4,798)	(110)	-	**(20,087)**
Carrying amount at December 31, 2020	**18,370**	**24,525**	**8,840**	**201**	**2,467**	**54,403**

In 2020, despite Covid-19, there was no impact on investments in health and safety and sustainability. The main investments of the year took place:

- in Alessandria for a new Luxury closure for the vodka market, specifically for the customer Campari (Neptune Project) for €2,085 thousand and to increase production capacity, focusing, in particular, on the mineral water market;
- in Magenta for sustainability work on existing plants for approximately €330 thousand to replace the abatement system for volatile substances in emissions from lithography kilns with an organic regenerative plant (ORP), which uses thermal oxidation to purify the gases introduced;
- in Termoli mainly to increase the capacity of the existing e-closures production lines (Nestgate Project) developed in collaboration with Luxembourg.

Specifically, Land and buildings - Reclassifications include, in addition to reclassifications of assets under construction (€263 thousand), €10,106 thousand related to the purchase of leased assets in December 2020 (€ 9 million), which was covered by the lease liabilities recognised at December 31, 2019.

Property, plant and equipment include the amounts arising from internal work capitalised. Specifically, Reclassifications include the reclassification of assets under construction for €4 million, €5 million related to reclassifications from Equipment to better present the nature of the company's assets and €2 million related to the purchase of leased assets in December 2020 (for further details see note 27) Right-of-use assets).

Consequently, Equipment includes €5 million related to reclassifications from Plant and machinery, to better present the nature of the company's assets, and €2 million related to the purchase of leased assets in December 2020.

During the year, data collection from the production plants covered by the Industry 4.0 Project investment, which will go live in April 2021, was also developed.

(27) Right-of-use assets

The following table gives a breakdown of this caption at December 31, 2020:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Total
Historical cost at December 31, 2019	10,784	1,796	1,108	533	**14,220**
Accumulated depreciation and impairment losses at December 31, 2019	(708)	(980)	(310)	(164)	**(2,162)**
Carrying amount at December 31, 2019	**10,076**	**815**	**798**	**369**	**12,057**
Carrying amount at January 1, 2020	**10,076**	**815**	**798**	**369**	**12,057**
Increases	214	-	306	402	**923**
Disposals		-	(4)	(23)	**(27)**
Reclassifications	(9,210)	(142)			**(9,352)**
Depreciation of right-of-use assets	(541)	(673)	(389)	(220)	**(1,823)**
Historical cost at December 31, 2020	800	-	1,226	817	**2,842**
Accumulated depreciation and impairment losses at December 31, 2020	(261)	-	(515)	(289)	**(1,064)**
Carrying amount at December 31, 2020	**539**	**-**	**711**	**528**	**1,778**

During the year, the main decrease in Right-of-use assets affected land and buildings. The reduction was due to the expiry of the property lease of the Spinetta facility, whose purchase was finalised by the deed of notary Luciano Mariano of Alessandria, on December 30, 2020, registered in volume no. 165692, file no. 35353.

(28) Intangible assets

The following table shows the changes in this caption:

(€'000)	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2019	1,829	87,107	48,968	30,560	1,172	**169,635**
Accumulated amortisation at December 31, 2019	(857)	(7,613)	-	(1,732)	-	**(10,201)**
Carrying amount at December 31, 2019	**972**	**79,494**	**48,968**	**28,828**	**1,172**	**159,433**
Increases	-	-	-	-	1,029	**1,029**
Decreases	-	-	-	-	(113)	**(113)**
Reclassifications	569	315	-	-	(884)	**-**
Amortisation	(533)	(5,540)	-	(1,222)	-	**(7,295)**
Historical cost at December 31, 2020	2,398	87,422	48,968	30,560	1,204	**170,551**
Accumulated amortisation at December 31, 2020	(1,389)	(13,153)	-	(2,954)	-	**(17,496)**
Carrying amount at December 31, 2020	**1,008**	**74,269**	**48,968**	**27,606**	**1,204**	**153,055**

During the year, research expenditure of roughly €0.7 million was expensed, while development expenditure of approximately €0.5 million was capitalised.

(29) Impairment

As described in note 3) Accounting policies, goodwill is not amortised, but is tested for impairment. The company checks the recoverability of goodwill at least once a year, or more frequently if specific events or circumstances indicate impairment, by testing each CGU (cash-generating unit).

The impairment test on the separate financial statements of Guala Closures S.p.A. was carried out on:

1. the net invested capital of Guala Closures S.p.A. (the "Italy CGU"), by comparing:
   - Carrying Amount: net invested capital including goodwill, though net of the carrying amount of investments in subsidiaries recognised in the separate financial statements of Guala Closures S.p.A. at the date the test was carried out, allocated to the only CGU identified;
   - Recoverable Amount: the recoverable amount of the CGU, arising from the application of the discounted cash flow model to Guala Closures S.p.A.'s expected cash flows (Enterprise Value), excluding expected dividends.
2. investments in subsidiaries, including the investment in Guala Closures International B.V., by comparing:
   - Carrying Amount: the carrying amount of each investment recognised in the separate financial statements of Guala Closures S.p.A.;
   - Recoverable Amount: the recoverable amount arising from the application of the discounted cash flow model to the companies' expected cash flows, calculated as equity value, and considered to the extent of the investment percentage.

Under IAS 36, impairment tests are carried out on the investments whose carrying amount exceeds equity (considering the investment percentage).

Impairment test on the Italy CGU
Goodwill allocated to the Italy CGU was successfully tested for impairment at the reporting date. Consequently, no impairment loss was recognised on goodwill at December 31, 2020.

The recoverability of the recognised amounts is tested by comparing the net invested capital (carrying amount) of the CGU with the related recoverable amount. The recoverable amount of goodwill is equal to value in use, i.e., the present value of the operating cash flows which arise from the forecasts included in the long-term plans approved by the company, and the normalised terminal value, used to express a summary estimate of future figures over the explicit given timeframe. These cash flows are subsequently discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the company asset or CGU.

The discounted cash flow model is based on the cash flow projections for five years based on the business plan approved by the board of directors on March 9, 2021 which envisages a CAGR of net revenue and EBITDA of 6% and 12%, respectively. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

In the 2020 valuation, the following assumptions were used:

- the WACC of the CGU was calculated considering the impact of the company revenue and a weighted average WACC for the 2020 net revenue of each country in respect of total net revenue, with a weighted average of 6.4%;
- long-term growth rate "g": a value of 2.1% was used calculated by weighting the estimated inflation rate for each country by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation and the weighted average of the investee on the various reference markets was used.

The discount rate was a post-tax measure estimated based on the past history and the industry weighted-average cost of capital, with a possible percentage of indebtedness of 39% at a market interest rate of 2.6%.

The estimated recoverable amount exceeds the carrying amount by approximately €82 million.

The estimates and plan figures to which the above parameters are applied are calculated by management based on past experience and the expected developments of the markets in which the company operates at the reporting date. To this end, the current international macro-economic situation, the possible financial impacts and the current downturn due to the health emergency, may result in uncertain scenarios in terms of achieving the objectives and levels of activity set out in the plan.

In particular, the current Covid-19 pandemic has affected the sales volumes for the year 2020 due to the contagion containment policies and specifically restrictions on movement and temporary closure of the *on-premises* consumption channel. Despite the expected easing of these measures by 2021 and a progressive improvement in market conditions given the containment measures of the pandemic in progress, the growing diffusion of vaccine availability (although still uncertain in its timing), the estimate of such effects on the plan years is subject to a great deal of uncertainty, especially in the time horizon in which it is realistic to return to the levels of pre-Covid financial flows.

For this reason, given significant level of uncertainty, the plan was prepared on the hypothesis and on the assumption that the Covid-19 pandemic has no effect on the plan period *(Covid-19 free)*, in fact by sterilizing this effect and assuming cash flows determined on the basis of the Company's supply capacity, its ability to absorb any drop in turnover through cost and investment containment measures, from the very close relationships with its customers and on the potential of the reference market historically characterized by constant and countercyclical organic growth rates. For this reason, and in order to assess the effect of the Covid-19 impacts on the entire plan period, a "stress test" was carried out which provides for a reduction in EBITDA over the entire period of the explicit plan and on the terminal value in the hypothesis, very conservative approach, that the effects of the pandemic could have permanent effects on the volumes of the Company and the Group: the reduction in EBITDA which would led the recoverable amount of the CGU equal to the relative book value at 31 December 2020 is 19.82%, a value higher than the negative impact recognized in the 2020 financial year compared to the 2019 financial year.

Based on the above, management carried out a sensitivity analysis of changes in the WACC and 'g' rates. Specifically, a 50 bp increase in the 'g' rate would correspond to an increase in the recoverable value in use of approximately €31 million, while a decrease of 50 bp would result in a decrease of approximately €25 million. In any case, the carrying amount would be fully recoverable. With respect to the changes in WACC, a decrease of 50 bp would correspond to an increase in the recoverable value in use of approximately €36 million, while a decrease of 50 bp would result in a decrease in the recoverable value in use of approximately €28 million. In any case, no impairment loss would be recognised.

Specifically, the WACC and the 'g' rates which, individually, would make the Italy CGU's recoverable amount equal to its carrying amount at December 31, 2020 are 8.3% and (0.2)%, respectively.

These sensitivity analysis have highlighted the Group's low vulnerability to the effects of the crisis in the medium term and resilience in the ability to generate income in the long term.

This aspect highlights even more the weight of the TV (Terminal Value) in the estimate of the value in use carried out for the purposes of the impairment test, which has a significant weight in the determination of the EV (Enterprise Value), in fact the incidence of the TV on the EV based on the impairment test carried out as at December 31,2020 is 83% (84% the incidence of TV on the EV as at December 31, 2019). As a consequence the potential impacts that make it necessary to recognize an impairment of the carrying amounts of goodwill and other intangible assets should derive from an expected reduction in long-term cash flows considered for the purposes of terminal value, a scenario not considered probable as of today.

Company management constantly monitors the circumstances and events which may result in an additional impairment test.

Goodwill has never been impaired.

Impairment test GC International

Guala Closures S.p.A.'s investments in subsidiaries are tested for impairment by comparing their carrying amount with the recoverable amount resulting from the impairment test ("equity value"), at least once a year. The recoverable amount of equity investments is calculated based on the value in use. In accordance with IAS 36, this value is the present value of expected cash flows.

The expected cash flows used to calculate the value in use of each investment are determined based on the information included in the business plan approved by the board of directors on March 9, 2021.

Specifically, they were calculated starting from the plan assumptions and applying the growth rate identified for each company in line with the long-term assumptions related to sector growth rates and the country risks specific to each company.

Terminal value was calculated applying the perpetual growth method.
The discount rate (WACC) is the weighted average of the cost of risk capital and the cost of financial debt considering the tax effect generated by financial leverage.

The main basic assumptions used in carrying out the impairment test on equity investments, as commented later on, are shown in the table below:

IMPAIRMENT TEST PARTECIPAZIONI - ASSUNZIONI CALCOLO VALUE IN USE					
Equity investment	**Cost**	**Equity Value**	**WACC**	**G-Rate**	**Forecast horizon**
Guala Closures International BV	658	1,001	7.60%	2.60%	5 years
Carrying amount at December 31, 2020	**658**	**1,001**			

The discounted cash flow model is based on the cash flow projections for five years based on the business plan approved by the board of directors on March 9, 2021 which envisages a CAGR of net revenue and EBITDA of 5% for Guala Closures International BV. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make. Such growth rate is consistent with management's expectation of growth for each company.

In the 2020 valuation, the following assumptions were used:

- the WACC for the CGU was calculated considering the impact of the sub-consolidated revenue and a weighted average WACC for the 2020 net revenue of each country in respect of total net revenue equal to 7.6%;
- long-term growth rate 'g': a value was used calculated by weighting the estimated inflation rate for each country by the impact of net revenue by destination market on total net revenue, in line with the terminal value calculation equal to 2.6%.

The discount rate was a post-tax measure estimated based on the past history and the industry weighted-average cost of capital, with a possible percentage of indebtedness of 39% at a market interest rate of 2.6%.

For Guala Closures International BV, the estimated recoverable amount exceeds the carrying amount by approximately €343 million.

The estimates and plan figures to which the above parameters are applied are calculated by management based on past experience and the expected developments of the markets in which the Group that refers to the Subsidiary operates at the reporting date. To this end, the current international macro-economic situation, the possible financial impacts and the current downturn due to the health emergency, may result in uncertain scenarios in terms of achieving the objectives and levels of activity set out in the plan.

In particular, the current Covid-19 pandemic has affected the sales volumes for the year 2020 due to the contagion containment policies and specifically restrictions on movement and temporary closure of the *on-premises* consumption channel. Despite the expected easing of these measures by 2021 and a progressive improvement in market conditions given the containment measures of the pandemic in progress, the growing diffusion of vaccine availability (although still uncertain in its timing), the estimate of such effects on the plan years is subject to a great deal of uncertainty, especially in the time horizon in which it is realistic to return to the levels of pre-Covid financial flows.

For this reason, given significant level of uncertainty, the plan was prepared on the hypothesis and on the assumption that the Covid-19 pandemic has no effect on the plan's period (Covid-19 free), in fact by sterilizing this effect and assuming cash flows determined on the basis of the supply capacity of the Group referring to the Subsidiary, its ability to absorb any drop in turnover through cost and investment containment measures, from the very close relationships with its customers and on the potential of the market reference historically characterized by constant and countercyclical organic growth rates. For this reason, and in order to assess the effect of the Covid-19 impacts on the entire plan period, a "stress test" was carried out which provides for a reduction in EBITDA over the entire period of the explicit plan and on the terminal value in the hypothesis, very conservative approach, that the effects of the pandemic could have permanent effects on the volumes of the Company and the Group's activities:

the reduction in EBITDA which would led the recoverable amount of the CGU equal to the relative book value as at December 31, 2020 is 18.89%, a value higher than the negative impact recognized in the 2020 financial year compared to the 2019 financial year.

Based on the above, management carried out a sensitivity analysis of changes in the WACC and 'g' rates. Specifically, a 50 bp increase in the 'g' rate would correspond to an increase in the recoverable value in use of approximately €124 million, while a decrease of 50 bp would result in a decrease of approximately €102 million. In any case, the carrying amount would be fully recoverable. With respect to the changes in WACC, a decrease of 50 bp would correspond to an increase in the recoverable value in use of approximately €146 million, while a decrease of 50 bp would result in a decrease in the recoverable value in use of approximately €120 million. In any case, no impairment loss would be recognised.

Specifically, the WACC and the 'g' rates which, individually, would make the "CGU International" 's recoverable amount equal to its carrying amount at December 31, 2020 are 9.3% and 0.4%, respectively

These sensitivity analysis have highlighted the Group's low vulnerability to the effects of the crisis in the medium term and resilience in the ability to generate income in the long term.

This aspect highlights even more the weight of the TV (Terminal Value) in the estimate of the value in use carried out for the purposes of the impairment test, which has a significant weight in the determination of the EV (Enterprise Value), in fact the incidence of the TV on the EV based on the impairment test carried out as at December 31, 2020 is 82% (79% the incidence of TV on the EV as at December 31, 2019). As a consequence the potential impacts that make it necessary to recognize an impairment of the carrying amounts of goodwill and other intangible assets should derive from an expected reduction in long-term cash flows considered for the purposes of terminal value, a scenario not considered probable as of today.

Company management constantly monitors the circumstances and events which may result in an additional impairment test.

(30) Deferred tax assets and liabilities

The following table gives a breakdown of this caption at December 31, 2020:

	Assets		Liabilities		Net value	
(€'000)	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**
Entertainment expenses	-	-	-	-	-	-
Agents' termination indemnity	29	29	-	-	29	29
Allowance for inventory write-down	508	693	-	-	508	693
Bad debt allowance	116	173	-	-	116	173
Provision for damages and penalties	328	270	-	-	328	270
Amortisation and depreciation	64	54	(42,553)	(39,794)	(42,489)	(39,740)
Other	180	644	(289)	(222)	(109)	422
Prior year tax losses	7,869	11,415			7,869	11,415
Leases	125	125			125	125
Employee benefits	124	124	-	-	124	124
Derivatives	-	-		(188)	-	(188)
TOTAL	**9,342**	**13,527**	**(42,842)**	**(40,204)**	**(33,500)**	**(26,677)**

Changes in net deferred tax assets/liabilities may be analysed as follows:

(€'000)	December 31, 2019	Changes in profit or loss	Changes in equity	December 31, 2020
Entertainment expenses	-	-	-	-
Agents' termination indemnity	29	-		29
Allowance for inventory write-down	508	185		693
Bad debt allowance	116	57	-	173
Provision for damages and penalties	328	(58)	-	270
Property, plant and equipment, right-of-use assets and intangible assets	(42,489)	2,749	-	(39,740)
Other	(109)	531	-	422
Prior year losses	7,869	3,546	-	11,415
Leases	125	-	-	125
Employee benefits	124	(9)	10	124
Derivatives	-	-	(188)	(188)
TOTAL	**(33,500)**	**7,001**	**(179)**	**(26,677)**

The rates applied to calculate deferred tax assets and liabilities are as follows:
IRES: 24% - IRAP: 5.57%,

The IRAP rate was adjusted to reflect the fact that Guala Closures S.p.A. is an industrial holding company and the related tax regime applicable as of the date of approval of the 2019 financial statements, due to the carrying amount of the investments, which, following the revaluation carried out through the PPA procedure of the business combination of the 2018 corporate reorganisation, exceeds 50% of the company's assets.

The tax losses that may be carried forward indefinitely at December 31, 2020 refer to Space 4 S.p.A. and Guala Closures S.p.A. and amount to €155,029 thousand. Based on the most recent estimates of future taxable income, the company recognised deferred tax assets on tax loss carryforwards of €11,415 thousand, corresponding to estimated future taxable income of €40,123 thousand, which is considered probable based on the company's tax planning.

Therefore, tax loss carryforwards not included in the calculation of deferred tax assets recognised in the company's statement of financial position at December 31, 2020 total €114,816 thousand, corresponding to potential deferred tax assets of €27,566 thousand, if they were recognised.

(31) Other non-current assets

This caption of **€222 thousand** relates to sundry tax assets.

(32) Current and non-current financial liabilities

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

Reference should be made to note 45) Fair value of financial instruments and sensitivity analysis for further information on the company's exposure to interest and currency risks.

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

On October 3, 2018, Guala Closures S.p.A. issued floating rate bonds of €455 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 company has, inter alia, a covenant on the New RCF. Failure to comply with it may require the company to repay the facility earlier, should the New RCF be drawn by more than 40% of its total amount (€80 million). Under this covenant, the ratio of the Group's indebtedness to consolidated EBITDA, both calculated in accordance with the contractual provisions of the New RCF, shall not exceed 6.40x.
Under this agreement, the company'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 December 31, 2020, not more than 40% of the facility has been used, which is the trigger for the application of the covenant. In any case, the covenant is complied with.

Lastly, the contract governing the New RCF and the terms of the Bonds provide for change of control clauses. Specifically, the threshold that determines a change of control according to the New RCF is 35% of voting rights at Guala Closures shareholders' meetings, while the same threshold under the Bond regulation is 50% of voting rights. Considering the situation that could arise following (i) the potential finalisation of the agreements indicated in the information released by Special Packaging Solutions Investments S.à r.l. **("SPSI")** on December 8, 2020 and (ii) the outcome of the consequent mandatory public offer for Guala Closures ordinary shares, the parent is monitoring developments in the situation, so as to take the appropriate action if the circumstances envisaged by the change of control clause arise.

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

Credit facilities	(€'000)	Available amount (€'000)	Amount used at December 31, 2020	Residual available amount at December 31, 2020	Repayment date
Bond - Guala Closures S.p.A. - Floating Rate Senior Secured Notes due 2024	455,000	455,000	455,000	-	final repayment 04/15/2024
Revolving Credit Facility due 2024	80,000	80,000	19,235	60,765	final repayment 02/28/2024
Total	**535,000**	**535,000**	**474,235**	**60,765**	

Reference should be made to note **48) Commitments and guarantees** for information on the guarantees given.

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

(€'000)	**December 31, 2019**	**December 31, 2020**
Bank overdrafts and current loans		
Bonds	3,406	3,406
Bank loans and borrowings	63	67
Other financial liabilities	7,465	6,459
	10,934	9,933
Non-current loans		
Bonds	443,926	446,454
Bank loans and borrowings	12,332	18,782
Other financial liabilities	1,199	1,328
	457,456	466,564
Total	**468,390**	**476,497**

The terms and expiry dates of the financial liabilities at December 31, 2019 and 2020, included in the statement of financial position as required by IAS 31.1.65, are shown below:

(€'000)	Currency	Nominal interest rate	Year of maturity	Nominal amount – Total December 31, 2019	Current – Within one year	Non-current – Between one and five years	Non-current – More than five years	Non-current – Total non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	3M Euribor+ 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	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	GBP 3M Euribor/Libor +	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	-	-	-
TOTAL bank loans and borrowings				**12,395**	**63**	**12,332**	**-**	**12,332**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	3,873	3,873	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	4,790	3,592	1,199		1,199
TOTAL other financial liabilities				**8,664**	**7,465**	**1,199**	**-**	**1,199**
TOTAL				**468,390**	**10,934**	**457,456**	**-**	**457,456**

(€'000)	Currency	Nominal interest rate	Year of maturity	Nominal amount: Total December 31, 2020	Current: Within one year	Non-current: Between one and five years	Non-current: More than five years	Non-current: Total non-current
Bonds								
Bonds - Floating Rate Senior Secured Notes issued by Guala Closures S.p.A.	€	3M Euribor + 3.50%	2024	455,000	-	455,000	-	455,000
Interest on bonds	€	n.a.	2021	3,406	3,406	-	-	-
Transaction costs	€	n.a.	2024	(8,546)	-	(8,546)	-	(8,546)
TOTAL bonds - FRSSN 2024 Guala Closures S.p.A.				**449,860**	**3,406**	**446,454**	**-**	**446,454**
Bank loans and borrowings:								
Senior Revolving Credit Facility - Guala Closures S.p.A.	€ / GBP	GBP 3M Euribor/Libor + 2.5%	2024	19,235	-	19,235	-	19,235
Transaction costs	€	n.a.	2024	(453)	-	(453)	-	(453)
Total Senior Revolving Credit Facility - Guala Closures S.p.A.				**18,782**	**-**	**18,782**	**-**	**18,782**
Other accrued expenses - Guala Closures S.p.A.	€	n.a.	2021	67	67	-	-	-
TOTAL bank loans and borrowings				**18,849**	**67**	**18,782**	**-**	**18,782**
Other financial liabilities:								
Market warrants	€	n.a.	n.a.	5,965	5,965	-	-	-
Leases (IFRS 16)	€	n.a.	n.a.	1,822	494	1,328		1,328
TOTAL other financial liabilities				**7,787**	**6,459**	**1,328**	**-**	**1,328**
TOTAL				**476,497**	**9,933**	**466,564**	**-**	**466,564**

(*) Nominal interest rate on the property finance lease.

(33) Trade payables

Trade payables - third parties may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Suppliers	24,191	23,190
Payments on account	100	111
Total	**24,291**	**23,301**

At December 31, 2020, trade payables due to third parties may be analysed by geographical segment as follows:

(€'000)	December 31, 2019	December 31, 2020
Europe	24,274	23,269
Rest of the world	17	32
Total	**24,291**	**23,301**

At December 31, 2020, trade payables may be analysed by original currency as follows:

(€'000)	€	USD	GBP	Other currencies	Total
Trade payables - third parties	22,729	560	10	2	**23,301**

Payables to related parties are amounts due to subsidiaries and may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
GCL International Sarl	2,106	842
Guala Closures Technologia Ukraine LLC	453	671
Guala Closures DGS Poland SA	178	341
Guala Closures Iberica S.A.	171	119
Guala Closures North America Inc.	99	109
Guala Closures UK Ltd	65	59
Guala Closures France SAS	62	56
Guala Closures UCP Ltd	-	14
Guala Closures Bulgaria AD	10	12
Guala Closures do Brasil Ltda	15	8
Guala Closures De Colombia Ltda	2	3
GCL Pharma S.r.l.	103	-
Guala Closures Japan KK	30	-
Guala Closures South Africa Pty Ltd	26	-
Beijing Guala Closures Ltd	26	-
Guala Closures Argentina SA	3	-
Total	**3,348**	**2,235**

At December 31, 2020, payables due to subsidiaries may be analysed by geographical segment as follows:

(€'000)	December 31, 2019	December 31, 2020
Europe	3,148	2,115
Rest of the world	125	109
Asia	56	-
Latin America	20	11
Total	**3,348**	**2,235**

At December 31, 2020, receivables due from subsidiaries may be analysed by original currency as follows:

(€'000)	€	USD	GBP	Total
Trade payables - subsidiaries	1,805	369	61	**2,235**

(34) Current direct tax liabilities

Current direct tax liabilities of **€33 thousand** at December 31, 2020 relate to IRAP (regional production tax)..

(€'000)	December 31, 2019	December 31, 2020
Current direct taxes	524	33
Total	**524**	**33**

(35) Indirect tax liabilities

Current indirect tax liabilities of **€936 thousand** at December 31, 2020 relate to other indirect taxes.

The caption may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Withholdings	786	835
Conai contribution	57	80
Substitute tax on post-employment benefits	27	21
Total	**870**	**936**

(36) Provisions

This caption may be analysed as follows:

- *Current provisions*

(€'000)	December 31, 2019	December 31, 2020
Provision for returns	966	857
Provision for tax risks	-	500
Total current provisions	**966**	**1,357**

The **provision for returns** reflects the best estimate of the risks for future charges for possible customer claims at the reporting date.

The **provision for tax risks** refers to an accrual for potential tax risks.

- *Non-current provisions*

(€'000)	December 31, 2019	December 31, 2020
Provision for agents' termination indemnity	147	156
Provision for legal disputes	175	68
Total non-current provisions	**322**	**224**

Changes in the provisions are as follows:

- *Current provisions*

(€'000)	December 31, 2020
Opening balance	966
Accrual of the year	903
Utilisations	(512)
Closing balance	**1,357**

- *Non-current provisions*

(€'000)	December 31, 2020
Opening non-current provisions	322
Accrual of the year	73
Utilisations	(171)
Closing non-current provisions	**224**

(37) Derivative liabilities

No currency hedges were entered into during the year (€172 thousand in 2019).

(38) Other current liabilities

This caption relates to third parties and related parties for **€7,999 thousand** and **€123 thousand**, respectively.

Third parties may be analysed as follows:

(€'000)	December 31, 2019	December 31, 2020
Amounts due to employees	3,112	3,039
Social security charges payable	2,383	2,306
Liabilities for capital expenditure	1,081	1,577
Non-recurring costs	1,278	1,078
Total	**7,854**	**7,999**

At December 31, 2020, other current liabilities to related parties refer to capital expenditure, specifically, €104 thousand to Guala Closures Bulgaria A.D., €15 thousand to Guala Closures Technologia Ukraine LLC and €4 thousand to Beijing Guala Closures Co. Ltd..

(39) Other non-current liabilities

At December 31, 2020, this caption, equal to **€409 thousand,** refers to the long-term incentive plan for key managers.

(40) Employee benefits

At December 31, 2020, this caption refers to the post-employment benefits due to all company employees should they leave the company on that date.
The liability for post-employment benefits ("TFR" – Trattamento di fine rapporto) primarily relates to employee departures, determined using actuarial techniques and regulated by article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by Italy's social security institution (INPS). Companies with less than 50 employees can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution plan. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.
The related liability is determined using actuarial assumptions and is stated on an accruals basis in line with the service required to obtain such benefits. These appraisals are performed by independent actuaries.
Actuarial gains and losses deriving from actuarial calculations at the reporting date are recognised in OCI.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

(€'000)	**December 31, 2020**
January 1, 2020	3,754
Change recognised in profit or loss - other (income)/expense	12
Change recognised in OCI	32
Benefits paid	(231)
Total	**3,567**

Actuarial parameter baseline:

	December 31, 2020
Future average inflation rate	0.8% p.a.
Discount rate	(0.02%) p.a.
Annual rate of increase in post-employment benefits	2.10% p.a.

For valuations at December 31, 2020, an annual fixed discount rate of -0.02% was used based on the value of Iboxx indexes AA corporate bonds 7 -10 year duration at the valuation date, as per the requirements of IAS 19.
The company expects to pay around €0.5 million of benefits to its defined benefit plan in 2021.

Sensitivity analysis:
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2020 by the amounts shown below:

	Defined benefit obligation	
	Increase	**Decrease**
Turnover rate (1% variation)	(25)	27
Average inflation rate (0.25% variation)	41	(40)
Discount rate (0.25% variation)	(65)	67

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(41) Equity

At December 31, 2020, Guala Closures S.p.A. is a company limited by shares whose ordinary shares and market warrants have been traded on the Italian Stock Exchange (Mercato Telematico Azioniario) organised and managed by Borsa Italiana S.p.A., within the Star Segment, since August 6, 2018.

At December 31, 2020, Guala Closures S.p.A. has subscribed and paid-up 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.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

The special shares to which, upon issue, 2,500,000 sponsor warrants have been attached, have the same rights as the ordinary shares, with the sole exception of the following:

- they do not have voting rights at ordinary and extraordinary shareholders' meetings;
- they do not have the right to dividends approved as ordinary dividends;
- they cannot be transferred until the last day of the twelfth month after the Relevant Transaction and, should the Relevant Transaction not take place, for the maximum duration of the company as established by article 4 of the by-laws except for (i) those transferred to the withdrawing shareholders of Space Holding after the liquidation procedure as payment in kind for the sale of their investment; and (ii) those transferred to the beneficiary of a proportionate demerger of Space Holding S.r.l.;
- if the company is dissolved, they give the right to their voters to be paid their stake of liquidation equity after the ordinary shareholders;
- they give the right to receive two sponsor warrants for every special share issued;
- when certain conditions are met, the special shares are automatically converted into ordinary shares, at the ratio of 4.5 ordinary shares for each special share, without the need for their holders to express their intention to convert and without any change to be made to the amount of share capital, provided that the conversion will decrease the implicit carrying amount of ordinary shares.

The sponsor warrants attached to the special shares and assigned free of charge in the ratio of two warrants for every special share subscribed are not traded on the Italian regulated stock market or abroad.

Each sponsor warrant gives its holder the right to subscribe an exchange share if the share's official price is equal to or higher than €13 for at least one day in the exercise period, which is the period between the first trading date after the Relevant Transaction's effective date and the tenth anniversary of this date.

Furthermore, on the date the merger became effective, 1,000,000 management warrants were issued. They can be exercised as of this date and will entitle holders to one management warrant share for every exchangeable management warrant, provided that the post-merger Guala Closures share's official price is equal to or higher than €13 for at least one day in the exercise period, and against payment of a subscription price per share of €13.

Warrants that have not been exercised at the end of this period irrevocably become ineffective and are taken to have been extinguished as explained in the related regulations to which reference is made.

At December 31, 2020, equity comprises unavailable reserves for market warrants of €19,367 thousand, of which €6,000 thousand was recognised as a decrease in the share premium reserve following the capital increase which took place on December 21, 2017 and the concurrent allocation of 10,000 thousand market warrants, and €9,367 thousand was taken as a reduction of other reserves, following the allocation of the residual 9,367,393 market warrants (€1 per market warrant equal to the purchase price of the market warrants upon listing and the concurrent merger on August 6, 2018).

Except for the 3,162,992 shares for which the withdrawal right was exercised, equal to 6.33% of Guala Closures S.p.A.'s ordinary share capital, which were acquired by the company and subsequently cancelled, the company does not hold treasury shares or shares of its subsidiaries, either directly or through trustees or nominees.

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

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

The company 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 company strives to continuously make its operations more profitable.

The board of directors monitors the return on capital, being total equity attributable to owners of the parent and the amount of dividends to be distributed to holders of ordinary shares.

Restrictions to the distribution of equity reserves at December 31, 2020 are set out below.

(€'000)	Total amount	Distributable amount	Undistributable amount		*Restriction*
Share capital	68,907		68,907		Share
Premium reserve	423,837		423,837	(1)	Equity-related reserve
Legal reserve	1,266		1,266		Income-related reserve
Other reserves	169,650	11,343	158,308	(2)	Equity-related reserve
Hedging reserve	449		449		Income-related reserve
Losses carried forward	(8,722)	(8,722)	-		Income-related reserve
Profit for the year	11,146	10,588	557	(3)	Profit for the year
Total	**666,532**	**13,209**	**653,323**		

(1) €423,837 thousand of the share premium reserve is unavailable pursuant to article 2431 of the Italian Civil Code. Indeed, it cannot be distributed until the legal reserve amounts to one-fifth of the share capital;

(2) Other reserves, which include reserves for flotation costs and the issue of market warrants of €13.8 million, are entirely unavailable for the following reasons:

- €159,434 thousand for the Merger (share exchange) reserve as it is similar to the share Premium reserve;
- €1,008 thousand, pursuant to article 2426.5 of the Italian Civil Code, being the amount needed to cover unamortised development expenditure;
- €8,722 thousand, being the amount needed to cover the losses carried forward;

(3) €557 thousand of the profit for the year is unavailable in relation to the allocation of 5% to the Legal reserve

On December 8, 2020, Special Packaging Solutions Investments S.à r.l. ("**SPSI**"), a company indirectly held by the Investindustrial VII L.P. investment fund, announced to the market that it had signed binding agreements for the acquisition of an equity investment in Guala Closures which, together with the shares that it already held, would constitute an interest of 48.9% of Guala Closures' fully diluted share capital [1].

According to what is indicated in the press release issued by SPSI on December 8, 2020, the execution of these co-investment agreements mentioned in that press release is subject to fulfillment by March 31, 2021 at the latest (or different term that should be subsequently agreed between the parties) of certain conditions precedent, as better described in these agreements, concerning among others (i) obtaining the necessary antitrust authorizations, (ii) the issue of authorization measures, where necessary, pursuant to the golden power regulations (iii) obtaining the necessary loans for the repayment of the bond loan called *'floating rate senior secured notes'* issued by Guala Closures or the issue by the bondholders' meeting of a *waiver* to the *change of control* clause of the aforementioned *bond* as well as (iv) the absence of significant prejudicial events relating to Guala Closures or the market.On January 13, 2021, SPSI communicated to the market the fulfillment of the suspensive condition relating to the golden power proceeding.
As indicated in the press release of the announcement, once these binding agreements are finalised, SPSI will be required to promote a mandatory tender offer for all residual Guala Closures ordinary shares. Furthermore, in the press release, SPSI announced its intention to launch a voluntary tender offer for all Guala Closures market warrants.

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

At the preparation date of this document, there were no significant developments in relation to this event.

(42) Repurchase of own shares

No repurchases had taken place at the reporting date.

(43) Notes to the statement of cash flows

The following is a reconciliation of liabilities arising from financing activities for the year ended December 31, 2020:

(€'000)	
Total liabilities at January 1, 2020	**468,390**
Derivative and similar liabilities at January 1, 2020	162
Total liabilities from financing activities at January 1, 2020	**468,552**
Cash effect (*)	
Proceeds from new borrowings and bonds	22,896
Repayment of borrowings and bonds	(15,000)
Repayment of finance leases	(3,864)
Interest paid	(17,733)
Non-cash effect	
Net fair value gains on market warrants	2,092
Interest and other financial expense	17,800
Translation effect	(694)
Net fair value losses on derivatives	(799)
Amortisation of transaction costs	2,672
Other changes	(62)
Total liabilities from financing activities at December 31, 2020	**475,860**
Derivative and similar liabilities at December 31, 2020	(637)
Total liabilities at December 31, 2020	**476,497**

(*) In relation to the cash effect, reference should be made to the statement of cash flows.

(44) Net financial indebtedness

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

	(€'000)	December 31, 2019	December 31, 2020
A	Cash	-	-
B	Cash equivalents	14,463	19,538
C	Securities held for trading	-	-
D	**Cash and cash equivalents (A+B+C)**	**14,463**	**19,538**
E	**Current loan assets**	**35,657**	**3,468**
F	Current bank loans and borrowings	-	-
G	Current portion of non-current indebtedness	3,469	3,474
H	Other current loans and borrowings	3,592	494
	Of which: related parties	-	-
I	**Current financial indebtedness (F+G+H)**	**7,060**	**3,968**
J	**Net current financial indebtedness (I-E-D)**	**(43,060)**	**(19,038)**
K	Non-current bank loans and borrowings	12,332	18,782
L	Bonds issued	443,926	446,454
M	Other non-current liabilities	1,199	1,328
	Of which: related parties	-	-
N	**Non-current financial indebtedness (K+L+M)**	**457,456**	**466,564**
O	**Net financial indebtedness as per the ESMA's recommendation (J+N)**	**414,397**	**447,526**

The company 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 company 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 E) to the directors' report and the structure of net financial indebtedness as per ESMA recommendation:

	(€'000)	December 31, 2019	December 31, 2020
O	Net financial indebtedness as per the ESMA's recommendation	414,397	447,526
P	Non-current financial assets	198,927	257,517
Q	Market warrants	3,873	5,965
	Of which: related parties	*198,899*	*257,480*
R	**Total net financial indebtedness (O-P+Q)**	**219,343**	**195,974**

Other information

(45) 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 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 2020.

December 31, 2019		**Carrying amount**						**Fair value**		
(€'000)	**Note**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Total**
Financial assets measured at fair value										
Aluminium derivatives held for trading	22	10					**10**		10	**10**
		10	**-**	**-**	**-**	**-**	**10**	**-**	**10**	**10**
Financial assets not measured at fair value (*)										
Trade receivables - third parties	18				12,952		**12,952**			**-**
Trade receivables - related parties	18				30,567		**30,567**			**-**
Financial assets - related parties	17				234,556		**234,556**		238,615	**238,615**
Cash and cash equivalents	16				14,463		**14,463**			**-**
Financial assets - third parties	17			28			**28**		28	**28**
		-	**-**	**28**	**292,538**	**-**	**292,567**	**-**	**238,643**	**238,643**
Financial liabilities measured at fair value										
Currency derivatives held for trading	37		(172)				**(172)**		(172)	**(172)**
Market warrants	32	(3,873)					**(3,873)**	(3,873)		**(3,873)**
		(3,873)	**(172)**	**-**	**-**		**(4,045)**	**(3,873)**	**(172)**	**(4,045)**
Financial liabilities not measured at fair value (*)										
Secured bank loans	32					(12,395)	**(12,395)**		(12,582)	**(12,582)**
Secured bond issues	32					(447,332)	**(447,332)**		(462,674)	**(462,674)**
Finance lease liabilities	32					(4,790)	**(4,790)**		(4,790)	**(4,790)**
Trade payables - third parties	33					(30,988)	**(30,988)**			**-**
Trade payables - related parties	33					3,348	**3,348**			**-**
		-	**-**	**-**	**-**	**(492,156)**	**(492,156)**	**-**	**(480,046)**	**(480,046)**

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

December 31, 2020								Fair value		
(€'000)	Note	Designated at FVTPL	Held-to-maturity	Loans and receivables at amortised cost	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Total
Financial assets measured at fair value										
Aluminium derivatives held for trading	22	637					637		637	637
		637	**-**	**-**	**-**	**-**	**637**	**-**	**637**	**637**
Financial assets not measured at fair value (*)										
Trade receivables - third parties	18			12,285			12,285			-
Trade receivables - related parties	18			23,373			23,373			-
Financial assets - related parties	17			260,948			260,948		271,206	271,206
Cash and cash equivalents	16			19,538			19,538			-
Financial assets - third parties	17		36				36		36	36
		-	**36**	**316,144**	**-**	**-**	**316,181**	**-**	**271,243**	**271,243**
Financial liabilities measured at fair value										
Market warrants	32	(5,965)					(5,965)	(5,965)		(5,965)
		(5,965)	**-**	**-**	**-**		**(5,965)**	**(5,965)**	**-**	**(5,965)**
Financial liabilities not measured at fair value (*)										
Secured bank loans	32					(18,849)	(18,849)		(18,974)	(18,974)
Secured bond issues	32					(449,860)	(449,860)		(469,328)	(469,328)
Finance lease liabilities	32					(1,822)	(1,822)		(1,822)	(1,822)
Trade payables - third parties	33					(23,301)	(23,301)			-
Trade payables - related parties	33					(2,235)	(2,235)			-
		-	**-**	**-**	**-**	**(496,067)**	**(496,067)**	**-**	**(490,125)**	**(490,125)**

(*) The company has not disclosed the fair values of some financial instruments such as cash and cash equivalents, trade receivables, financial assets and trade payables, 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 company's liabilities and financial expense;
- a reduction in the market warrants' fair values could lead to a decrease in the company'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 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
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.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bond issues Intragroup loans	Discounted cash flows	Not applicable.

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

(c) Financial risk management

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

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

The board of directors has overall responsibility for establishing and monitoring the company's risk management system.
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.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.
The company's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the company's customer portfolio, including the segment insolvency risk and country risk, have an impact on the credit risk.

The company accrues a loss allowance equal to estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment losses for similar groups of assets to cover losses already incurred but not identified. The collective impairment losses are calculated on the basis of historical payment statistics.
Most of the company's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The company's historical figures indicate a very modest amount of impairment losses. The risk is fully covered by the corresponding loss allowance recognised in the separate financial statements.
There are no cases of particularly concentrated credit risk in geographical terms.

At December 31, 2020, trade receivables - third parties may be analysed by geographical segment as follows:

(€'000)	**December 31, 2019**	**December 31, 2020**
Europe	11,537	10,493
Latin America	307	414
Asia	138	204
Rest of the world	1,454	2,024
Total	**13,435**	**13,134**

At December 31, 2020, trade receivables - third parties may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2020	Impairment loss December 31, 2020	December 31, 2020
Not yet due	10,218	-	10,218
0-30 days past due	1,343	-	1,343
31-90 days past due	264	-	264
After 90 days	1,310	(849)	460
Total	**13,134**	**(849)**	**12,285**

The company believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historical payment behaviour and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the company believes that, apart from the above, no loss allowance is necessary in respect of trade receivables not yet due or past due by up to 90 days.

At December 31, 2020, trade receivables - third parties may be analysed by original currency as follows:

(€'000)	€	USD	Total
Trade receivables - third parties	10,790	1,495	**12,285**

An analysis of the credit quality of trade receivables - subsidiaries is as follows:

(€'000)	December 31, 2020
- Four or more years' trading history with the company	18,865
- From one to four years' trading history with the company	3,258
- Less than one year' trading history with the company	1,250
Total	**23,373**

At December 31, 2020, receivables due from subsidiaries may be analysed by geographical segment as follows:

(€'000)	December 31, 2019	December 31, 2020
Europe	10,449	11,043
Latin America	14,452	7,061
Asia	1,543	1,483
Oceania	1,148	774
Rest of the world	2,975	3,012
Total	**30,566**	**23,373**

At December 31, 2020, receivables due from subsidiaries may be analysed by due date as follows:

(€'000)	Gross amount December 31, 2020	Impairment loss December 31, 2020	December 31, 2020
Not yet due	14,290	-	12,463
0-30 days past due	872	-	872
31-90 days past due	1,854	-	1,854
After 90 days	6,357	-	6,357
Total	**23,373**	**-**	**23,373**

The company calculates default interest at 3-month Euribor (zero floor) plus a spread of 2.5% on past due receivables from subsidiaries. Payments terms reflect the dynamics of payment management within the group.

At December 31, 2020, receivables due from subsidiaries may be analysed by original currency as follows:

(€'000)	€	USD	GBP	Total
Trade receivables - subsidiaries	21,089	434	1.851	**23,373**

Liquidity risk

This risk regards the company's ability to meet its obligations arising from financial liabilities.
The company's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.
The company generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. The aim of the financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the company has always met its obligations on time and has been able to re-finance the indebtedness in advance before it expires.
At the reporting date, the company has the loans, credit lines and facilities shown in the tables in note 32) Current and non-current financial liabilities to which reference should be made for additional information.

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

(€'000)	Carrying amount	Contractual cash flow Within one year	Between one and five years	After 5 - 2 years	Total contractual cash flows
Non-derivatives financial liabilities					
Secured bank loans	18,849	1,018	21,428	-	16,124
Secured bond issues	449,860	15,925	491,495	-	507,420
Market warrants	5,965	5,965	-	-	4,338
Finance lease liabilities	1,822	494	1,328	-	1,822
Trade payables - third parties	23,301	23,301	-	-	23,301
Trade payables - related parties	2,235	2,235	-	-	2,235
Total	**502,033**	**48,938**	**514,251**	**-**	**555,240**

The interest payments on variable interest rate loans and bond issues in the table above and included in contractual cash flows reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows from the contingent consideration may be different from the amounts in the above table as interest rates and exchange rates or the relevant conditions underlying the payment of contingent consideration change.
The maturities of the bond issue and part of the secured bank loans could change by virtue of change of control clauses (note 32) Current and non-current financial liabilities in these separate financial statements).
Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materialise significantly earlier, or at significantly different amounts.

Interest rate risk

Interest rate risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.
The company is exposed to the interest rate risk as almost the full amount of its financial liabilities is subject to the payment of interest at floating rates subject to short-term repricing.
The company does not currently deem it necessary to hedge the portion of the liability subject to interest rate risk given the current Euribor parameters.

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities.

(€'000)	Effective interest rate - December 2020	Total 12/31/20	Up to 6 months	6-12 months	1 - 2 years	2-5 years	More than five years
Bonds:							
Bonds - Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	3.50%	455,000	455,000	-	-	-	-
Accrued expenses and deferred income Guala (Interest on bonds)	n.a.	3,406	3,406	-	-	-	-
Transaction costs	n.a.	(8,546)	(8,546)	-	-	-	-
TOTAL Bonds FRSSN 2024 - Guala Closures S.p.A.		**449,860**	**449,860**	**-**	**-**	**-**	**-**
Bank loans and borrowings:							
Senior Revolving Credit Facility - Guala Closures S.p.A.	2.50% / 2.53%	19,235	19,235	-	-	-	-
Transaction costs	n.a.	(453)	(453)	-	-	-	-
Tot. New Super Senior Revolving facility		**18,782**	**18,782**	**-**	**-**	**-**	**-**
Accrued expense and deferred income	n.a.	67	67	-	-	-	-
Total bank loans and borrowings		**67**	**67**	**-**	**-**	**-**	**-**
Other financial liabilities:							
Market Warrants	n.a.	5,965	5,965	-	-	-	-
Leasing IFRS 16	n.a.	1,822	1,822	-	-	-	-
Total other financial liabilities		**7,787**	**7,787**	**-**	**-**	**-**	**-**
TOTAL		**476,497**	**476,497**	**-**	**-**	**-**	**-**

Sensitivity analysis

The fair value of financial liabilities was calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding liabilities are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the related repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. These rates are deducted from the swap rates using the bootstrap method for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the company's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the company's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2020:

(€'000)	Increase of 100bp	Decrease of 100bp
Floating Rate Senior Secured Notes due in 2024 issued by Guala Closures S.p.A.	(6,685)	529
Senior Revolving Facility Agreement - gross of transaction costs	(452)	36
Intragroup loan – Guala Closures International B.V.	(4,775)	296
Intragroup loan - Guala Closures UCP Ltd.	(193)	30
Intragroup loan - Guala Closures Argentina S.A.	(37)	6
Intragroup loan - Guala Closures East Africa Ltd	(21)	3
Sensitività dei flussi finanziari (netta)	**(12,163)**	**900**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currency of the company.
The company is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.
Interest on loans is denominated in the currency of the cash flows generated by the company's underlying transactions.
The risk of exchange fluctuations is managed using currency hedges when significant differences are noted between cost and revenue in foreign currency and such differences are hedged through the forward purchase or sale of foreign currency. At the reporting date, there were contracts hedging trade receivables in pounds sterling.

Sensitivity analysis

The appreciation of the Euro, as indicated below, against the USD and the GBP at December 31, 2020 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis was performed on the same basis, though taking into account different changes in exchange rates deemed reasonably possible, as indicated below.

	Appreciation		Depreciation	
2020	**Assets**	**Profit (loss) for the year**	**Liabilities**	**Profit (loss) for the year**
USD (10% change)	109	109	(89)	(89)
GBP (10% change)	1,770	1,770	(1,448)	(1,448)

Other price risk

As a result of the nature of its activities, the company is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminium.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange).

The risk of fluctuations in the purchase price of aluminium is partly hedged based on market needs and outlook through derivatives which set the forward purchase price

With respect to the fair value of market warrants, it is noted that, at December 31, 2020, their carrying amount is calculated as the number of market warrants outstanding (19,367,393) at the official unit price of Borsa Italiana S.p.A. (€0.31).
The table below shows the effect in the event of a 10% increase/decrease in the official price:

(€'000)	**Increase/(decrease) in the official price**	**Favourable/(unfavourable) effect on the profit (loss) for the year**
Variation in the unit price of market warrants	10% (10%)	(597) 542

(46) Related party transactions

Reference should be made to the following notes to the separate financial statements for information on relationships with subsidiaries: 4) Net revenue; 5) Other operating income; 7) Costs for raw materials; 8) Costs for services; 9) Personnel expense; 11) Financial income; 12) Financial expense, 13) Income/(expense) from equity investments, 17) Current and non-current financial assets; 18) Trade receivables; 23) Other current assets and 33) Trade payables.

Transactions with the key management personnel are set out below:

(€'000)	**Costs recognised in the year**						**Post-employment benefits at December 31, 2020**	**Other liabilities at December 31, 2020**	**Cash flows for the year**
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	**Total**			
Total key managers	**143**	**317**	**340**	**22**	**14**	**836**	**1**	**681**	**525**

Furthermore, in relation to services provided by key managers which act as managers of the subsidiary GCL International S.à r.l., in 2020, the company received a recharge of approximately €5.5 million, which was mostly recharged to other group companies.

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 December 31, 2020 are summarised below:

- GCL Holdings S.à r.l. 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.;
- GCL Holdings S.à r.l. has two standing members and a substitute member on the board of statutory auditors of Guala Closures S.p.A. appointed on September 10, 2018, whom it appointed on the indication of GCL Holdings S.à r.l.;
- 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;
- GCL Holdings S.à r.l. owes Guala Closures S.p.A. €151 thousand for tax reconciliation;
- 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.;
- Guala Closures S.p.A. bonds listed on the Luxembourg stock exchange and totalling €998,207 were purchased on August 4, 2020;
- the transactions with GCL Holdings S.à r.l. took place on an arm's length basis.

Space Holding S.r.l. can also be considered a related party.
The transactions and relationships between this company and the group at December 31, 2020 are summarised below:

- Space Holding S.r.l. 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.;
- Space Holding S.r.l. has one standing member and a substitute member on 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;
- non sono state effettuate operazioni con Space Holding S.r.l. nel periodo.

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 December 31, 2020 are summarised below:

- Peninsula Capital II S.à r.l. 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 year.

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. Interest income of approximately €1 thousand was recognised in relation to GCL Holdings S.à r.l..

(47) Contingent liabilities

For information on contingent tax liabilities, reference should be made to note 36) Provisions.
At the date of publication of these separate financial statements, there were no significant contingent liabilities in relation to which the company can currently foresee future expenditure.

(48) Commitments and guarantees

The company's commitments and guarantees at the reporting date are as follows:

- Pledge over the Guala Closures International B.V. shares held by Guala Closures S.p.A.;
- Pledge over receivables of Guala Closures S.p.A. arising under certain intragroup loan agreements and Guala Closures S.p.A..

The other guarantees given by the company at December 31, 2020 are as follows:

(€'000)	**December 31, 2020**
Third parties assets held by the company	5,659

(49) Statutory auditors' fees

The statutory auditors' fees are as follows:

(€'000)	Costs recognised in the year						Post-employment benefits at December 31, 2020	Other liabilities at December 31, 2020	Cash flows for the year
	Fees for positions held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Total			
Total statutory auditors	125	-	-	-	-	125	-	59	125

(50) Events after the reporting period

Nothing to report.

Information pursuant to article 1.125 of Law no. 124 of 4 August 2017

Paragraphs 125, 127 – Grants, contributions and economic benefits received
During the year, the company received the following grants, contributions, paid engagements and economic benefits from the public administrations and the parties covered by the first sentence of paragraph 125 of article 1 of Law no. 124/2017:
- From FINPIEMONTE a contribution of €11,756 for the ECIPOL project. This is an industrial research and experimental development project whose aim is to reuse waste from agricultural production in plastic formulations in industrial sectors such as packaging (cosmetics and beverage) and green building.

Paragraphs 126, 127 – Grants, contributions and economic benefits received
During the year, the company did not enter into any deeds for grants, contributions, subsidies and economic benefits to natural persons and public and private bodies.

(51) Proposals of the board of directors to the shareholders

We propose the shareholders, in their ordinary meeting, resolve to allocate the profit for the year €11,145,520 as follows:
- 5% to the legal reserve (€557,276);
- €10,588,244 to the extraordinary reserve.

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

March 10, 2021

Annexes to the separate financial statements of Guala Closures S.p.A.

Annex A)
List of investments in indirectly controlled subsidiaries at December 31, 2020

Annex B)
Statement of the CEO and manager in charge of financial reporting

ANNEX A)

List of investments in indirectly controlled subsidiaries at December 31, 2020

	Registered office	Currency	Share/quota capital	Investment percentage
EUROPE				
Guala Closures UK Ltd	United Kingdom	GBP	134,000	100%
Guala Closures UCP Ltd.	United Kingdom	GBP	3,509,000	100%
Guala Closures Iberica, S.A.	Spain	EUR	9,879,977	100%
GCL International Sarl	Luxembourg	EUR	6,640,700	100%
Guala Closures France SAS	France	EUR	2,748,000	100%
Guala Closures Technologia Ukraine LLC	Ukraine	UAH	90,000,000	70%
Guala Closures Bulgaria A.D.	Bulgaria	BGN	6,252,120	70%
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%
Guala Closures BY LLC	Belarus	BYN	1,158,800	70%
Guala Closures Deutschland GmbH	Germany	EUR	25,000	100%
Guala Closures Turkey Ambalaj ve Kapak Sistemleri Sanayi ve Ticaret Anonim Şirketi	Turkey	TRY	11,000,000	100%
ASIA				
Guala Closures (India) Pvt Ltd	India	INR	170,000,000	95%
Beijing Guala Closures Ltd	China	CNY	20,278,800	100%
Guala Closures Japan KK	Japan	JPY	100,000,000	100%
LATIN AMERICA				
Guala Closures de Mexico, S.A. de C.V.	Mexico	MXP	94,630,010	100%
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXP	50,000	100%
Guala Closures Argentina S.A.	Argentina	ARS	1,006,616,074	100%
Guala Closures do Brasil Ltda	Brazil	BRL	10,736,290	100%
Guala Closures de Colombia Ltda	Colombia	COP	8,691,219,554	93,2%
Guala Closures Chile SpA	Chile	CLP	6,504,935,369	100%
OCEANIA				
Guala Closures New Zealand Ltd	New Zealand	NZD	5,700,000	100%
Guala Closures Australia Holdings Pty Ltd	Australia	AUD	34,450,501	100%
Guala Closures Australia Pty Ltd	Australia	AUD	810	100%
AFRICA				
Guala Closures South Africa Pty Ltd	South Africa	ZAR	60,000,000	100%
Guala Closures East Africa Ltd.	Kenya	KES	30,300,000	100%
REST OF THE WORLD				
Guala Closures North America, Inc.	United States	USD	60,000	100%

ANNEX B)

Statement of the CEO and manager in charge of financial reporting

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

1. The undersigned Marco Giovannini and Anibal Diaz Diaz, respectively CEO and manager in charge of financial reporting of Guala Closures S.p.A. (the "**Company**"), state that, pursuant to article 154-bis.3/4 of Legislative decree no. 58 of February 24, 1998:
   - the administrative and accounting procedures are adequate given the company's characteristics;
   - they were applied during the year to prepare the separate financial statements as at and for the year ended December 31, 2020.
2. No significant issues arose.
3. Moreover, they state that:

   3.1 the separate financial statements at December 31, 2020:

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

   b) are consistent with the accounting records and entries;

   c) are suitable to give a true and fair view of the issuer's financial position as at December 31, 2020 and the financial performance and cash flows for the year then ended.

   3.2 The directors' report includes a reliable analysis of the issuer's performance and position, together with a description of the main risks and uncertainties to which it is exposed.

March 10, 2021

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

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

Guala Closures S.p.A.

Consolidated and separate financial statements as at and for the year ended 31 December 2020

(with independent auditors' reports thereon)

KPMG S.p.A.

30 March 2021

KPMG S.p.A.
Revisione e organizzazione contabile
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28100 NOVARA NO
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Guala Closures Group (the "group"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Guala Closures S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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20124 Milano MI ITALIA

Recoverability of goodwill

Notes to the consolidated financial statements: notes "(2) Accounting policies" and "(28) Intangible assets".

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2020 include goodwill of €505 million. The directors tested the reporting-date carrying amount of the Closures CGU, which includes the related goodwill, for impairment by comparing it to its recoverable amount. The directors estimated the recoverable amount based on value in use calculated using the discounted cash flow model. Impairment testing requires a high level of judgement, especially in relation to: — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector and the actual cash flows generated by the CGU in recent years; — the financial parameters to be used to discount the above cash flows. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures included: — understanding the process adopted to prepare the impairment test approved by the parent's board of directors; — understanding the process adopted for preparing the 2021-2025 business plan approved by the parent's board of directors (the "plan") from which the expected cash flows used for impairment testing have been derived; — analysing the reasonableness of the assumptions used by the group to prepare the plan; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; — comparing the expected cash flows used for impairment testing to those used for the plan and analysing the reasonableness of any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 26 September 2017, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-*bis*.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Guala Closures S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement.

In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Novara, 30 March 2021

KPMG S.p.A.

(signed on the original)

Silvia Rimoldi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
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Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Guala Closures S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Guala Closures S.p.A. as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the separate financial statements: notes "(3) Accounting policies", (28) Intangible assets and "(29) Impairment losses".

Key audit matter	Audit procedures addressing the key audit matter
The company recognised goodwill of €49 million at 31 December 2020. The directors tested the reporting-date carrying amount of the Italy CGU, which includes the related goodwill, for impairment by comparing it to its recoverable amount. The directors estimated the recoverable amount based on value in use calculated using the discounted cash flow model. Impairment testing requires a high level of judgement, especially in relation to: — the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector and the actual cash flows generated by the CGU in recent years; — the financial parameters to be used to discount the above cash flows. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures included: — understanding the process adopted to prepare the impairment test approved by the company's board of directors; — understanding the process adopted for preparing the 2021-2025 business plan approved by the company's board of directors (the "plan") from which the expected cash flows used for impairment testing have been derived; — analysing the reasonableness of the assumptions used by the directors to prepare the plan; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; — comparing the expected cash flows used for impairment testing to those used for the plan and analysing the reasonableness of any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Recoverability of the carrying amount of the investment in Guala Closures International B.V.

Notes to the separate financial statements: notes "(3) Accounting policies", (25) Equity investments and "(29) Impairment losses".

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements include investments in subsidiaries of €658 million, which relate to the controlling investment in Guala Closures International B.V.. The directors test the reporting-date carrying amount for impairment by comparing it to the investment's recoverable amount at least once a year. They estimated the recoverable amount based on its value in use, calculated using the discounted cash flow model. Impairment testing requires a high level of judgement, especially in relation to: — the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector and the actual cash flows generated by the subsidiary in recent years; — the financial parameters to be used to discount the above cash flows. For the above reasons, we believe that the recoverability of the carrying amount of Guala Closures International B.V. is a key audit matter.	Our audit procedures included: — understanding the process adopted to prepare the impairment test of Guala Closures International B.V. approved by the company's board of directors; — understanding the process adopted for preparing the 2021-2025 business plan approved by the company's board of directors (the "plan") from which the expected cash flows used for impairment testing have been derived; — analysing the reasonableness of the assumptions used by the directors to prepare the plan; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; — comparing the expected cash flows used for impairment testing to those used for the plan and analysing the reasonableness of any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about the impairment test of investments in subsidiaries.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 26 September 2017, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the _Collegio Sindacale_, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-_bis_.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Novara, 30 March 2021

KPMG S.p.A.

(signed on the original)

Silvia Rimoldi
Director of Audit

GUALA CLOSURES S.p.A.

Report of the Board of Auditors, by decision of the shareholders pursuant to art. 153 TUF and section 2429, paragraph 2 of the Italian Civil Code.

Dear Shareholders,

The Board of Statutory Auditors (hereinafter also the "Board") is called upon to report to the Shareholders' Meeting of Guala Closures S.p.A. (hereinafter also referred to as "Guala Closures" or the "Company") on the supervisory activity carried out during the year and on the omissions and reprehensible facts found, pursuant to art. 153 of Legislative Decree 58/1998 (TUF) and art. 2429, paragraph 2, of the Civil Code. Furthermore, the Board of Statutory Auditors can make comments and proposals on the financial statements, their approval and on the matters within its responsibility. The information provided below also considers the instructions contained in CONSOB Communication 1025564/2001 and subsequent amendments and/or additions.

During the 2020 financial year, the Board of Statutory Auditors carried out its institutional duties in compliance with the Civil Code, Legislative Decrees 58/1998 (TUF) and 39/2010 and subsequent amendments and/or further additions thereof, of the statutory rules and of the instructions expressed by **CONSOB**, the National Commission for Companies and the Stock Exchange, also considering the rules of conduct recommended by the **CNDCEC**, the Italian National Council of Chartered Accountants and Accounting Experts.

Administrative Body - Appointment, term in office and operation

The Board of Directors in office at the date of this Report was appointed by the Shareholders' Meeting of Guala Closures on 28 June 2018, with effect from 6 August 2018, and will remain in office until the conclusion of the Shareholders' Meeting that will be convened for approval of the financial statements for the financial period ended 31 December 2020.

Pursuant to current regulations and the Code of Conduct for listed companies, the Board of Directors, at the meeting of 10 March 2021, verified the existence of the independence requirement of Directors Luisa Maria Virginia Collina, Lucrezia Reichlin and Francesco Caio, with the results indicated in the report on corporate governance and ownership structures, in addition to maintaining the requirements of integrity and professionalism for all the members of the Board. The Board of Statutory Auditors verified that the procedure adopted by the Board of Directors to assess the independence, good reputation and professionalism of its members is consistent with the criteria indicated by Legislative Decree n. 58/1998 ("TUF") and the Corporate Governance Code for listed companies.

Board of Statutory Auditors - Appointment, term of office and functioning

The Board of Statutory Auditors in office at the date of this Report was appointed by the Shareholders' Meeting of Guala Closures on 10 September 2018 and will remain in office until the conclusion of the

Shareholders' Meeting to be called to approve the financial statements for the financial period ended on 31 December 2020.

The Board of Statutory Auditors, in the meeting of 25 February 2021, verified the independence of its members and that they still had the legal and statutory requirements. During the meeting, the Board of Statutory Auditors, in compliance with the recommendations contained in the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Council of Chartered Accountants and Accounting Experts (Standard Q.1.1. Version April 2018), carried out its own self-assessment, reporting the results to the Board of Directors.

The Board of Statutory Auditors, in order to promote an adequate composition of the body, has expressed to the Shareholders, given the forthcoming renewal of the Board, its guidelines regarding the professional figures whose presence in the Board is considered appropriate, also considering the criteria of gender diversity. In this regard, reference should be made to the document "Orientations of the Board of Statutory Auditors" - approved on 17 March 2021 - through which the outgoing Board of Statutory Auditors of Guala Closures S.p.A. intended to provide a series of guidelines and indications regarding the skills, professionalism and characteristics of the statutory auditors to the Shareholders called to decide on the renewal of the Company's control body.

During the financial period ended on 31 December 2020, the Board of Statutory Auditors met 17 times and participated in the Shareholders' Meetings held on 30 April 2020 at 14 meetings of the Board of Directors and 8 meeting of the Control and Risk Committee and at 4 meetings of the Remuneration Committee.

In 2021, and until the date of approval of this Report, the Board met 7 times.

Adherence of the Company to the Corporate Governance Code and its actual implementation

Guala Closures adheres to the Corporate Governance Code for listed companies (the "Code") and, in compliance with it, the Remuneration Committee and the Control and Risks Committee operate within the Board of Directors, with advisory and coordination functions. Two thirds of the above committees are composed of independent directors and, for one third, of non-executive directors.

The Company evaluated the opportunity to set up an internal Appointment Committee, but taking into account that the list voting mechanism provided for in the Articles of Association ensures a transparent appointment procedure and a balanced composition of the Board of Directors also with reference to the presence of an adequate number of independent directors, it has deemed it not necessary to set up an Appointment Committee. To such purpose, the Board of Statutory Auditors verified that, as required by the Code, such choice was motivated by the Company in the Report on Corporate Governance and Ownership Structure.

In any case, the Board of Statutory Auditors supervised that the Company correctly applied the corporate governance rules established in the Code or, in the event of deviation from the recommendations therein, that an adequate reason on the point was to provided in the Report on corporate governance.

Compliance with the law and the articles of association - Principles of correct administration

The Board supervised compliance with the law and the memorandum of association and compliance with the principles of correct management, both in the performance of its activities, including participation in the meetings of the Board of Directors and of the Board Committees, and during the meetings held with The *management* and with the Managers of the various Areas and Functions of the Company.

Participation in the meetings of the Board of Directors made it possible to obtain periodically from the Directors information on the activity carried out and on the most significant economic, equity and financial transactions resolved during the financial period. Based on the information available, the Board can reasonably affirm that these operations are compliant with the law and the Articles of Association and are not manifestly imprudent, risky or such as to compromise the integrity of the corporate assets.

Among the significant events for the Company and Guala Closures Group during the financial year - as stated in the Report on operations to which reference should be made for further details - the Board would like to point out:

M&A Activities

- Acquisition of the assets of Closurelogic GMBH through Guala Closures Deutschland GMBH and acquisition of the stake in Guala Closures Turkey, part of the Business of Closurelogic, upon the fulfilment of certain agreed conditions precedent.
- Acquisition of the minority stake in Guala Closures France S.a.s., by means of capital increase.
- Subscription of the share capital of SharpEnd Partnership Ltd.
- Sale of 100% of the share capital of GCL Pharma S.r.l.

Stock Exchange

- Termination of the liquidity provider agreement, due to the enter into force of the new market practice relating to the Liquidity Providing.
- OPA Special Packaging Solutions Investments s.à r.l.:
  - On 16 April 2020 Special Packaging Solutions Investments s.à r.l. ("SPSI"), company whose share capital is indirectly held by Investindustrial VII L.P. fund, has promoted a voluntary and partial public tender offer, having as target the 22.57% of the share capital and the 20.22% of the voting rights at a price equal to 6,00 euros per share. The operation has been concluded at the beginning of July and 8,256 ordinary shares, representing 0.05% of the target shares, of 0.01% of the ordinary shares and 0.01% of the share capital of Guala Closures, have been brought in adhesion of the offer.
  - On 8 December 2020, Special Packaging Solutions Investments S.à.r.l., has announced to the market that has entered into binding agreements for the purchase of a stake, which, added to the shares already held, represents 48.9% of the fully diluted share capital of Guala Closures, with the obligation to launch a mandatory tender offer for all of the ordinary share capital of Guala Closures upon the execution of such binding agreements. In such announcement, SPSI has communicated the intention to launch a voluntary tender offer for all the Market Warrants of Guala Closures. On 25 March 2021 SPSI has communicated pursuant to and for the purposes of art. 102 of Legislative Decree of 24 of February 1998, No. 58 and art. 37 of Consob Regulation No. 11971 of 14 May 1999, the launch of a mandatory public tender offer having the legal conditions been met.

Business

- Reorganization of the Company Beijing Guala Closures.
- Launch in Europe of the first wine bottles with connected closures equipped with NFC NěSTGATE™ technology.

- Launch of the “Jameson Connects” campaign, through which Jameson Irish Whiskey (Pernod Ricard), thanks to the NFC NěSTGATE™ technology embodied in the closure, has presented the digital platform Jameson Connect, that allow to its consumers to receive a number of additional services.
- Ballantine’s: first E-commerce launch in China. Application by Ballantine’s of Guala Closures’ NFC NěSTGATE™ technology in its closures to launch its campaign Ballantine’s Finest Limited Edition “The Clubs Collection”.
- Launch in 2020 of new products, as consequence of several repack of major global brands, thanks to the activities carried out by the R&D centres.
- Publication of guidelines for the eco-design to develop sustainable packaging.
- Launch of a new series of sustainable closures under the frame trademark Blossom™, as step to achieve the corporate social responsibility targets.
- On December 2020, execution of an exclusivity agreement with Oceanworks to develop the production of a series of T-bar closures using oceanic plastics.
  Covid-19 Emergency

As indicated in the consolidated management Report, the Covid-19 pandemic, in addition to the social impacts, has also being having direct and indirect impacts on the general trend of the economy and on the attitude to consume and invest, causing a general uncertainty, with unavoidable effects on the Group's performance.

Among the main effects of Covid-19 detected, it is remarked particularly:

- the reduction in the organic growth process;
- the reduction in sales volumes, as a result of which, in the second half of 2020, the Group began to implement policies to contain personnel costs to mitigate the effect on margins;
- the additional costs to ensure the safety of the plants and workers, mainly focused on personal protective equipment (PPE) for employees, sanitization and adaptation of workspaces to social distancing;
- lower production efficiencies to ensure compliance with safety and social distancing regulations, partially offset by policies to contain personnel costs, reduce travel expenses and government support.

In relation to the Covid-19 pandemic crises, the Board of Statutory Auditors has verified that the Group immediately implemented all the necessary actions in order to reduce the impacts on social and health, work safety, economy, capital and finance, through the definition and implementation of flexible action plans meant to a prompt reaction.
During the meetings of the Board of Directors, the Board, among other things, verified that the delegated subjects reported, pursuant to art. 150, paragraph 1, of the TUF, on the transactions carried out according to the powers assigned to them.

During the year no transactions in which the directors were bearers of their own interest or of third parties have been found.

The frequency of the meetings of the Board of Directors, the information provided during the meetings and, in general, the set of information flows put in place, are in our opinion substantially adequate with respect to the legal, statutory and applicable regulations, without prejudice to the implementation and formalization activity of internal processes undertaken by Guala Closures after the listing.

On 10 March 2021 the Board of Directors of Guala Closures approved, with reference to the 2020 financial period, the Report on corporate governance and ownership structure pursuant to art. 123 bis of the TUF.

Atypical or unusual operations

The financial statements documents, the information received during the meetings of the Board of Directors and those received from the Chairman and Chief Executive Officer, from the *management*, from the *Internal Audit* Manager and the Statutory Auditor did not highlight the existence of atypical and/or unusual transactions, including inter-group transactions or with related parties.

Transactions between Group Companies and with Related Parties

The Related Party Transactions Procedure, previously approved by the Board of Directors and the Shareholders' Meeting of the Company on 27 September 2017 and subsequently modified and definitively approved by the Board of Directors on 29 January 2018, was then again amended and integrated with resolution of the Board of Directors of 8 March 2019, subject to the opinion of the independent directors and after consultation with the Board of Statutory Auditors.

Intercompany transactions or transactions with related parties, of greater economic, equity and financial importance, are shown in the Report on Operations and in the specific section of the Notes to the Financial Statements with an indication of ongoing assets, liabilities and guarantees and commitments as at 31 December, 2020 jointly with the related attestations, broken down by the different types of related parties pursuant to IAS 24.

During the year, the Board of Statutory Auditors participated in the meetings of the Control and Risk Committee, which was also conferred with the functions of Related Parties Committee, and in particular at the meeting held on 6 August 2020 , which - in compliance with the provisions of art. 7 of the Procedure for Related Party Transactions (" *RPT Procedure* "). examined two transactions with related parties concluded by the subsidiaries Guala Closures DGS Poland SA. and Guala Closures Technologia Ukraine LLC, and in particular two trademark licensing agreements, one (Guala Closures Technologia Ukraine LLC) of Small Amount, as it is below the threshold of € 500,000.00, the other (Guala Closures DGS Poland SA) to be considered of Minor Importance, being it above the threshold of € 500,000.00 but lower than the threshold for Major Importance operations.

In view of the fact that the transactions appeared to be consistent and in the interests of the subsidiaries, with consideration aligned with market parameters and substantially correct from the point of view of their economic conditions, it gave a favourable opinion on the conclusion of the licensing agreement concluded by Guala Closures DGS Poland S.A., while taking note, without further comment, of the licensing agreement concluded by Guala Closures Technologia Ukraine LLC.

The Board of Statutory Auditors, during the year, also acknowledged of the results of the audit on the process of managing transactions with related parties that highlighted a sufficient level of adequacy of the Internal Control System and Risk Management for the issues analysed. Some minor formal deficiencies were not considered to represent significant risks.

For detailed information on individual intercompany transactions and transactions with related parties relating to the 2020 financial year - transactions of greater significance, ordinary transactions and market conditions - please refer to the relevant sections of the Report on Operations and the Notes to the Financial Statements.

Handling of Privileged Information

The Board of Directors of the Company, with resolution of 8 March 2019, modified and approved the MAR Code (*Market Abuse Regulation*), of which a first version had been approved on 18 December 2018, which established the register of relevant information, in addition to that of privileged information, in compliance with EU regulations relating to market abuse pursuant to Regulation (EU) no. 596/2014, implemented in Italy with Legislative Decree n. 107 of 10 August 2018.

The Company's MAR Code has incorporated the rules relating to the treatment of *internal dealing* transactions, which governs the management, processing and communication of information relating to transactions on the listed debt shares and instruments of Guala Closures and on derivatives and financial instruments connected to them by relevant persons and by persons closely associated with them.

The Board of Statutory Auditors supervised compliance with the procedural rules adopted by the Company, as well as compliance with the provisions on transparency and public information.

Remarks on the adequacy of the organizational structure

The Board of Statutory Auditors supervised the adequacy of the organisational structure and its correct functioning in the context of various meetings with the top management and the Managers of the various areas and functions as well as the management of some material subsidiaries, taking note, among other things, in a more articulated way of the organizational structure of the following fields:

- Group Procurement Function;
- Group Research & Development (R&D) Function;
- Group Health & Safety (H&S) Function (both with reference to organizational development related to H&S Compliance issues and in particular with regard to the organization implemented to monitor the risks related to "health and safety at work" of employees and stakeholders involved in the activities);
- General Manager and Financial Manager of the companies Guala Closures UK and UCP as well as Guala Closures Iberica in particular, for each company, also taking into account the results of the Internal Audit activity carried out, the results related to the organizational aspects and the indications about the improvement plans.

The Board of Statutory Auditors also acknowledged the evaluation expressed by the Internal Audit in the context of the audited processes in 2020 (both for Guala Closures S.p.A. and for the subsidiaries Ukraine and India) regarding the organizational reference structures in terms of governance, sizing, skills and segregation of functions, evaluations that overall found a substantial organizational adequacy and the absence of significant findings.

The Board of Statutory Auditors, taking into account the indications already provided at the end of 2019 by the Head of the Group's Human Resource function, acknowledged the implementations occurred also in response to the needs arising from the listing, among which we highlight:

- The strengthening of the *Corporate Secretary* function with the inclusion of a legal figure;
- The strengthening of the *Finance* function with the inclusion of a new person during January 2021.

The Board, considering the organisational strengthening initiatives implemented during the year, considers the Company's organisational structure substantially adequate, without prejudice to the requirement to complete (i) the collection of organizational documents of subsidiaries in order to carry out an analysis of the homogeneity of names used and formal adequacy of the organisation charts of local structures, (ii) the analysis of the organisational roles identified within the system of delegations and powers which were planned to be updated in March 2021 with the approvals of the financial statements of the local companies.

Remarks on the adequacy of the internal control and risk management system

The Board of Statutory Auditors preliminary reports that the Company, with a resolution of the Board of Directors dated 8 March 2019, adopted an *Group Internal Audit* function, *outsourced* (pursuant to Article 7.C.6 of the Corporate Governance Code) to Dott.ssa Elisabetta Ubertini, Senior Director of RC Advisory, who has been vested with functions substantially compliant with those provided for by the Corporate Governance Code and by activating the Risk Management process for the same Function.

With regard to the choice of the Company to outsource the *Internal Audit* function, the Board of Auditors expressed a favourable opinion, although it is hoped that this function will be internalized in a second phase of the strengthening process of the internal control system of Guala Closures.

That being said, during the 2020 financial year and related to the initial project to strengthen the internal control and risk management system launched after the listingthere have been less significant progresses, especially with reference to the second half of the year, compared to the expected timing considering the extraordinary management and organizational situation faced by the different corporate structures to ensure an adequate supervision and coordination of the Group in the context of the management of the Covid-19 pandemic as well as for the requests required by the public tender offer initiative launched by SPSI which have absorbed a large part of the operation of the Functions involved in the actions defined in the hereabove mentioned strengthening project.

The following implementations, occurred during the financial year and distinguished by improvement area, are emphasized:

Governance and Organization – the evidence that emerged as a result of the mapping of the system of delegations and powers for subsidiaries, already partly implemented, will be adjusted by the first half of 2021; in this context, the collection of the organization charts of each subsidiary continued and, as consequence, any "standardization" interventions at level of denominations will be evaluated in accordance with the system of powers;

Compliance Health & Safety – the H&S Manager's two-year intervention plan, despite having suffered delays due to travel constraints resulting from the pandemic, still allowed to carry out the assessment in Brazil, Chile, Argentina, Mexico, Bulgaria and Germany, an assessment that reflected or in some cases was better than the first evaluation carried out on the formal/documentary aspects. Also in this area (i) the coordination and collection of information relevant to H&S purposes through the Group Repository has been implemented, (ii) the guidelines for the preparation of accident reporting have been shared, avoiding problems of misinterpretation errors of the data to be used;

Listed Regulatory Compliance (in particular MAR and RPT) – the Company has implemented the improvement activities provided for in the initial plan even considering, in any case, the results of the Audit on the Process of Managing Transactions with Related Parties that have already been noted;

Information Technology – the Central Repository has been implemented and it is currently in use in all subsidiaries for the different areas activated (Governance, HR, IT, 262, Sustainability, H&S); the automations related to the transfer of data from local accounting systems to the reporting system have been completed for all material companies of the Group.

Notwithstanding the monitoring of the project progress to strengthen the internal control and risk management system, the Board, through periodic meetings with the Head of the *Internal Audit* function, also supervised the audit activities planned for 2020 and the progress of works of the aforementioned *Audit* Plan, by acquiring complete information on the audits *carried* out during the year, acknowledging that the successful execution of a great part of the activities planned for 2020 with the exception of:

- Audit on the Human Resources process and the General Audit of Guala Closures DGS Poland that have been delayed and postponed to 2021, due to contingent situations related to the unavailability of operational staff to support the checks due to illness or precautionary quarantine (related to the pandemic) and consequent transitional under-sizing of the remaining staff;
- on-site checks related to health & safety issues planned for some foreign subsidiaries that have been deleted from the 2020 Audit Plan due to the continuation of the Covid-19 emergency.

Based on the evolution of the external context in the various countries regarding the Covid-19 emergency and the provisions given by the various Governments and Health Organizations, in the coming months it will be possible to evaluate the continuation of the verification activities, in particular in the Health & Safety field, with a view to the 2021 Audit Plan.

In the light of the interventions planned and carried out, the internal control system is defined, by the Internal Audit Manager, as "substantially adequate", working and consistent with the guidelines defined by the administrative body.

During the meeting held on 25February 2021, the Board of Statutory Auditors examined the 2020 *Risk Assessment 2021* acknowledging that noting that there were no significant changes in previous evaluations but improved areas, even considering the inclusion of a new risk/opportunity related to the announced public tender offer and identified in the change of control.

Specifically, it was acknowledged that:

- the topics subject to a specific evaluation since considered of interest at Group level – notably Covid, Environmental regulatory evolutions related to raw materials, H&S, ESG objectives, IT Security – have remained the same except for some cases of improvement of the Control and Risk Management System;

- the risk arising from the Covid-19 pandemic has been reassessed and its assessment has remained the same both in view of the situation still in place and the continuity of management with regard to mitigation actions.

However, the periodic assessment carried out during the year saw an increase in the number of risks mapped as a result, among other things, of the increase in companies within the Group's perimeter.

With regard to the Covid-19 pandemic, in the Management Reports, the directors have highlighted the evolution of the business model in response to the pandemic and the actions taken, and that are intended to be taken, to address the short and medium-term uncertainty that has arisen, also taking into account the diversification of the business in terms of geographical, product and customer portfolio.

Lastly, during its meetings, the Board of Statutory Auditors (i) met with the Company's Supervisory Body which reported to the Board on the supervisory activity carried out pursuant to Legislative Decree 231/2001 (ii) examined the "*Report on the activities carried out by the Supervisory Body pursuant to Legislative Decree 8 June 2001, no. 231,* and submitted every six months by the Supervisory Body, from the results of which no significant violations emerged; (iii) has acknowledged the approval - by the Board of Directors - of the updated Management and Control Organization Model pursuant to Legislative Decree n.231/2001, in order to adapt it to the D.L. 26 October 2019 n. 124 (converted, with modifications, by L. 19 December 2019 n. 157) which extended the administrative responsibility of the institutions also with respect to several tax crimes.

On the basis of the documentation examined, the information received and the checks carried out during its supervisory activity, the Board of Statutory Auditors considers the strengthening process initiated by the Company, including in the Internal Control System, substantially appropriate, underlining the requirement of promptly completing the planned implementation activities, once the events that have most influenced the progress of the strengthening project of the internal control and risk management system (started after the listing) have been overcome..

Supervisory activities pursuant to art. 19 of Italian Legislative Decree 39/2010 - Relations with Independent Auditors

Art. 28 of Directive 2014/56/EU amended directive 2006/43/EC relating to statutory auditing and was implemented in Italy with Legislative Decree 135/2016, with which Legislative Decree 39/2010 was updated. The (EU) Regulation 537/2014 of 16 April 2014, art. 10 (hereinafter also the "Regulation") defines the specific requirements of the audit report for public interest entities.

The separate and consolidated financial statements of Guala Closures as at 31 December 2020 are subject to legal audit by the independent auditing firm KPMG pursuant to Legislative Decree No. 39 of 27 January 2010 and in execution of the shareholders' resolution of 26 September 2017. The accounts prepared for the purpose of consolidating the other Group companies are also subject to audit by KPMG S.p.A. or by other companies in the KPMG network, except for Guala Closures Turkey Ambalaj ve Kapak Sistemlei Sanayi ve Ticaret Anonim Sirketi, Guala Closures Japan KK and Guala Closures North America Inc.. As regards the latter, the accounts prepared for consolidation purposes have been audited by another auditor.

The Board of Statutory Auditors, identified by art. 19 of Legislative Decree 39/2010 in its reformulated version as a result of the statutory audit reform implemented by Legislative Decree 135/2016 as the

"*Committee for internal control and statutory audit* ", has monitored the financial disclosure process , on the statutory audit activity and on the independence of the Statutory Auditor, in particular as regards the provision of non-auditing services.

In fact, the Board has scheduled a series of specific meetings in the various stages of the audit, during which it examined:

- The 2020 Transparency Report
- The resources and hours planned for the 2020 statutory audit
- The 2020 *scope of work* , *materiality* and *significant risks*
- The 2020 Audit Plan

The Board of Statutory Auditors analysed the methodological system adopted by the Auditor and acquired the necessary information as the audit was ongoing, constantly interacted on the audit approach used for the various significant areas of the financial statements, shared the issues related to corporate risks and received updates on the progress of the audit and on the main aspects for the attention of the Auditor.

The Board of Statutory Auditors has examined the following reports drawn up by the Statutory Auditor KPMG S.p.A.:

- Audit reports issued on 30 March 2021 pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of the (EU) Regulation no. 537/2014.
- The Supplementary report released on 30 March 2021, pursuant to art. 11 of the Regulation to the Board of Statutory Auditors as the Committee for internal control and auditing.
- The annual confirmation of independence issued on 30 March 2021 pursuant to art. 6 of Legislative Decree 2) lett. a) of the Regulation and pursuant to paragraph 17 of the ISA Italia 260.

The aforementioned reports on the audit of the Group's financial statements and consolidated financial statements show that both documents provide a true and correct representation of assets and financial position of Guala Closures S.p.A. and of Guala Closures group as at 31 December 2020, as well as the financial result and cash flows for the year ended on that date in accordance with the *International Financial Reporting Standards* adopted by the European Union as well as the measures adopted for the application of the art. 9 of the Legislative Decree 38/2005.

Moreover, according to the Auditor's opinion, the Management Report and some specific information contained in the Report on Corporate Governance and the ownership structures indicated in art. 123-bis paragraph 4, of Legislative Decree 58/98 (TUF), are consistent with the financial statements of Guala Closures S.p.A. and with the consolidated financial statements of Guala Closures group as at 31 December 2020 and have been prepared in compliance with the law. With reference to the possible identification of significant errors in the Management Report (art. 14, paragraph 2, letter e) Legislative Decree 39/2010, the Auditor declared that he had nothing to observe.

The reports on the auditing of the separate and consolidated financial statements, as required by ISA 701, show the illustration of the key aspects which, in the auditor's professional judgement, were most significant in the accounting auditing of the separate and consolidated financial statements for the year being examined.

Consolidated Financial Statements:

- Goodwill recoverability

Separated Financial Statements:

- Goodwill recoverability
- Recoverability of the value of investments in Guala Closures International B.V.

On the aforementioned key aspects, for which the Auditor's reports illustrate the relative audit procedures adopted, the Auditor does not express a separate opinion, as they have been addressed in the audit and in the formation of the opinion on the financial statements as a whole. The aforementioned key aspects were the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the Independent Auditors.

From the Supplementary report, pursuant to art. 11 of (EU) Regulation no. 537/2014, in relation to the financial reporting process no significant deficiencies in the internal control system have been found which are worthy of being brought to attention in this report, as well as from the declaration on independence (article 6 of the aforementioned EU Regulation), there are no situations which can compromise independence.

As already said, the Board held several periodic meetings, in accordance with art. 150, paragraph 3, of the Consolidated Law on Finance and of the provisions introduced by Legislative Decree no. 39/2010, with the Auditing Company - examining the 2020 audit plan, verifying its adequacy, following its execution and exchanging data and relevant information in a timely manner for the performance of their respective duties - with no particular remarks to be communicated having been highlighted or facts deemed reprehensible that required the formulation of specific reports pursuant to art. 155 paragraph 2 of the TUF

Considering the above, the Board of Statutory Auditors considers the interaction process with the Independent Auditors to be adequate and transparent. It also believes that the improvement of the " *two-way dialogue* " between the Independent Auditors and the bodies responsible for *governance* on the financial statements risk areas and the procedures identified to oversee them, has further supported the role and responsibility of the parties involved in the preparation process of financial statements and auditing activities . The Explanatory Notes disclose the fees for the statutory audit of the accounts as well as the fees for the services rendered to Guala Closures other than the audit performed during the financial period ended 31 December 2020, by the auditing company and the network entities to which the independent auditors belong.

Below are the fees paid to KPMG S.p.A. and to the companies in its network, as indicated in the notes to the consolidated financial statements as at 31 December 2020:

Accounting Audit (€ / 000)

KPMG S.p.A.	Parent Company	354
KPMG S.p.A.	Italian subsidiaries and branches	36
KPMG (network)	Foreign subsidiaries	1,236
Other auditing companies	Foreign subsidiaries	50

Other services rendered (€/000)

KPMG S.p.A.	Parent Company	Auditing Non-financial statement	60
KPMG S.p.A.	Parent company	Other certification services	25
KPMG S.p.A.	Parent company	Other services	11

The total of the fees paid to KPMG S.p.A. and to the companies of its *network* relating to 2020 is € 1,692 thousand while the total fees paid to other auditing companies relating to 2020 is € 50 thousand, for a total amount paid as fees for the year 2020 of € 1,742 thousand.

With reference to the assignment of further tasks to the Independent Auditors, the Board of Statutory Auditors reports that, following its positive opinion, the Company with resolution of the Board of Directors of 27 March 2019 approved its Internal Procedure for the assignment of Tasks to the Independent Auditors.

The Board of Statutory Auditors specifies that in the 2020 financial year the Company entrusted the audit firm KPMG with the following assignment relating to an *audit related* service: auditing of the " *Service Agreement - Intercompany Rechargeable Cost Calculation Scope of work ISA 805 - Special Considerations"* .

This service, both by type and by amount, is among those pre-approved by the Board of Statutory Auditors on the occasion of the approval of the " *Internal Procedure for the assignment of the Assignments to the Auditing Company* ".

Supervisory activities on the financial reporting process - Observations on the adequacy of the administrative-accounting system

For the purpose of supervising the financial reporting processes, the Board of Statutory Auditors, in addition to the aforementioned in-depth analyses carried out with the auditing company, from which no significant deficiencies and/or critical issues were found in the Company's internal control system as regards administrative and accounting processes, periodically met with the Financial Reporting Manager in charge of preparing the accounting documents, with the Company functions responsible for accounting controlling and the Group *Internal Audit* and *Risk Management function* to which the Manager in charge delegated the *risk scoping* and verification activities as provided by law no. 262/2005.

The administrative and accounting procedures aimed at preparing the separate and consolidated financial statements, have been prepared under the direction and responsibility of the Financial Reporting Manager in charge of preparing the accounting documents, who, together with the Chief Executive Officer, has certified their adequacy and the actual application.

The Financial Reporting Manager, during the periodic meetings:

- Did not report to the Board of Statutory Auditors significant deficiencies in the administrative and accounting control processes of the Company that could compromise this judgement of adequacy and effective application of the administrative-accounting procedures, for the purpose of the correct representation of the economic, asset and financial position of the management events in accordance with the international accounting standards.
- Has informed the Board of Statutory Auditors of the strengthening and formalising process of the administrative and accounting system of the Company also at Group level, which in particular currently envisages, as described in the Accounting Control Model pursuant to Law 262/2005:
    - A "*cascade*" system of internal certificates of conformity by all Group companies.

- A Group Accounting Manual, with update concluded in 2020, containing the current accounting standards and the criteria and operating procedures to be adopted in the evaluation of some financial statement items that are significant for complexity and/or relevance, so as to formalise in a single document the accounting practices of the Companies and facilitate uniformity of application by the subsidiaries.
- A Manual called "*Group Controls Manual*" ("Manual 262"), relating to the obligations referred to in Law 262/2005, as approved by the Board of Directors on 15 May 2019 and sent to all subsidiaries, that had an official second release during 2020.

Among the further improvement initiatives implemented by the Company in terms of administrative-accounting controls for the year 2021, it is underlined, with regard to the Manual 262, the implementation of further updates and, at the same time the integration with some tax controls.

The Financial Reporting Manager and the Chief Executive Officer signed the certifications relating to the separate and consolidated financial statements as at 31 December 2020, as required by art. 81 of the Issuers Regulation issued by CONSOB with Resolution no. 11971/1999 and subsequent amendments and additions.

The Board of Statutory Auditors also acknowledged the call of attention no. 1/21 of 16 February 2021 issued by Consob on the information to be provided in relation to the impacts of the Covid-19 pandemic and the related measures to support the economy, by supervised issuers, audit bodies and auditing companies, in relation to the 2020 financial statements drawn up in accordance with international accounting standards.

Lastly, the Board took note of the outcome of the *testing* activities on the controls *pursuant to* Law 262/2005 carried out in 2020 by the *Internal Audit* function, from which no significant deficiencies have emerged in the Company's accounting control system, while highlighting some situations of partial non-compliance related to the traceability of the controls carried out or to controls carried out in a way not fully in line with the provisions of the Manual, aspects on which the Board will verify in the future that the Company will promptly adopt the related corrective actions.

Considering the information received and the checks carried out, as well as having received from the CFO of the Company express confirmation of the adequacy of the accounting controls system in place, the Board considers the administrative-accounting system of Guala Closures substantially consistent with the provisions of current regulations.

Risks and uncertainties related to the use of the forecasts

As indicated in the financial statement, the current market environment is characterized, compared to the past, by a greater risk of limited predictability of macro-economic projections deriving essentially from a substantial degree of uncertainty regarding the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery that could occur in the coming years.

On 28 October 2020, the European Securities and Markets Authority (ESMA) issued a communication ("European common enforcement priorities for 2020 Annual Financial Reports") requiring the issuers, in the financial statements, to take into account the significant volatility and uncertainty related to the Covid-19 pandemic for the assessment of elements whose sustainability depends on future forecasts.

In this context of high uncertainty, and taking into account the recalled ESMA communication, the Board of Statutory Auditors points out, *inter alia*, that in the case of goodwill:

- the verification of the relative recoverability of the registered values confirmed, in the hypothesis and in the assumption that the pandemic has no effect on the plan, that the estimated recoverable value exceeds the book value by an amount of Euro 343 million;
- in order to assess the effect of covid-19 impacts, a stress test has been carried out that provides for a reduction in EBITDA over the entire explicit plan and on the terminal value in the hypothesis, not foreseen to date, that the effects of the pandemic can be permanently reflected on the volumes of the Group's activities. As a result, the reduction in EBITDA that would make the CGU recoverable value the relative book value at 31 December 2020 is 15.69%, higher than the negative percentage change reported in 2020 compared to 2019 (-12.3% at a constant perimeter; -13.7% at the current perimeter).

It should also be noted that:

- sensitivity analyses carried out to identify how the deviation of the main financial parameters (WACC and g rate) can impact the value of use, confirmed the Group's poor vulnerability to the effects of the crisis in the medium term and resilience in its ability to generate income in the long term;
- the impact of terminal value, in the estimation of the value in use carried out for the impairment test, on the enterprise value is 82%, due to the potential impact that makes it necessary to collect the accounting values of goodwill and other intangible assets should result from an expected reduction in the long-term cash flows considered for the purposes of terminal value, a scenario not considered probable by management as of today

Adequacy of instructions given to subsidiaries according to art. 114, paragraph 2, Legislative Decree n. 58/1998.

The Board monitored the instructions given by the Company to the subsidiaries pursuant to art. 114 par. 2 of the TUF. In particular, the Board of Statutory Auditors acknowledged that:

- in May 2019, a formal communication was sent to all companies informing that on 8 March 2019 the Board of Directors of Guala Closures, in light of Regulation No. 596/2014 relating to market abuse ("MAR"), approved and adopted the Market Abuse Code ("Code"), with the aim of defining the principles and rules relating to the prevention of so-called market abuses and, among other things, to regulate the management and communication of potentially privileged information that could be "price sensitive" (the "Privileged Information"), recalling the obligation for Guala Closures S.p.A. to correctly communicate the information relating not only to the Parent Company but also to the companies belonging to the Guala Closures Group, which can potentially affect the value of the listed shares;
- in the same context, companies have been informed that, under MAR and Consob Guidelines, the company must identify Privileged Information and information that, although not privileged, may become privileged in the future (the "Relevant Information");
- the members of the Board of Directors, General Managers, Managers and Employees with specific responsibilities, in accordance with the Code, have been formally required to identify Privileged Information and Relevant Information with the support of the committee set up for this purpose, called the "Mar Committee";

- it was periodically sent a communication to the subsidiaries to remember the obligation to fulfil the obligations prescribed by MAR, to confirm that no information of any kind had emerged to be reported and, finally, to request to make immediate information, on a constant basis, should Relevant or Privileged Information arise. The subsidiaries responded by confirming the absence of Privileged or Relevant Information.

Non-Financial Statement (included in the Annual Financial Report management report)

The Board of Statutory Auditors, having taken note of the Legislative Decree 254/2016 concerning the communication of non-financial information and the Implementation Regulation issued by the CONSOB with resolution dated 18 January 2018, in performing its function supervised the compliance with the provisions contained therein in relation to the preparation of the Consolidated Non-financial Statement (hereinafter also "CNS"), approved by the Board of Directors on 10 March 2021.

It also took note of the report issued by the Independent Auditors on 30 March 2021, which states that no elements were received that suggest that the Guala Closures group's CNS for the year ended on 31 December 2020 was not drafted, in all significant aspects, in compliance with the requirements of articles 3 and 4 of Legislative Decree 254/2016 and the *"Global Reporting Initiative Sustainability Reporting Standards"*.

Complaints *pursuant to* art. 2408 of the Italian Civil Code - Reports - Opinions issued pursuant to the law and the Corporate Governance Code

In 2020, the Board did not receive any complaint *pursuant to* art. 2408 of the (Italian) civil code.

On the basis of the activity carried out and the information obtained, no omissions, reprehensible facts or significant irregularities were required to be reported to the Supervisory Authorities or mentioned in this Report.

During the financial period and up to the date of approval of this report, the Board of Statutory Auditors issued opinions and expressed observations that current legislation and the Corporate Governance Code assign to its competence. Furthermore, the Board of Statutory Auditors reports that it has examined the Remuneration Policy for the 2021 financial year, as proposed by the Remuneration Committee in the meeting held on 29 March 2021, as well as the Report on the remuneration policy and salaries paid approved by the Board of Directors in the meeting of 29 March 2021, verifying that it contains the information required by art. 123 ter of the TUF and pursuant to art. 84 quater of CONSOB regulation 11971/1999.

Final observations

The Board of Statutory Auditors, on the basis of the supervisory activity performed, did not find significant irregularities or omissions and/or reprehensible facts, nor did it become aware of operations not based on compliance with the principles of correct administration, resolved and implemented not in compliance with the Law and the Articles of Association, not meeting the interests of Guala Closures, in contrast with the resolutions passed by the Shareholders' Meeting, manifestly imprudent or risky, such as to compromise the integrity of the corporate assets.

The Board of Statutory Auditors does not deem it necessary to exercise the right to make proposals to the Shareholders' Meeting pursuant to art. 153, second paragraph, of the TUF.

Having acknowledged the results expressed by the financial statements and the content of the Management Report accompanying it, the contents of the certification of the separate and consolidated financial statements, signed by the Chairman and Chief Executive Officer and by the Financial Reporting Manager, and considering the contents of the Reports drawn up by the Statutory Auditor, the Board of Statutory Auditors has not found, for the matters under its responsibility, any impediments to the approval of the financial statements closed on 31 December 2020 and to the proposal to allocate the result for the financial period formulated by the Board of Directors.

Rome, 30 March 2021

On behalf of the Board of Statutory Auditors

The President

Benedetta Navarra

Benedetta Navarra