OI EUROPEAN GROUP B.V.

Schiedam, The Netherlands

Annual Report 2019

OI EUROPEAN GROUP B.V.

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OI EUROPEAN GROUP B.V.

Directors' report

The Board of Managing Directors herewith submits the Financial Statements of OI European Group B.V. (the Company) for the financial year ended December 31st, 2019.

Summary of activities and source of income

The Company mainly acts as a holding and finance company for certain European, Asian and Latin American operations of O-I Glass Inc. ("the Parent company").

The Company's source of income consists of dividend received from its subsidiaries and interest income on its Global lending position, offset by the interest paid to intercompany parties as well external parties.

The state of affairs of the Company at the closing of the financial year is adequately presented in the balance sheet and the income statement, published herewith.

During the year the Company entered into several agreements with its participations and its shareholder including several group companies to streamline their legal structure of which the main ones are listed below.

Project Sky
Due to the competitive and rapidly changing environment and industry in Europe and given various internal and external business challenges, it is decided to refine the European Business Model. This refinement of the organizational model includes the merger of the local manufacturing and sales and distribution entities into one local entity. As a result, various intercompany agreements within Europe are amended whereby O-I Europe Sarl still directs and manages the activities and takes the main commercial and financial decisions within Europe. In the refined European Business Model similar arm's-length intercompany remunerations will apply.
Because of the merger of the local manufacturing and sales and distribution entities into one local entity most entity names have changed names per 1 january 2019. For OI European Group B.V. it meant that O-I Sales and Distribution Spain merged into Vidrieria Rovira S.L. and O-I Sales & Distribution Netherlands B.V. merged into O-I Netherlands B.V.

O-I Glass Ltd
As part of Project Sky the Company contributed an amount of EUR 115mln in its investment in the U.K.

Joint venture CO Vidrieria GmbH
In 2019 O-I Global Holdings C.V. transferred it's joint venture CO Vidrieria GmbH in Mexico with Constellation Brands to OI European Group B.V. by way of capital contribution. Both the Company's equity as well as the investments increased by EUR 366mln.

O-I LATAM B.V.

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In 2019 OI European Group B.V. incorporated O-I LATAM B.V. Subsequently, O-I Global Holdings C.V. transferred it's subsidiary O-I Glass C.V. via OI European Group B.V. into O-I LATAM B.V. by way of capital contribution. Both the Company's equity as well as the investment in O-I LATAM B.V. increased by EUR 340mln. In December 2019 O-I LATAM B.V. declared a dividend of EUR 441mln by transferring a loan receivable that was owned by O-I Glass C.V. and that O-I LATAM B.V. received as dividend from that entity. Part of this dividend (EUR 405mln) is considered as a capital repayment and deducted from the investments value.

USD 225mln Bilateral Term Loan Agreement
The Company attracted a new loan with the Bank of America with a sustainability – linked pricing mechanism. The proceeds are converted into EUR 204mln and contributed to the Company's subsidiary O-I LATAM B.V.

Senior Secured Credit Facility due 2024
In June 2019 the Company is borrowing under O-I's Senior Secured Credit Facility Agreement entered into on June 25, 2019. The proceeds were used to partly repay senior notes 6.785% due 2020 for the amount of EUR 250mln plus redemption fees and expenses. The term loan terminates in June 2024. At December 2019 the outstanding balance was USD 583mln

Partial redemption 6.75% Senior notes due 2020
In July 2019 the Company repaid EUR 250mln of the principal outstanding amount to the holders of the Company's outstanding 6.75% senior notes due 2020. Following the redemption, EUR 250 mln remaining principal amount of the notes were repaid in November 2019.

Senior notes due 2025
In November 2019 the Company offered EUR 500mln aggregate principle amount of senior notes due 2025.
The proceeds are used to redeem the remaining EUR 250mln outstanding 6.75% senior notes due 2020 and to partly redeem 4.875% senior notes due 2021 of which an amount of EUR 118mln remains.

Impairments
Further to last year's assessment of the market valuation of the investment portfolio, the entity O-I Argentina S.A. had a further impairment charge of EUR 2mln, which relates to additonal loans provided throughout the year.

In 2019 a prior year's impairment on the investment in Brasil has been reversed. Because of an improved product mix and market developments, in combination with savings on energy consumption and maintenance the forecasts improved significantly.

In 2020 the Company's business in Australia and New Zealand is divested and sold to Visy Industries. The purchase price based on fair market value triggered an impairment per 31 December 2019. Derived from the purchase price the Company calculated the fair market value of its investment in Owens-Illinois Holding (Australia) Pty. Ltd and concluded that it was below the carrying value at 31 December 2019, by EUR 141mln.

Finance activity
The Company assesses its capital raising and refinancing needs on an ongoing basis and may enter into additional credit facilities and seek to issue equity and/or debt securities in the domestic and international markets if the market conditions are favourable. Also depending on the market conditions, the Company may elect to repurchase portions of its debt securities in the open market.

Solvency and liquidity
The Company mainly acts as an intermediate holding and financing company for certain European, Asian and Latin American operations of O-I Glass Inc. As from incorporation in 1999 the Company is mainly financed with debt, which was used to finance its activities. Taking commonly used solvency and liquidity ratios into account, the Company shows (with some exceptions) a stable development over its course of existence. The ratio's are used as follows:

	2019	2018	2017
Solvency: (Equity / Total debt) :	20%	17%	17%
Liquidity:			
(Current assets / current liabilities) :	10%	16%	24%

The Company's working capital (cash + short term assets - short term liabilities) shows a negative balance. However, this mainly relates to intercompany liabilities for which O-I Glass, Inc. issued a letter of support, (see next paragraph). The external short term liabilities totals EUR 245mln (note 17, EUR 236mln and note 15, EUR 9mln) which is already paid at the date of preparation of this annual report.

During the last three years the Company refinanced its activity more and more with external bonds which will not mature on short notice and are guaranteed by various related companies.
Additionally, most short term intercompany payables characterize as long term liabilities and it is not expected that counterparties will claim on the spot. If there is a need to repay any obligation the Company will make use of its ability to refinance this within the O-I group of companies, which is part of its ongoing finance activity as mentioned above.
Additionally, O-I Glass, Inc issued a letter of support, in which is confirmed that the subsidiaries will not claim these short term balances within twelve months after preparation of these financial statements, if this will result in going concern issues for OI European Group B.V. Taking this into consideration, management is comfortable to apply a going concern principle.

During the year under review, the Company recorded a net loss of **EUR 84mln.** Details of which are set out in the attached income statement.

General Development of Business

O-I Glass, Inc. (the “Parent Company”), through its subsidiaries, is the largest manufacturer of glass containers in the world with leading positions in Europe, North America, South America and Asia Pacific.

Strategic Ambition and Competitive Strengths

The parent company is pursuing the following ambition:

- To be the world's leading maker of brand-building glass containers
- To deliver unmatched quality, innovation and service to their customers
- To generate superior financial results for their investors
- And to provide a safe, motivating and engaging work environment for their employees.

Risk and risk appetite

The principle activity of the Company is the holding of investments and financing of these activities, globally. As part of the global business the Company faces risks and uncertanties. The Company faces currency-, liquidity-, and credit risk. The management prefers to be risk aversive in general. Additionally, the Company's assets including long term investments, are generally less liquid than the liabilities.

The Board of Managing Directors utilizes a risk management policy and receives regular reports to enable prompt identification of financial risk so that appropriate action may be taken. The Company employs written policy and procedures that set out specific guidelines to manage foreign exchange risk, interest risk, credit risk, liquidity risk and the use of financial instruments to manage these.

As per January 1, 2006 the Company's former shareholder, OI Global C.V., had also entered into a Profit Guarantee agreement with the Company which had no due date. The Profit Guarantee agreement ensured that the Company at all times would earn the agreed minimum margin on its' financing activities (excludes all holding interest) and ensured any remaining F/X risks borne by the Company were for the benefit or the account of the profit guarantor.

As per January 1, 2006 the Company's former shareholder, OI Global C.V., was guarantor of various loans made by the Company to several group companies. The guarantor guaranteed each and every principal and interest amount. In 2016 the agreement has been renewed. The Company bore a risk and paid the maximum amount of EUR 4,000,000. The actual risk was calculated pro-rata in relation to all outstanding loans together of any shortfall upon an event of default, like indebtness, in terms of principal amount and/or interest payments due. The remainder of any shortfall would then be borne by the guarantor.

As part of significant changes in tax legislation in the US (as well as anticipated changes in Dutch tax legislation), it was concluded in 2018 that it was no longer beneficial to have OI Global C.V. as parent company. In 2018 it was decided to liquidate O-I Global C.V. As a consequence thereof O-I Global Holdings C.V. became the new parent of the Company. As a result, the Profit Guarantee Agreement (note 26), the Guarantee Agreement (equity at risk agreement note 25) as well as the financing APA (12 bps) have automatically been cancelled.

The financial impact was estimated to be limited to the currency result of the loans that are not hedged (Brazil and Argentina) as well as any default like indebtness in terms of principal amount and /or interest due. The risk of indebtness is estimated to be the total the intercompany loans and related accrued interest and amounts to EUR 449mln (2018: 618mln). Also the financing result will increase, given the increased risk profile of the Company.
Although currently the tax implications are being discussed, it is assessed that the tax impact of the change of shareholder and cancellation of the mentioned agreements will be limited.
As part of the liquidation of OI Global C.V. the Company became 100% owner of O-I Ecuador LLC and O-I Hungary LLC in 2018.

Apart from the fact that O-I Global Holdings C.V. is the full owner of OI European Group B.V. it also has a significant interest in the Mexican operations which is operating well. O-I Global Holdings C.V. is mainly financed with equity and as such the credit risk is limited.

The Company's investment in group companies is subject to impairments. Periodically, the Company assesses whether there are impairment indicators and if so, assesses whether an impairment is required based on the realizable value, in line with generally accepted accounting principles. In the analysis the Company makes use of certain assumptions. Throughout the year the Board of Managing Directors assesses the capital raising and refinancing needs of its group companies. In case a group company is in need of significant additional funds, this will signal the Board of Managing directors of potential impairments.

Furthermore, derivative financial instruments such as forward currency contracts are used to manage risks generally associated with foreign exchange rates and interest rates on the Company's loan portfolio.
Reference is also made to the notes to the financial statements for further details on financial risk management.

The Company needs to adhere to local and international laws and regulations. Part of the implemented SOX controls cover these risks. The Board of Managing Directors are aware of (local) reporting requirements and makes sure that reporting deadlines are met. Regarding tax compliance the Company makes use of "horizontaal toezicht" and makes sure that all transactions are "at arms lenghts".

Other strategic risk is managed by O-I Glass, Inc, the Company's ultimate parent, which is set out above.

There are no R&D expenses as these are made by the Company's ulitmate parent and various factories in the regions.

Employees of the Company

The Company employed 3 employees in 2019. During the year no Directors changes occured.

As of January 1, 2013, the Dutch Management and Supervision Act came into effect. With this Act, statutory provisions were introduced to encourage a balanced representation of men and women in the management boards and supervisory boards of companies governed by this Act. Balanced representation of men and women is deemed to exist if at least 30% are filled by women.
The Board of Managing Directors had one seat taken by a woman in 2019, however in September 2020 MB. Wilkinson left O-I. The Board of Managing Directors recognizes the benefits of diversity, including gender balance. However, it feels that gender is only one component of diversity.
Management Board members will continue to be selected on the basis of wide ranging experience, backgrounds, skills, knowledge and insights.

Future developments and post balance sheet events, including COVID-19

For O-I Group, the first half of 2020 was the most challenging business environment in decades given the sudden onset of the pandemic. However, the second quarter ended on a positive note. After enduring the brunt of COVID-19 in April and May, O-I’s sales volume improved significantly in the latter part of the quarter as markets started to reopen. Likewise, continued strong operating performance and cost control measures helped partially mitigate the impact of the pandemic and contributed to very good cash flow in the quarter, Globally, O-I successfully advanced a number of important strategic efforts to create long-term value. O-I’s global turnaround initiatives provided a strong platform to improve operating performance and navigate the pandemic.
The Company recently completed the sale of its Australia and New Zealand (“ANZ”) operation to optimize its structure and reduce debt. Furthermore, within the O-I group, refinancing efforts improved the company’s financial flexibility, and the Paddock Chapter 11 continues to progress as O-I seeks a final resolution of its legacy asbestos liabilities. Consistent with O-I’s goal to revolutionize glass, the group remains on track with the Generation 1 MAGMA installation in early 2021 that will pave the way for broader deployment starting in 2022.
O-I is actively monitoring the impact of the COVID-19 pandemic on its business and results of operations in 2020 and potentially beyond. The extent to which O-I’s operations will be impacted by the pandemic may depend on future developments, which are uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the pandemic and actions by governmental authorities to contain the outbreak or treat its impact among other things. Currently, it is not expected that the COVID-19 pandemic will result in material impairments of investments in subsidiaries or loans for OI European Group B.V.

Final repayment 4.875% senior notes due 2021
In May 2020 the Company repaid it's 4.875% senior notes due 2021 of which an amount of EUR 118mln remained at 31 December 2019.

Divest Austalia and New Zealand Business operations
In June 2020 O-I announced that it will divest its Australia and New Zealand (ANZ) business unit to Visy Industries. The gross proceeds of AUD $ 947mln are used to reduce debt. O-I's Indonesian, business PT Kangar, is excluded before the ANZ business divestiture will be completed and is sold to OI European Group B.V.

Capital contribution Argentina S.A.
In September 2020, the Company contributed an amount of USD 21.7mln to its subsidiary O-I Argentina S.A., which will use the funds to refinance its debt including a repayment of a loan with OI European Group B.V.

Change of board member
In September 2020 MB.Wilkinson decided to leave O-I. Her successor is Mr. A. Patel.

Partly repayment of Bilateral Term Loan Agreement
In September 2020 part of the Bilateral Term Loan Agreement is repaid by USD 125mln (EUR 105mln).

The Board of Managing Directors,

Mr. A. Patel	Mr. J. Ritmeijer	Mr. R. de Haan
Mr. S. Gedris	Mr. G. Copper	

Schiedam, 9 December 2020

OI EUROPEAN GROUP B.V.

Balance Sheet as at December 31st, 2019
(in EUR, after appropriation of results)

	Notes	2019		2018
ASSETS				
Non-current assets				
Financial assets	6	4.033.350.513		3.357.115.171
		4.033.350.513		3.357.115.171
Current assets				
VAT receivable		76.536		13.888
Intercompany receivable	8	128.175		53.803
Corporate income tax receivable	7	9.362.670		1.186.519
Deferred tax asset	7	19.136.739		8.182.640
Other receivables	9	4.844.166		1.085.880
Short term intercompany loans receivable	10	3.532.215		31.789.519
Interest receivable	11	7.061.631		7.039.680
Cash at banks	12	66.893.712		131.062.172
		111.035.844		180.414.101
TOTAL ASSETS		4.144.386.357		3.537.529.272
EQUITY AND LIABILITIES				
Equity	13			
Issued and paid-up capital		18.450		18.450
Change in fair value of derivatives		308.232		(4.991.343)
Share premium reserve		652.773.218		388.194.216
Other reserves		46.543.506		130.826.466
		699.643.407		514.047.789
Non-current Liabilities	14	2.289.833.011		1.926.132.471
Current Liabilities				
Interest payable	15	10.016.967		25.566.164
Intercompany payable	16	34.249.574		30.683.018
Accounts payable and short term liabilities	17	236.469.711		657.858
Short term intercompany loans payable	18	873.568.227		1.039.680.897
Intercompany account f/x contracts	19	605.459		761.075
		1.154.909.939		1.097.349.012
TOTAL EQUITY AND LIABILITIES		4.144.386.357	##	3.537.529.272

OI EUROPEAN GROUP B.V.

Income Statement 31st December, 2019
(in EUR)

	Notes	2019	2018
Dividend income	20	76.930.009	24.768.223
Other non-routine income	21	--	100.948.034
Total income		76.930.009	125.716.257
Impairment gains / (losses)	22	(83.995.226)	(81.374.766)
Interest income on loans	23	38.950.345	44.938.567
Interest expense on loans	24	(5.311.760)	(20.606.869)
Interest expense on loans bank		(146.516.794)	(90.886.627)
Interest income on derivatives		22.798.512	12.023.183
Other short term interest		(151.824)	1.369.081
Other income and expense		1.208	(204.551)
Result profit guarantee agreement	26 & 27	21.770	48.335.635
Exchange differences (loss) / gain	28	(4.081.491)	(33.926.901)
		(178.285.260)	(120.333.248)
Total operating result		(101.355.251)	5.383.009
General and administrative expenses		(589.712)	(845.397)
Total expenses		(589.712)	(845.397)
RESULT BEFORE TAXATION		(101.944.963)	4.537.612
Corporate income tax (loss) / gain	7	17.662.003	7.065.212
NET RESULT AFTER TAXATION		(84.282.960)	11.602.824

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

1 GENERAL

OI European Group B.V. is a Dutch private company with limited liability. It is incorporated in Eindhoven on February 17, 1999 and 100% subsidiary of OI Global Holdings C.V. The Company is registered at the Commercial register with number 24291478. The principal activity of the Company is the holding of investments in group companies and the financing of these activities. The Company's statutory office address is Buitenhavenweg 114, 3113 BE Schiedam, The Netherlands, while as per February 2019 the office place of business is Spoorstraat 7, 3112 HD Schiedam, The Netherlands. The ultimate parent of the Company is O-I Glass, Inc, which has its place of business at Perrysburg, Ohio (United States of America). The Financial Statements of O-I Glass Inc. can be found on www.o-i.com.

2 PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

The accompanying financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and in accordance with the generally accepted accounting principles accepted in the Netherlands (RJ).

(a) Comparison with previous year

The principles of valuation and determination of result remained unchanged compared to the previous year.

(b) Foreign currencies

All assets and liabilities denominated in currencies other than Euro have been translated at the rates on balance sheet date. All transactions in foreign currencies have been translated into Euro at rates of exchange approximating those prevailing on the dates of the transaction. Unless otherwise indicated, any resulting exchange differences are included in the income statement. Income and expenses are translated at the average rates of exchange during the year.

Exchange rates used at year-end:

	2019	2018
USD	0,8927	0,8752
ARS	0,0149	0,0232
BRL	0,2220	0,2259
CHF	0,9223	0,8883
CAD	0,6840	0,6421
AUD	0,6253	0,6179
GBP	1,1710	1,1104
PLN	0,2352	0,2326
HUF	0,0030	0,0031
CZK	0,0394	0,0389
SGD	0,6627	0,6413
NZD	0,6007	0,5874

(c) Financial assets

The financial assets include participating interests and non-current receivables.
Because of application of Article 408 as well as strong international entanglement the participating interests, are stated at acquisition cost in accordance with Article 389.9 of the Dutch Civil Code.
In case of a prolonged decline of the value of the shares, the participating interests are recorded at lower market value as determined on the basis of the Business Enterprise valuation of the group companies. Non-current receivables are valued at the lower of amortized cost or net realizable value.
Considering interest rates are generally variable, fair value does generally not materially differ from amortized cost value (except for the impact of impairments).
The losses arising from impairment are recorded through the income statement.

(d) Current assets / liabilities

On initial recognition current assets and liabilities are valued at the fair value adjusted for transaction costs. After initial recognition current assets and liabilities are recognized at amortized cost using the effective interest method. Provision for bad debts are deducted from the carrying amount of the receivable.
The fair value of financial instruments included in the current assets and liabilities does generally not differ from the nominal value.

2 PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES (Continued)

(e) Hedge of foreign currencies

Derivative financial instruments such as forward currency contracts are used to manage risks generally associated with foreign exchange rates. These are included in the balance sheet at fair value on the date of which a derivative contract was entered into and are subsequently re-measured at fair value. Re-measurement is recorded as realized/unrealized loss or gain through the income statement. The fair value of forward currency contracts is based on the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. See notes 9 and 19 for additional information related to derivative instruments.

The Company has borrowings denominated in currencies other than the functional currency. As a result, the Company is exposed to fluctuation in currency of the borrowing against the Company's functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as cash flow hedges of foreign exchange risks. The effective portion of the changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded in equity and is subsequently reclassified into earnings in the period for which the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative is recognized directly in earnings.

The Company's fixed-to-variable interest rate swaps are accounted for as fair value hedges. The relevant critical terms of the swap agreements match the corresponding terms of the notes and therefore there is no hedge ineffectiveness. The Company records the fair market values of the swaps as a liability or asset with a corresponding change in the carrying value of the hedged debt.
Under the swaps the Company receives fixed rate interest amounts (equal to the interest on the corresponding hedged note) and pays interest at a six-month Euribor rate (set in arrears) plus a margin spread. The interest rate differential on each swap is recognized as an adjustment of interest expense during each six-month period over the term of the agreement.
The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

(f) Financial risk management

Currency Risk
The company operates globally. The currency risk for the Company largely concerns positions and future transactions in US dollars, New Zealand Dollars, Hungarian Forint and Polish Zloty. Management has determined, based on a risk assessment, that some of these currency risks need to be hedged. Forward exchange contracts are used for this purpose. Additionally, the Company uses cross currency swaps as cash flow hedges.

Liquidity Risk
The Company uses Citi bank globally in order to avail itself of a range of overdraft facilities. As of 2020 the Company stopped using Citi bank and the revolver and overdraft facilities are provided for under the bank credit agreement.

Credit Risk
The Company does not have any significant concentrations of credit risk to external counterparties. For banks and financial institutions only independently rated parties with sufficient ratings are accepted. These counterparties do not have a history of non-performance.
The exposure with respect to receivables from group companies/related parties (which forms the majority of the credit exposure) is monitored based on the individual financial positions and business plans as well as the overall credit rating of the group as a whole.

Interest rate risk
The Company bears an interest risk on the fluctuation in libor and Euribor considering several loans and derivatives are based on these interest benchmarks.

Fair value risk
The Company bears a fair value risk on various loans with fixed interest. The Company uses an interest rate swap as fair value hedge.

(g) Non-current liabilities

Long-term liabilities are carried at amortized cost, being the amount received taking account of any premium or discount, less transaction costs. The difference between the carrying value determined and the ultimate repayment value, together with the interest due, is determined in such a manner that the effective interest is taken to the income statement during the term of liabilities.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

3 PRINCIPLES OF DETERMINATION OF RESULT

(a) General

Result is mainly determined as the difference between dividend income, interest income and the costs of fundings and other charges for the year. Income from transactions is recognized in the year in which it is realized.

(b) Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognized in the income statement in the period that they arise. Exchange rate differences on long-term loans relating to the financing of foreign participations are recognised in the income statement in the period they arise.

(c) Financial income and expenses

Interest income and expense is recognized on a time-weighted basis, making allowance for the effective interest rate applicable to the asset and liability item in question.
Dividend income is recognized as soon as the company has the right to such income.

(d) Taxation

Domestic corporate income tax is determined by applying Dutch fiscal practice rules and taking into account allowable deductions, charges and exemptions.

(e) Result guarantee agreements

The Company was a party in several result guarantees:

- As per January 1, 2006 the Company's former shareholder, OI Global CV, was guarantor of various loans made by the Company to several group companies. The Guarantee agreement has been terminated on 31 August 2018;
- As per January 1, 2006 the Company's former shareholder, OI Global CV, ensured that the Company at all times would earn the agreed minimum margin on its financing activities and any remaining F/X risks borne by the Company were for the benefit or the account of OI Global CV. The FX agreement has been terminated on 31 August 2018 and;
- As per 24 February 2007, the deficit or surplus of O-I Netherlands B.V. (former O-I Manufacturing Netherlands B.V.) were for the benefit or the account of the Company.

As part of significant changes in tax legislation in the US (as well as anticipated changes in Dutch tax legislation), it was concluded in 2018 that it is no longer beneficial to have OI Global C.V. as parent company. It was decided in 2018 to liquidate OI Global C.V.. As a consequence thereof OI Global Holdings C.V. became the new parent of the Company. As a result, the Profit Guarantee Agreement (note 26), the Guarantee Agreement (equity at risk agreement note 25) as well as the financing APA (12 bps) have automatically been cancelled. The financial impact is estimated to be limited to the currency result of the loans that are not hedged (Brazil, Argentina and O-I Glass C.V.) as well as any default like indebtness in terms of principal amount and /or interest due. The risk of indebtness is estimated to be the total of the intercompany loans and related accrued interest and amounts to EUR 449mln (2018 EUR 618mln). Also the financing result will be increased, given the increased risk profile of the company.
Although currently the tax implications are being discussed, it is assessed that the tax impact of the change of shareholder and cancellation of the mentioned agreements will be limited. Note 25, 26 and 27 provide further details on these arrangements.

As the generally accepted accounting principles in the Netherlands do not provide specific guidance on result guarantees, the Company decided to recognize in the income statement of a specific year the amounts the Company becomes entitled to or liable for based on the results in that specific year. Hence, the Company does not recognize the guarantees as assets or liabilities in the balance sheet (except regarding the amounts recognized in the income statement but not yet paid or received) nor treat the payments and receipts as informal capital contributions or informal dividends. Given the duration of the guarantees and the fact that the guarantees are between related parties, it is difficult, if not impossible, to determine a reliable estimate of the value of the guarantee at the signing date of the agreements. In addition, given that the current payments and receipts are based on agreements signed in the past, these amounts are not informal capital contributions or dividends in the year they occur.

4 CONSOLIDATION

Consolidated Financial Statements have not been prepared, as is permitted by Article 408, Book 2 of the Dutch Civil Code.
Pursuant to the conditions of this article, the Company will file with the Trade Register of the Chamber of Commerce in Rotterdam the consolidated financial statements of its (ultimate) parent company O-I Glass Inc., Perrysburg, United States of America.

5 CASH FLOW STATEMENT

In accordance with section RJ 360.104 the Company applies for exemption from including a cash flow statement in the financial statements.
The consolidated cash flow statement is included in the financial statements of O-I Glass Inc.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

NON-CURRENT ASSETS

6 FINANCIAL ASSETS

	Investments in group companies	Amounts due from shareholder	Amounts due from indirect investments	Amounts due from direct investments	Total
Closing balance 2017 (restated)	2.711.674.488	--	386.386.829	580.428.432	3.678.489.749
Movements 2018					
Acquisitions/new loans	111.873.963	--	5.931.960	7.129.354	124.935.277
Repayments	--	--	(342.853.734)	(38.156)	(342.891.890)
Impairments *	(77.800.000)	--	--	--	(77.800.000)
Foreign exchange effects	--	--	4.003.949	(29.621.914)	(25.617.965)
Closing balance 31st December, 2018	2.745.748.451	--	53.469.004	557.897.716	3.357.115.171

	Investments in group companies	Amounts due from shareholder	Amounts due from indirect investments	Amounts due from direct investments	Total
Closing balance 31st December, 2018	2.745.748.452	--	53.469.004	557.897.716	3.357.115.172
Movements 2019					
Acquisitions/new loans	1.026.591.175	419.946.267	446.741.056	33.418.920	1.926.697.418
Repayments	(405.640.896)	(112.340.303)	(473.516.979)	(170.529.078)	(1.162.027.256)
Impairments *	(82.882.909)	--	--	(2.488.605)	(85.371.514)
Foreign exchange effects	--	--	1.055.975	(4.119.283)	(3.063.307)
Closing balance 31st December, 2019	3.283.815.822	307.605.965	27.749.057	414.179.670	4.033.350.513

* (Reversal of) impairments made to investments in Brazil are based on Business Enterprise Value calculations (BEV).
In 2020 the Company's business in Australia and New Zealand is divested and sold to Visy Industries. The purchase price based on fair market value triggered an impairment per 31 December 2019. Derived from the purchase price the Company calculated the fair market value of its investment in Owens-Illinois Holding (Australia) Pty. Ltd and concluded that it was below the carrying value at 31 December 2019, by EUR 141mln.

On a yearly basis the investments are reviewed and based on qualitative information, determined if there are impairment indicators. If it is determined that there are impairment indicators, the Company determines the realizable value of the investment, where relevant taking into account non-operating assets and liabilities. If realizable value is based on BEV calculations, the BEV is computed based on estimated future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. If the realizable value is less than the carrying value for any investment, then impairment must be recognized. Impairments will be calculated by comparing the investment's fair value with the carrying amount of the investment. Any excess of the carrying value of the unit over the realizable value will be recorded as an impairment loss. The calculations of the realizable value are based on significant unobservable inputs, such as projected future cash flows of the investments, discount rates, and terminal business value, and are classified as Level 3 in the fair value hierarchy. The Company's projected future cash flows incorporates management's best estimates of the expected future results including, but not limited to, price trends, customer demand, material costs, asset replacement costs and any other known factors.

All investments are considered group companies except for Andover (11.6%), OST-Tara (19%), Sichuan SkyHorse Glass Co. Ltd (42%) and CO Vidrieria GmbH (50%). In Fabrica de Vidrios there is a direct 32% interest and through indirect investment there is control. The Company's investments in Andover, OST-Tara, Sichuan SkyHorse Glass Co. Ltd., CO Vidrieria GmbH and group companies comprise the following:

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
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6 FINANCIAL ASSETS (Continued)

Name	Registered office	Ownership	Acquisition cost	2019	2018
Centro de Mecanizados del Cauca S.A.	Colombia	100,00%	8.734.595	8.734.595	8.734.595
Cristaleria Peldar, S.A.	Colombia	58,41%	34.368.673	34.368.673	34.368.673
Fabrica de Vidrios los Andes, C.A.	Venezuela	32,00%	1.415.737 (a)	--	--
Owens-Illnois do Brasil Indùstria e Comércio ("OI Brasil")	Brazil	99,47%	182.818.301	162.686.265	105.018.301
OI Canada Holdings B.V.	Netherlands	100,00%	98.833.073	98.833.073	98.833.073
O-I Ecuador LLC	United States	100,00%	17.117.253	17.117.253	17.117.253
OI Europe Sarl	Switzerland	100,00%	794.186	794.186	794.186
O-I Europe SAS	France	100,00%	395.037.000	395.037.000	395.037.000
CO Vidrieria GmbH	Switzerland	50,00%	366.644.860 (c)	366.644.859	--
OI Jaroslaw Centrum Serwisowe Maszyn Sp. z.o.o.	Poland	99,00%	877.877	877.877	877.877
OI Finnish Holdings OY	Finland	100,00%	7.161.656	7.161.656	7.161.656
O-I Glasspack Beteiligungs & Verwaltungs GmbH	Germany	100,00%	163.851.655	163.851.655	163.851.655
Sichuan Skyhorse Glass Co. Ltd.	China	42,00%	17.122.506	17.122.506	17.122.506
OI Hungary LLC	United States	100,00%	76.427.037	76.427.037	76.427.037
O-I Italy Spa	Italy	99,78%	192.734.156	192.734.156	192.734.156
O-I Netherlands B.V.	Netherlands	100,00%	175.529.589 (b)	175.529.589	157.631.589
O-I LATAM B.V.	Netherlands	100,00%	139.154.550 (d)	139.154.550	--
O-I Glass C.V.	Netherlands	0,01%	39.389 (e)	39.389	--
Owens-Illinois Holding (Australia) Pty. Ltd.	Australia	100,00%	1.229.761.060	598.919.249	739.469.690
O-I Andover Group Inc.	Australia	11,60%	28.517.897	28.517.897	28.517.897
O-I Sales & Distribution Netherlands B.V.	Netherlands	100,00%	17.898.000 (b)	--	17.898.000
Owens-Illinois de Venezuela, C.A.	Venezuela	73,97%	12.044.372 (a)	--	--
O-I Glass Ltd	United Kingdom	100,00%	246.383.654	246.383.654	131.272.174
OST-Tara	Russia	19,00%	1	--	--
O-I Argentina S.A.	Argentina	92,00%	61.054.892	--	--
Vidrieria Rovira S.L.	Spain	100,00%	292.466.584 (b)	292.466.584	263.051.683
Owens - Illinois Singapore Pte. Ltd	Singapore	100,00%	260.414.118	260.414.118	260.414.118
O-I Sales and Distribution Spain	Spain	100,00%	29.414.901 (b)	--	29.414.901
OI GMEC Lurin S.r.l	Peru	99,00%	-- (f)	--	432
			4.056.617.573	3.283.815.822	2.745.748.452

a) Regarding the two companies in Venezuela reference is made to Note 21 "Other non-routine income".

b) As part of Project Sky, O-I Sales and Distribution Netherlands B.V. merged into O-I Netherlands B.V. and O-I Sales and Distribution Spain merged into Vidireria Rovira S.L..

c) CO Vidrieria GmbH is acquired (via a capital contribution) in May 2019 and recognized at fair market value.

d) O-I LATAM B.V. is incorporated in September 2019 by the Company with a share capital of EUR 1. After incorporation, O-I Glass CV (that was transferred as a capital contribution for the amount of USD 372mln from O-I Global Holdings C.V. to the Company, using 'carry-over accounting') was contributed to O-I LATAM B.V. in October 2019 and subsequently the Company contributed the proceeds of the bilateral term loan of USD 225mln. In December 2019 O-I LATAM BV declared a dividend of EUR 441mln. Part of this dividend (EUR 405mln) is considered as a capital repayment and deducted from the investments value.

e) In October 2019, as part of a global restructering, a minority interest of 0.01% is acquired in O-I Glass C.V. via a capital contribution. For this transfer "carry-over accounting" using the company's bookvalue is applied according to Dutch GAAP.

f) In April 2019, OI GMEC Lurin S.r.l. is sold to anothor group company.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

6 FINANCIAL ASSETS (Continued)

The amounts due from indirect investments are specified as follows:

Name	Interest	CCY	Amount in CCY		2019	2018
O-I Sales and Distribution France SAS	6-months Libor plus 2.25%	EUR	--		--	29.153.207
O-I Singapore Pte Ltd	6-month Libor plus 2.5%	USD	4.500.000		4.017.140	3.938.386
O-I Canada Corp	6 months Libor plus 1.612%	CAD	28.347.920	b)	19.390.180	16.351.353
O-I Hong Kong Ltd	6-months Libor plus 2.0%	USD	4.527.554	b)	4.041.737	3.726.058
BSN Distribution SO	1-month Libor plus 4.25%	EUR	300.000		300.000	300.000
					27.749.057	53.469.004

The amounts due from direct investments are specified as follows:

Name	Interest	CCY	Amount in CCY		2019	2018
O-I Netherlands B.V.	1-month all in rate of 8.465%	BRL	1.090.543.435	b)	242.086.374	246.313.907
O-I Europe SAS	6-month Libor plus 4.8%	EUR	164.752.862	b)	164.752.862	157.398.966
O-I Europe Sarl	6-month Libor plus 4.56%	HUF	29.999.967	b)	90.681	6.227.165
O-I Europe Sarl	6-month Libor plus 1.46%	PLN	21.343.941		5.019.671	--
O-I Europe Sarl	6-month Libor plus 1.44%	EUR	100.000	b)	100.000	146.027.474
OI Jaroslaw Centrum Serwisowe Maszyn Sp. z.o.o.	6-months Libor plus 7.17%	PLN	9.057.241		2.130.083	1.927.864
O-I Glasspack Beteiligungs & Verwaltungs GmbH	6-months Libor plus 1.25%	EUR	--		--	2.340
O-I Argentina S.A.	6-months flat rate of 1%	ARS	851.254.834	a)	--	--
					414.179.671	557.897.716

The amounts due from the shareholder are specified as follows:

Name	Interest	CCY	Amount in CCY	2019	2018
O-I Global Holdings C.V.	Fixed all-in 2.83%	EUR	307.605.965	307.605.965	--
				307.605.965	--

Most loan agreements include a termination date of 31 May 2023, however some agreements are different or do not provide for a specific repayment date, which is to be agreed between the parties. The intention is that the loans are long-term. On termination dates, normally these loans are extended if needed. The movements on the loans are related to the working capital changes, interest capitalized and foreign exchange movements.

a) Loan has been impaired because there are objective indications of a decline in value. Please refer to Note 22. However, in September 2020 the loan is repaid by O-I Argentina S.A. following a capital contribution by the Company. This hence concerns a 2020 non-adjusting event that does not change the impairment per 31-12-2019.
b) During 2020, the loan agreements of these loans have been amended and the termination date extended.

OI EUROPEAN GROUP B.V.

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CURRENT ASSETS

7 CORPORATE INCOME TAX

For Dutch corporate income tax purposes, OI European Group B.V. as a parent company is part of a fiscal unity with its Dutch subsidiaries OI Canada Holdings B.V., O-I Netherlands B.V. and Veglarec B.V.. During 2019 O-I LATAM B.V. and O-I Spanish Holdings B.V. have been included in the fiscal unity. For Dutch tax purposes, the taxable income of the fiscal unity companies is consolidated. On a stand alone basis OI European Group B.V. has incurred a taxable loss for the current year.
Furthermore, the fiscal unity as a whole incurred a taxable result for the year of EUR 2,585,208, which can be fully offset with NOL's as a result of which no Dutch corporate income tax is due. The nominal tax rate is 19% for the first EUR 200.000 taxable income and for all taxable income above it is 25%. The effective tax rate of OI European Group B.V. for 2019 is 17.33% .
The reconciliation between the result before taxation and the taxable income of OI European Group B.V. for Dutch corporate income tax purposes can be specified as follows:

	2019	2018
Result before taxation	(101.944.963)	4.537.612
Permanent and temporary differences	78.825.568	(20.481.132)
Taxable result	(23.119.395)	(15.943.520)

The difference between the result before taxation and the taxable result consist of the following elements:

Exempted dividend income	(76.930.009)
Correction Impairments for operations	83.995.226
Correction non-deductible interest	67.621.299
Correction non realized exchange differences	4.227.534
Other (withholding tax)	(88.482)
	78.825.568

The fiscal unity profit/(loss) can be specified as follows:

	2019	2018
OI European Group B.V.	(23.119.395)	(15.943.520)
O-I LATAM B.V.	14.410.141	--
OI Canada Holdings B.V.	(4.682)	(5.000)
O-I Netherlands B.V.	10.867.471	(1.254.921)
O-I Sales and Distribution Netherlands B.V.	--	3.265.789
O-I Spanish Holdings B.V.	431.673	--
Veglarec B.V.	--	--
	2.585.208	(13.937.652)

On a stand-alone basis O-I LATAM B.V., O-I Netherlands B.V. and O-I Spanish Holdings B.V. would have incurred a Dutch corporate tax expense.
As a result of the fiscal unity principle, the taxable income of O-I LATAM B.V., O-I Netherlands B.V. and O-I Spanish Holdings B.V.. is offset against losses of OI European Group B.V., as a result of which no corporate income tax is due to the Tax Authorities. Therefore, the standalone corporate tax expense of these entities is settled with OI European Group B.V.. However, the corporate tax expense incurred by O-I Netherlands B.V. is actually received by the Company.
Currently, the Company has recorded a receivable of EUR 9,4 mln related to corporate income tax.

OIEG recognizes a DTA for its NOL's. The NOL relating to 2010 is expected to be utilized for an amount of EUR 2,585,208, the remaining amount of EUR 5,483,250 will expire. Based on the taxable income projections of year end 2019 it is foreseen that all other NOL's will be utilized. Based on current projections (November 2020) only an amount of EUR 31.1mln is expected to be utilized, due to a restructuring of intercompany loan positions. For the Financial Statements 2019 the DTA is formed based on the December 2019 projections. This results in a DTA of EUR 18,387,656 relating to the NOL's.
Per August 18, 2018 the OIEG fiscal unity applies accounting on historic cost price for its BRL receivable to OI Brazil for tax purposes. From a statutory perspective it is OINL that is lending to OI Brazil. This loan receivable is funded with a loan from OIEG, i.e. an inter fiscal unity loan. Therefore effectively OIEG is bearing the FX risk related to the BRL financing. For statutory purposes the receivable to OI Brazil is accounted at FMV. In 2019 a loss of EUR 4,227,534 is reported. In total per December 31, 2019 the non-realized FX amounts to a gain of EUR 17,171,382. For this amount a DTL is recognized at the level of OIEG, since effectively it is OIEG that is bearing the FX risk.

For statutory purposes part of the interest on two hedge contracts is recorded in equity. For tax purposes this is not possible. The Dutch corporate income tax headline rate will remain at 25% (substantively enacted in December 2020). Therefore, the earlier enacted reduction to 21.7% will not happen in 2021. This has no material impact. At December 31, 2019 the amount of interest that is recorded in equity (loss) is EUR 410,976, resulting in a DTA of EUR 102,744 at 25%.

Non-deductible interest based on the earnings stripping rule is EUR 63.147.560. This amount could, under circumstances, be deducted in subsequent years. Based on the December 2019 taxable income projections it is expected that the fiscal unity will be able to utilize an amount of EUR 4,601,675 for the next five years. Therefore OIEG recognized a DTA of EUR 5,144,673. Based on the most recent taxable income projections (November 2020), an amount of EUR 16,4mln will be utilized the next five years.

No DTA is recorded for WHT credits, since it is not expected these credits will be utilized in the foreseeable future. The amount not recognized is EUR 20mln.
The above results in a net DTA of EUR 19,136,739.
Filing of the return is ultimately expected in June 2022.

7 CORPORATE INCOME TAX (Continued)

Corporate income tax:
The corporate income tax as included in the profit and loss account is comprised of foreign and Dutch corporate income tax and can be specified as follows:

	2019	**2018**
Withholding tax on interest	(88.482)	(932.253)
Withholding tax on dividend	(1.482.509)	(687.893)
Deferred tax asset	11.056.843	8.182.640
Corporate income tax fiscal unity	8.176.151	502.718
Corporate income tax	17.662.003	7.065.212

8 INTERCOMPANY RECEIVABLE

	2019	**2018**
Accounts receivable from shareholder	1.000	1.000
Accounts receivable from direct investments	127.175	52.803
Total	128.175	53.803

The accounts receivable from shareholder can be specified as follows:

	2019	**2018**
O-I Global Holding C.V.	1.000	1.000
	1.000	1.000

The accounts receivable from direct investments can be specified as follows:

	2019	**2018**
O-I Europe Sarl	(8.031)	(8.493)
O-I Mexico Holdings I B.V.	28.784	--
O-I Mexico Holdings II B.V.	28.784	--
OI Canada Holdings B.V.	26.583	--
O-I Netherlands B.V.	21.774	--
O-I Spanish Holdings B.V.	5.000	--
O-I Corporate staff	23.386	59.491
Other	895	1.805
	127.175	52.803

9 OTHER RECEIVABLES

Other receivables can be specified as follows:

		2019	2018
Intercompany account f/x contracts		268.768	1.082.953
Cross-currency / interest rate swap Credit Facility due 2024	a)	4.572.471	--
Other receivable		2.927	2.927
		4.844.166	1.085.880

a) Cross- currency / interest rate swap, Credit Facility
The Company is borrowing under O-I's group Senior Secured Credit Facility Agreement entered into on June 25, 2019. The term loan terminates in June 2024. At December 2019 the outstanding balance was USD 583mln. Subsequently, the Company entered into a series of 4 cross-currency interest rate swaps to manage its exposure to fluctuations in the Euro-U.S. dollar exchange rate arising from a U.S. Dollar denominated borrowing. These swaps involve exchanging floating interest payments for fixed rate U.S. Dollar interest receipts both of which will occur at the forward exchange rates in effect upon entering into the instrument. An unrecognized loss of EUR 714K at December 31, 2019 related to these cross-currency interest rate swaps was included in the Company’s equity, and will be reclassified into earning when FX-rate changes affect the value of the hedged loan (recycled). There was no ineffectiveness related to these cross-currency interest rate swaps for the year ended December 31, 2019.

The Intercompany account f/x contracts can be specified as follows:

	Nominal Value	Due Date	2019	2018
CAD	(20.500.000)	May-20	19.786	707.469
GBP	6.688.734	Mar-20	13.917	--
CZK	473.350.025	Mar-20	72.708	260.640
HUF	3.688.290.084	May-20	130.567	90.712
PLN	74.312.562	Mar-20	31.755	23.478
USD	(40.779)	May-20	34	654
			268.768	1.082.953

The derivative contracts are recorded at fair value on the balance sheet, re-measurement is recorded as realized/unrealized loss or gain through the income statement.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

10 SHORT TERM INTERCOMPANY LOANS RECEIVABLE

	2019	2018
Short term intercompany loans receivable from indirect investments	2.066.844	31.139.424
Short term intercompany loans receivable from direct investments	1.465.371	602.527
Short term intercompany loans receivable from related parties	--	47.568
Total	3.532.215	31.789.519

Short term intercompany loans from indirect investments can be specified as follows:

	2019	2018
O-I Hungary Kft.	2.066.523	7.466.534
O-I Germany GmbH & Co. KG	321	321
O-I Sales and Distribution Estonia	--	456.569
O-I Sales and Distribution Germany GmbH	--	2.796.609
O-I Glass ltd	--	20.419.391
	2.066.844	31.139.424

Short term intercompany loans from direct investments can be specified as follows:

	2019	2018
OI Canada Holdings B.V.	--	21.640
O-I Glasspack Beteiligungs & Verwaltungs GmbH	1.465.123	580.639
O-I Netherlands B.V.	200	200
Vidrieria Rovira S.L. (Spain)	48	48
	1.465.371	602.527

Short term intercompany loans from related parties can be specified as follows:

	2019	2018
O-I Mexico Holdings I B.V.	--	23.784
O-I Mexico Holdings II B.V.	--	23.784
	--	47.568

The short term intercompany loans receivable are created through the cash pooling process and bear variable interest rates.
The main cash pooling account is the EUR account of the Company with the Citi Group London.

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11 INTEREST RECEIVABLE

	2019	2018
Interest receivable from indirect investments	466.832	526.409
Interest receivable from direct investments	3.031.198	3.924.199
Interest receivable from shareholder	1.028.731	--
Interest receivable from credit-institutions	2.534.870	2.589.072
Total	7.061.631	7.039.680

The interest receivable from indirect investments can be specified as follows:

Name	CCY	Amount in CCY	2019	2018
O-I Sales and Distribution France SAS	EUR	--	--	81.556
O-I Canada Corp	CAD	123.135	84.225	82.674
O-I Sales and Distribution U.K. Ltd	GBP	--	--	5.508
O-I Sales and Distribution Estonia	EUR	--	--	15.464
O-I Sales and Distribution Germany GmbH	EUR	--	--	3.207
O-I France SAS	EUR	11.299	11.299	6.075
O-I Sales and Distribution Italy Srl.	EUR	-	--	38.064
O-I Germany GmbH & Co. KG	EUR	25.342	25.342	9.522
O-I Czech Republic a.s.	CZK	--	--	46
O-I Sales and Distribution Czech Republic s.r.o.	CZK	--	--	91
O-I Estonia AS	EUR	9.720	9.720	20.978
Owens-Illinois (HK) Limited	USD	31.137	27.796	30.066
BSN Distribution SO	EUR	508	508	526
O-I Poland SA	PLN	--	--	50.793
O-I Sales and Distribution Poland Sp Zoo	PLN	--	--	37.848
O-I Hungary Kft.	HUF	4.441.044	13.424	18.586
O-I Business Service Center Sp. Z. o. o.	PLN	30	7	2.780
O-I Singapore Pte Ltd	USD	329.911	294.511	122.625
			466.832	526.409

The interest receivable from direct investments can be specified as follows:

Name	CCY		Amount in CCY	2019	2018
O-I Italy spa	EUR		144.875	144.875	822.411
O-I Glass Ltd	GBP		398	466	54.269
O-I Sales and Distribution Spain	EUR		--	--	4.407
Vidrieria Rovira S.L.	EUR		21.510	21.510	61.517
O-I Sales and Distribution Netherlands B.V.	EUR		--	--	7.469
O-I Argentina S.A.	ARS	*	--	--	--
O-I Europe Sarl	EUR		82.711	82.711	335.847
O-I Netherlands B.V.	BRL		8.123.105	1.803.223	1.678.165
OI Jaroslaw Centrum Serwisowe Maszyn Sp. z.o.o.	PLN		103.695	24.387	23.121
O-I Glasspack Beteiligungs & Verwaltungs GmbH	EUR		10.050	10.050	11.321
O-I Mexico Holdings I B.V.	EUR		--	--	418
O-I Spanish Holdings B.V.	EUR		1.087	1.087	6.053
O-I Europe SAS	EUR		942.889	942.889	919.201
				3.031.198	3.924.199

* The interest receivable is fully impaired, based on the assessment on the likelyhood whether this amount will be recieved.

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Notes to the Balance Sheet and Income Statement as at 31st December, 2019
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11 INTEREST RECEIVABLE (Continued)

The interest receivable from shareholder

Name	CCY	Amount in CCY	2019	2018
O-I Global Holdings C.V.	EUR	1.028.731	1.028.731	--
			1.028.731	--

The interest receivable from credit-institutions can be specified as follows:

Name	CCY		Amount in CCY	2019	2018
Interest rate swap Senior Note due 2024	EUR	(a)	325.264	325.264	691.891
Cross-currency / interest rate swap Senior Note due 2023	EUR	(b)	2.144.280	2.144.280	1.897.181
Cross-currency / interest rate swap Bilateral Term loan	EUR	(c)	13.340	13.340	--
Cross-currency / interest rate swap Credit Facility due 2024	EUR	(d)	32.747	32.747	--
Other	EUR		19.239	19.239	--
				2.534.870	2.589.072

a) Relates to the interest receivable as part of the interest rate swap. See note 14.
b) Relates to the interest receivable as part of the cross-currency / interest rate swap of the 4.00% Senior Note due 2023. See note 14.
c) Relates to the interest receivable as part of the cross-currency / interest rate swap of the Bilateral Term loan. See note 14.
d) Relates to the interest receivable as part of the cross-currency / interest rate swap of the Credit Facility due 2024

12 CASH AT BANKS

	2019	2018
Cash-Call Deposits	66.893.712	131.062.172
Total	66.893.712	131.062.172

Cash at banks can be specified as follows:

	CCY	Amount in CCY	2019	2018
Citi Group London	EUR	33.787.107	33.787.107	50.562.644
BNP Paribas	EUR	27.477	27.477	(13.724)
Citi Group London	GBP	16.441.184	19.253.324	29.662.470
Citibank New York	USD	1.422.822	1.270.150	127.294
Citi Group Sydney	AUD	--	--	113.987
Citi Warsaw	CZK	112.198.877	4.419.232	17.434.921
Citi Budapest	HUF	1.021.845.215	3.088.744	5.001.394
Citibank Handlowy	PLN	17.482.616	4.111.564	27.933.489
Citi Group London	CHF	1.014.971	936.113	239.697
			66.893.712	131.062.172

There are no restrictions on the availability of cash and cash equivalents. These are readily available.

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13 EQUITY

The Company's authorized share capital amounts to EUR 90,000 and consists of 2,000 ordinary shares with a nominal value of EUR 45 each.

As at December 31st, 2019 410 shares were issued and fully paid-up. The movements in the year under review can be summarized as follows:

	Issued and paid-up capital	Change in fair value of derivative	Share premium	Other reserves	Total
Opening balance 1st January, 2018	18.450	(2.255.294)	447.475.007	119.223.642	564.461.805
Result for the period	--	--	--	11.602.824	11.602.824
Dividend	--	--	(173.928.986)	--	(173.928.986)
Cross-currency / interest rate swap	--	(2.736.049)	--	--	(2.736.049)
Capital contribution	--	--	114.648.195	--	114.648.195
Opening balance 1st January, 2019	18.450	(4.991.343)	388.194.216	130.826.466	514.047.789
Result for the period	--	--	--	(84.282.960)	(84.282.960)
Dividend	--	--	(442.429.591)	--	(442.429.591)
Capital contribution	--	--	707.008.593	--	707.008.593
Cross-currency / interest rate swap	--	5.402.319 *	--	--	5.402.319
Deferred tax asset/Liability on swap balance	--	(102.744)	--	--	(102.744)
Closing balance 31st December, 2019	18.450	308.232	652.773.218	46.543.506	699.643.407

As part of global restructering and refinancing programs the Company paid dividends by transferring various intercompany loans for the total amount of EUR 442mln. Additionally, the company received two significant capital contributions by means of the (indirect) ownership in CO Vidrieria GmbH (EUR 367mln) and O-I Glass C.V. (EUR 340mln).

* The change in fair value represents the balance relating to the effective portion of the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk. Pls refer to note 14 of the Financial Statements.

Appropriation of result:
The loss sustained by the Company during the year under review has been debited to the other reserve and such has been reflected in the Financial Statements.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

14 NON-CURRENT LIABILITIES

	Loans from direct investments	Loans from in-direct investments	Debts to credit-institutions	Total
Closing balance 31st December, 2017	168.608.942	243.377.239	1.798.757.342	2.210.743.523
Movements 2018				
Additions	3.053.333	651.027	--	3.704.360
Repayments	(60.931.628)	(232.899.193)	--	(293.830.821)
Foreign exchange effects	(830.069)	(307.039)	11.788.232	10.651.124
Swaps and other mutations	--	--	(5.135.714)	(5.135.714)
Opening balance 1st January, 2019	109.900.577	10.822.034	1.805.409.860	1.926.132.471
Movements 2019				
Increased borrowing	127.889.123	43.992.268	1.225.809.152	1.397.690.542
Repayments	(87.843.657)	(10.822.027)	(954.725.522)	(1.053.391.205)
Foreign exchange effects	460.918	(64.130)	7.279.563	7.676.351
Swaps and other mutations	--	--	11.724.852	11.724.852
Closing balance 31st December, 2019	150.406.962	43.928.145	2.095.497.905	2.289.833.011

	2019	2018
Loans from indirect investments	43.928.145	10.822.034
Loans from direct investments	150.406.962	109.900.577
Debts to credit-institutions	2.095.497.905	1.805.409.860
Total	2.289.833.011	1.926.132.471

Repayment of liabilities within 12 months as at balance date, as set out above, are included under current liabilities.

The loans from group indirect investments can be specified as follows:

Name	Interest	CCY	Amount in CCY	2019	2018
O-I Glass Ltd	Fixed all-in 2.11%	GBP	37.512.000	43.928.145	7
O-I Sales and Distribution Poland Sp z.o.o.	6-months Libor plus 4.39%	PLN	--	--	10.822.027
				43.928.145	10.822.034

14 NON-CURRENT LIABILITIES (Continued)

The loans from direct investments can be specified as follows:

O-I Europe Sarl	6-months Libor plus 3.23%	EUR	149.682.030	149.682.030	21.792.907
O-I Europe Sarl	6-months Libor plus 3.60%	PLN	2.215.618	521.069	22.807.606
O-I Europe Sarl	6-months Libor plus 3.93%	CZK	2.500.000	98.469	8.165.709
O-I Europe Sarl	6-months Libor plus 4.39%	GBP	90.000	105.394	8.883.559
O-I Sales and Distribution Spain	6-months Euribor plus 3.37%	EUR	--	--	14.025.686
O-I Sales and Distribution Netherlands B.V.	6-month Libor 3.23%	EUR	--	--	1.143.319
O-I Netherlands B.V.	6-months plus 4%	EUR	--	--	33.081.791
				150.406.962	109.900.577

Most loan agreements include a termination date of 31 May 2023, however some agreements are different or do not provide for a specific repayment date, which is to be agreed between the parties. Although, all loans characterize as long term, if a loan agreement does not provide a specific repayment date, the loan is presented as short term intercompany loans payable. On termination dates, normally these loans are extended if needed. The movements on the loans are related to the working capital changes, interest capitalized and foreign exchange movements.

The debts to credit-institutions are specified as follows:

Name	Interest	CCY		Amount in CCY	2019	2018
Senior Notes due 2020	6.75% per annum	EUR	a)	500.000.000	--	500.000.000
Senior Notes due 2021	4.875% per annum	EUR	b)	-	--	330.000.000
Senior Notes due 2023	4.00% per annum	USD	c)	310.000.000	276.736.298	271.311.045
Senior Notes due 2024	3.125% per annum	EUR	d)	725.000.000	725.000.000	725.000.000
Senior Secured Credit Facility due 2024	Libor (0% floor) + 1% - 1.5%	USD	e)	568.059.375	507.105.316	--
Bilateral Term Loan Agreement due 2021	Libor (0% floor) + 1%	USD	f)	107.351.705	95.832.624	--
Senior Notes due 2025	2.875% per annum	EUR	g)	500.000.000	500.000.000	--
Interest rate swap Senior Notes due 2024	6 months Libor + 2.6%	EUR	h)	--	--	(4.378.422)
Fair value of Senior Notes due 2024	3.125% per annum	EUR	i)	17.702.769	17.702.769	4.378.421
Interest rate swap Senior Notes due 2024	6 months Libor + 2.9%	EUR	h)	(4.335.475)	(4.335.475)	--
Cross- currency / interest rate swap, Senior Notes due 2023, USD 310mln		EUR	j)	(6.633.307)	(6.633.307)	--
Cross- currency / interest rate swap, Senior Notes due 2023, USD 310mln		EUR	j)	--	--	(4.958.941)
Cross- currency / interest rate swap, Credit Facility		EUR	k)	--	--	--
Cross- currency / interest rate swap, Bilateral term loan		EUR	k)	3.660.932	3.660.932	--
Deferred finance fees		EUR	l)	(19.571.252)	(19.571.252)	(15.942.243)
					2.095.497.905	1.805.409.860

a) Senior Notes due 2020

During September 2010, the Company issued Senior Notes with a face value of EUR 500 million due September 15, 2020. The notes bear interest at 6.75% and are guaranteed by Owens-Illinois Group Inc, Inc, Owens-Brockway Packaging Inc., OI Australia Inc., OI General FTS Inc., Owens-Illinois General Inc., Owens-Brockway Glass Container Inc. and O-I Packaging Solutions LLC. The notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading at the EUR MTF market of Luxembourg stock exchange. In July 2019, the Company redeemed EUR 250mln aggregate principal amount of its outstanding 6.75% senior notes due 2020. The redemption was funded with cash on hand and revolver borrowings. In November 2019, the Company redeemed the remaining EUR 250mln, with the proceeds from the senior notes due February 15, 2025 issued in November 2019.

b) Senior Notes due 2021

During March 2013, the Company retired the existing, more expensive Senior Notes of EUR 300 million and re-issued new Senior Notes totaling EUR 330 million with a coupon of 4.875%. The notes are listed on the official list of the Luxembourg Stock Exchange and admitted for trading on the EURO MTF market of the Luxembourg Stock Exchange. The notes are due in March 31, 2021 and are guaranteed by the same entities as the Senior notes due 2020 as stated above. The proceeds were used for general funding purposes. In November 2019, the Company redeemed EUR 212mln, with the proceeds from the senior notes due February 15, 2025 issued in November 2019. In May 2020 the remaining outstanding balance of EUR 118mln is fully repaid. As such the balances is presented as short term liability under note 17.

14 NON-CURRENT LIABILITIES (Continued)

c) Senior Notes due 2023
During December 2017, the Company issued Senior notes with a face value of USD 310 million that bear interest at 4.00% and are due March 15, 2023. The notes were issued via a private placement and are guaranteed by Owens-Illinois Group, Inc. The proceeds were used to repay the Euro term loan.
The notes are listed for the total amount of USD 310 million on The International Stock Exchange (former Channel Islands Securities Exchange).

d) Senior Notes due 2024
During November 2016, the Company issued Senior notes with a face value of EUR 500 million that bear interest at 3.125% and are due November 15, 2024.
The notes were issued via a private placement and are guaranteed by Owens-Illinois Group, Inc.
The proceeds were used to repay other loans at Corporate level. In March 2017 the Company issued Senior notes under the same conditions for the amount of EUR 225 million.
The notes are listed for the total amount of EUR 725 million on The International Stock Exchange (former Channel Islands Securities Exchange).

e) Senior Secured Credit Facility due 2024
The Company is borrowing under O-I's Senior Secured Credit Facility Agreement entered into on June 25, 2019. The proceeds were used to partly repay senior notes 6.785% due 2020 for the amount of EUR 250mln plus redemption fees and expenses. The term loan terminates in June 2024. At December 2019 the outstanding balance was USD 583mln of which 2.5% is presented as short term under note 17. Obligations under the agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company's domestic subsidiaries and certain foreign subsidiaries. The facility is subject to certain global covenants that were complied with as of December 31, 2019. The interest rate on borrowings under the Agreement is, at O-I's option, the Base Rate or the Eurocurrency Rate, as defined in the Agreement, plus an applicable margin. The applicable margin is linked to the Leverage Ratio. The margins range from 1.00% to 1.50% for Eurocurrency Loans and from 0.00% to 0.50% for Base Rate Loans. At December 31, 2019 the interest rate was 3.21% and the Company did not borrow from the available Multicurrency Revolving Loan Facility at 31 December 2019. For the interest and currency exposure the Company entered into a swap, see note 9.

f) Bilateral Term Loan Agreement due 2021
In October 2019, as part of a global finance restructuring, Owens-Brockway Glass Container Inc, a USA based group company, transferred to the Company the obligation on a USD 225mln bank loan with Bank of America. This loan is due on 24 May, 2021 and has a sustainability –linked pricing mechanism. The proceeds are converted into EUR and contributed to the Company’s subsidiary O-I LATAM B.V. In September 2020 an amount of USD 125mln (EUR 105mln) is repaid. This is presented under note 17, as short term liability.

g) Senior Notes due 2025
In November 2019, the Company issued senior notes with a face value of EUR 500 million that bear interest at 2.875% and are due February, 2025.
The notes were issued via a private placement and are guaranteed by Owens-Illinois, Inc. The notes are listed for the total amount of EUR 500 million on The International Stock Exchange. The proceeds were used to repay the remaining EUR 250mln of senior Notes 6.75% due 2020 and partly redeem senior notes 4.875% due 2021 for the amount of EUR 212mln, plus redemption fees and expenses.

h) Interest rate swap (fair value hedge):

In the third and fourth quarters of 2017, the Company entered into a series of interest rate swap agreements with a total notional amount of Eur 725 million that reach final maturity in 2024. The swaps were executed in order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt and to reduce net interest payments and expense on 15 November 2024.
The Company’s fixed-to-variable interest rate swaps were accounted for as fair value hedges. The relevant terms of the swap agreements match the corresponding terms of the notes and therefore there is no hedge ineffectiveness. The Company recorded the fair market values of the swaps as a liability or asset along with a corresponding change in the carrying value of the hedged debt.
Under the swaps the Company receives fixed rate interest amounts (equal to the interest on the corresponding hedged note) and pays interest at a six-month Euribor rate (set in arrears) plus a margin spread. The interest rate differential on each swap is recognized as an adjustment of interest expense during each six-month period over the term of the agreement.
The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.
In April 2019 the hedge contracts agreed upon in 2017 were terminated. Following termination, the cumulative base adjustment to the Senior Notes due 2024 (see note i) remains on the balance sheet and is amortized over the remaining lifetime of the Senior Notes.
A series of new similar interest rate swap agreements was entered into in April 2019 and August 2019. The characteristics of and accounting for these swaps are as described above (but the actual margin spread differs). The execution of the 2017 contracts generated a cash receipt of EUR 15mln.

14 NON-CURRENT LIABILITIES (Continued)

i) Fair value of Senior Notes due 2024

The balance represents the change in fair value of Senior Notes due 2024, which has been hedged, see note d) and h).

Cross currency / interest rate swap (cash flow hedge):

The Company has borrowings denominated in currencies other than the functional currency. As a result, the Company is exposed to fluctuation in the currency of the borrowing against the Company' functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as cash flow hedges of foreign exchange risks. The effective portion of the changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is recorded in equity and is subsequently reclassified into earnings in the period for which the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative is recognized directly in earnings.

j) Cross- currency / interest rate swap, Senior Notes due 2023, USD 310mln

During the fourth quarter of 2017, the Company entered into a series of cross-currency interest rate swaps to manage its exposure to fluctuations in the Euro-U.S. dollar exchange rate arising from a U.S. Dollar denominated borrowing. These swaps involve exchanging fixed rate Euro interest payments for fixed rate U.S. Dollar interest receipts both of which will occur at the forward exchange rates in effect upon entering into the instrument.
In April 2019 the hedge contracts agreed upon in 2017 were executed. The cumulative amount of unrecogized loss per date of termination remains in equity and is amortized over the remaining lifetime of the Senior Notes.
A series of new cross-currency swaps have been entered into in April 2019. The characteristics of and accounting for these swaps are as described above (but the actual fixed rate Euro interest rate differs). The execution of the 2017 contracts generated a cash receipt of EUR 8.6mln.
An unrecognized loss of EUR 332k at December 31, 2019 related to these cross-currency interest rate swaps was included in the Company's equity.
These instruments, in the aggregate, have a pay fixed notional amount of Eur 276 million and a receive notional amount of USD 310 million and reach final maturity in 2023. There was no ineffectiveness related to these cross-currency interest rate swaps for the year ended December 31, 2019. The Company records the fair values of derivate financial instruments as "non- current liability".

k) Cross- currency / interest rate swap, Bilateral term loan

In October, 2019 Owens-Brockway Glass Container Inc, a USA based group company, assigned and the Company assumed the obligation on a USD 225mln bank loan with Bank of America. Subsequently, the Company entered into a cross-currency interest rate swaps to manage its exposure to fluctuations in the Euro-U.S. dollar exchange rate arising from a U.S. Dollar denominated borrowing. These swaps involves exchanging rate Euro interest payments for fixed rate U.S. Dollar interest receipts both of which will occur at the forward exchange rates in effect upon entering into the instrument. An unrecognized loss of EUR 46,821 at December 31, 2019 related to these cross-currency interest rate swaps was included in the Company's equity. There was no ineffectiveness related to these cross-currency interest rate swaps for the year ended December 31, 2019.

l) The deferred finance fees

The deferred finance fees represent expenses incurred in issuing the Senior Notes and other external long term borrowings.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

CURRENT LIABILITIES

15 INTEREST PAYABLE

	2019	2018
Interest payable to indirect investments	137.965	461.812
Interest payable to direct investments	600.874	1.125.858
Interest payable to credit-institutions	9.278.128	23.978.494
Total	10.016.967	25.566.164

The interest payable to indirect investments can be specified as follows:

Name	CCY	Amount in CCY	2019	2018
O-I Czech Republic a.s.	CZK	4.925	194	78.125
O-I Glasspack GmbH & Co. KG	EUR	93.847	93.847	145.823
O-I Hungary Kft.	HUF	9.323.744	28.183	60.906
O-I Sales and Distribution Czech Republic s.r.o.	CZK	--	--	12.802
Karhulan Lasi OY	EUR	14.243	14.243	14.812
O-I France SAS	EUR	--	--	136.273
O-I Sales and Distribution U.K. Ltd.	EUR	--	--	12.704
O-I Sales and Distribution Italy Srl.	EUR	236	236	236
OI Jaroslaw Centrum Serwisowe Maszyn Sp. z.o.o.	PLN	5.366	1.262	131
			137.965	461.812

The interest payable to direct investments can be specified as follows:

Name	CCY	Amount in CCY	2019	2018
O-I Italy spa	EUR	--	--	177.706
Vidrieria Rovira S.L.	EUR	--	--	55.225
O-I Sales and Distribution Poland Sp z.o.o.	PLN	--	--	120.622
O-I Poland SA	PLN	24.181	5.687	--
O-I Business Service Center Sp. Z. o. o.	PLN	5.468	1.286	296
O-I Sales and Distribution Spain	EUR	--	--	55.790
OI Finnish Holdings OY	EUR	47.185	47.185	43.713
O-I Europe Sarl	EUR	177.971	177.971	363.428
O-I Netherlands B.V.	EUR	--	--	30.052
O-I Glass ltd	GBP	63.760	74.666	--
O-I Sales and Distribution Netherlands B.V.	EUR	--	--	4.343
Centro de Mecanizados del Cauca S.A.	USD	--	--	605
O-I Glasspack Beteiligungs & Verwaltungs GmbH	EUR	2.107	2.107	2.298
O-I Singapore Pte Ltd.	USD	327.067	291.972	271.780
			600.874	1.125.858

The interest payable to credit-institutions can be specified as follows:

Name	CCY	Amount in CCY	2019	2018
EUR 500M Bond Due 2020	EUR	--	--	14.062.500
EUR 500M Bond Due 2025	EUR	1.956.597	1.956.597	--
EUR 330M Bond Due 2021	EUR	1.438.125	1.438.125	4.066.563
EUR 725M Bond Due 2024	EUR	2.832.031	2.832.031	2.832.031
USD 310M Bond Due 2023	USD	3.539.337	3.159.558	3.140.077
All banks-FX (Premium)/Discount	EUR	(108.183)	(108.183)	(122.677)
			9.278.128	23.978.494

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

16 INTERCOMPANY PAYABLE

	2019	2018
Accounts payable to indirect investments	13.297	60.367
Accounts payable to direct investments	34.236.277	30.622.651
Total	34.249.574	30.683.018

The accounts payable to indirect investments can be specified as follows:

	2019	2018
O-I Poland SA	8.951	8.951
O-I Business Service Center Sp. Z. o. o.	890	890
O-I Czech Republic a.s.	3.456	3.456
O-I Sales and Distribution Italy Srl.	--	47.070
	13.297	60.367

The accounts payable to direct investments can be specified as follows:

	2019	2018
O-I Netherlands B.V.	16.809	235.324
O-I Singapore Pte Ltd.	34.201.390	30.383.924
O-I Europe Sarl	4.379	3.403
OI Canada Holdings B.V.	13.699	--
	34.236.277	30.622.651

17 ACCOUNTS PAYABLE AND SHORT TERM LIABILITES

	2019	2018
Senior Notes dues 2021	118.000.000	--
Bilateral Term Loan Agreement	105.024.366	--
Senior Secured Credit Facility due 2024, 2.5% of outstanding balance	13.002.700	--
Accrued legal and tax fees	143.511	271.570
Payroll accruals	128.406	216.968
Accrued audit fees	170.728	169.320
	236.469.711	657.858

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

18 SHORT TERM INTERCOMPANY LOANS PAYABLE

	2019	2018
Short term intercompany loans payable to indirect investments	276.537.955	440.253.380
Short term intercompany loans payable to direct investments	597.030.272	599.427.517
Total	873.568.227	1.039.680.897

Short term intercompany loans to indirect investments can be specified as follows:

		2019	2018
O-I Sales and Distribution Czech Republic s.r.o.		--	3.968.090
O-I Germany GmbH & Co. KG	*	79.981.898	114.581.871
O-I Estonia AS		6.635.701	7.865.691
O-I France SAS		--	100.291.174
O-I France SAS		65.418.438	39.310.885
O-I Sales and Distribution France SAS		--	1.074.539
O-I Czech Republic a.s.		28.625.523	9.621.406
O-I Hungary Kft.	*	11.139.544	23.480.447
O-I Sales and Distribution Hungary Kft		--	1.395.353
O-I Czech Republic a.s.	*	38.004	16.047.547
O-I Sales and Distribution Czech Republic s.r.o.	*	--	2.449.713
Karhulan Lasi Oy	*	7.883.165	7.764.196
O-I Spanish Holdings B.V.		489.610	496.623
O-I Germany GmbH & Co. KG		51.370.043	24.499.185
O-I Poland SA		24.420.822	5.515.996
O-I Sales and Distribution Poland Sp Z.o.o.		--	16.601.938
O-I Business Service Center Sp. Z. o. o.		535.207	580.004
O-I Sales and Distribution U.K. Ltd.		--	8.315.997
O-I Sales and Distribution Italy Srl.		--	56.392.725
		276.537.955	440.253.380

* These loans characterize as long term, however Dutch GAAP requires that they need to be presented as “current”, mostly because the original loan agreements do not specify an end date.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

18 SHORT TERM INTERCOMPANY LOANS PAYABLE (Continued)

Short term intercompany loans to direct investments can be specified as follows:

		2019	2018
O-I Netherlands B.V.		74.429.818	32.746.623
Vidrieria Rovira S.L.		43.556.866	17.091.162
O-I Sales and Distribution Spain		--	3.504.489
O-I Italy spa	*	--	79.738.652
O-I Glasspack Beteiligungs & Verwaltungs GmbH	*	1.803.713	1.803.713
O-I Glass ltd		31.975.242	--
OI Finnish Holdings OY	*	10.309.783	9.139.848
O-I Sales and Distribution Netherlands B.V.		--	14.084.182
O-I Italy spa		239.371.949	83.973.349
OI Jaroslaw Centrum Serwisowe Maszyn Sp. Z.o.o.		2.149.582	59.029
O-I Europe SAS		8.421.643	13.204.393
O-I Europe Sarl		185.011.676	344.082.077
		597.030.272	599.427.517

The short term loans are related to the cash pooling balances. The main cash pooling account is the EUR account of the Company with the Citi Group London. O-I Glass, Inc issued a letter of support, in which is confirmed that the subsidiaries will not claim these balances within twelve months after preparing these financial statements, if this will result in going concern issues for OI European Group B.V..

* These loans characterize as long term, however Dutch GAAP requires that they need to be presented as “current”, mostly because the original loan agreements do not specify an end date.

19 INTERCOMPANY ACCOUNT F/X CONTRACTS

The Intercompany account f/x contracts can be specified as follows;

	Nominal Value *	Due Date	2019	2018
CAD	(8.087.945)	May-20	124	--
CZK	(33.494)	May-20	7	42.751
GBP	37.575.760	May-20	113.042	414.773
HUF	(2.690.432.086)	March-20	27.058	19.546
PLN	(31.487.819)	May-20	64.428	27.173
USD	25.416.232	May-20	400.802	256.832
			605.459	761.075

* The nominal values are stated in foreign currencies

INCOME STATEMENT

20 DIVIDEND INCOME

The dividend received from subsidiaries can be specified as follows:

Name	2019	2018
O-I LATAM B.V.	35.412.407	--
O-I Europe Sarl	18.101.715	--
O-I Italy spa	--	2.197.824
Owens-Illnois do Brasil Indùstria e Comércio ("OI Brasil")	--	4.105.650
OI Finnish Holdings OY	--	800.000
O-I Sales and Distribution Netherlands B.V.	--	1.207.168
Cristaleria Peldar, S.A.	17.160.323	13.757.851
O-I Ecuador LLC	6.255.564	2.699.730
	76.930.009	24.768.223

21 OTHER NON-ROUTINE INCOME

On December 6, 2018, an ad hoc committee for the World Bank's International Centre for Settlement of Investment Disputes ("ICSID") rejected the request by the Bolivarian Republic of Venezuela ("Venezuela") to annul the award issued by an ICSID tribunal in favor of OI European Group B.V. related to the 2010 expropriation of the Company's majority interest in two plants in Venezuela (the "Award"). The annulment proceeding with respect to the Award is now concluded.
As a result of the favorable ruling by an ICSID ad hoc committee rejecting Venezuela's request to annul the Award, and thereby concluding those annulment proceedings, the Company has recognized a USD 115mln (EUR 101mln) gain in 2018. For tax purposes the income is recognized already in a tax return before 2018. The proceeds are partly tax exempt. The remaining amount has been offset with NOLs.

The government of Venezuela expropriated the Company's plants in 2010. The Company was awarded by the World Banks's International Centre for Settlement of Investment Disputes (ICSID) for compensation. As of 31 March 2018, that award amounts to more than USD 500 million. However, in 2017 the Company had the opportunity to sell its right, title and interest in amounts due under the BIT Award on Venezuela. Under the terms of the sale, the Company recieved a payment, in cash equal to USD 115mln (the "Cash Payment"). The Company may also receive additional payments in the future ("Deferred Amounts") calculated based on the total compensation that is received from Venezuela as a result of collection efforts or as settlement of the Award with Venezuela.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

22 IMPAIRMENT ON INVESTMENT/LOANS

	2019	2018
Recharge impaired loans to OI Global C.V.	--	5.372.271
Investment impairment Owens-Illnois do Brasil Indùstria e Comércio ("OI Brasil")	57.667.964	(77.800.000)
Investment impairment Owens-Illinois Holding (Australia) Pty. Ltd.	(140.550.441)	--
Proceeds of sale of OI GMEC Lurin S.r.l.	1.375.856	--
Loan and accrued interest impairments Argentina	(2.488.605)	(9.025.901)
Other investment impairments	--	78.865
	(83.995.226)	(81.374.766)

On a yearly basis the investments are reviewed and based on qualitative information, determined if there are impairment indicators. If it is determined that there are impairment indicators, the Company determines the realizable value of the investment, where relevant taking into account non-operating assets and liabilities. If realizable value is based on BEV calculations, the BEV is computed based on estimated future cash flows, discounted at the weighted average cost of capital of a hypothetical third-party buyer. If the realizable value is less than the carrying value for any investment, then impairment must be recognized. Impairments will be calculated by comparing the investment's fair value with the carrying amount of the investment. Any excess of the carrying value of the unit over the realizable value will be recorded as an impairment loss. The calculations of the realizable value are based on significant unobservable inputs, such as projected future cash flows of the investments, discount rates, and terminal business value, and are classified as Level 3 in the fair value hierarchy. The Company's projected future cash flows incorporates management's best estimates of the expected future results including, but not limited to, price trends, customer demand, material costs, asset replacement costs and any other known factors.

Impairment made to the receivable from Argentina is based on the assessment on the likelihood whether this amount will be received.

In 2020 the Company's business in Australia and New Zealand is divested and sold to Visy Industries. The purchase price based on fair market value triggered an impairment per 31 December 2019. Derived from the purchase price the Company calculated the fair market value of its investment in Owens-Illinois Holding (Australia) Pty. Ltd and concluded that it was below the carrying value at 31 December 2019 by EUR 141mln.

O-I LATAM B.V. is incorporated in September 2019 by the Company with a share capital of EUR 1. After incorporation, O-I Glass CV (that was transferred as a capital contribution for the amount of USD 372mln from O-I Global Holdings C.V. to the Company, using 'carry-over accounting') was contributed to O-I LATAM B.V. in October 2019 and subsequently the Company contributed the proceeds of the bilateral term loan of USD 225mln. In December 2019 O-I LATAM BV declared a dividend of EUR 441mln. Part of this dividend (EUR 405mln) is considered as a capital repayment and deducted from the investments value.

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

23 INTEREST INCOME ON LOANS

	2019	2018
Interest income on loans due from indirect investments	1.288.404	9.817.467
Interest income on loans due from direct investments	32.438.400	33.665.858
Interest income on loans due from shareholder	5.223.541	--
Interest income on loans due from related parties	--	1.455.242
	38.950.345	44.938.567

Interest income on loans due from indirect investments can be specified as follows:

	2019	2018
ACI Operations Pty. Ltd.	--	4.663.130
O-I Sales and Distribution France SAS	--	698.811
O-I France SAS	92.503	115.312
O-I Sales and Distribution Germany GmbH	133	26.542
O-I Sales and Distribution U.K. Ltd.	--	331
O-I Sales and Distribution Italy Srl.	--	318.793
O-I Germany GmbH & Co. KG	171.425	96.765
O-I Canada Corp	570.297	603.206
O-I Hungary Kft.	186.078	146.485
O-I Estonia AS	15.750	29.619
O-I Sales and Distribution Estonia	--	3.131
ACI Operations NZ Ltd	--	2.899.478
O-I Czech Republic a.s.	--	1
BSN Distribution SO	11.722	11.803
O-I Spanish Holdings B.V.	1.948	2.619
O-I Hong Kong Ltd.	238.548	201.441
	1.288.404	9.817.467

Interest income on loans due from direct investments can be specified as follows:

	2019	2018
O-I Europe SAS	7.427.558	7.081.324
O-I Canada Holdings B.V.	(55)	1
O-I Europe Sarl	2.012.672	2.548.973
O-I Netherlands B.V.	21.418.665	21.833.602
O-I Glasspack Beteiligungs & Verwaltungs GmbH	12.665	7.159
Vidrieria Rovira S.L.	128.640	75.099
O-I Italy spa	724.520	234.415
O-I Sales and Distribution Netherlands B.V.	--	74.843
O-I Glass Ltd	85.513	648.065
O-I Argentina S.A.	171.039	291.140
O-I Sales and Distribution Spain	--	36.263
O-I Poland SA	103.710	470.662
O-I Sales and Distribution Poland Sp Z.o.o.	--	53.674
O-I Singpore Pte.Ltd	169.629	115.277
O-I Business Service Center Sp. Z. o. o.	186	14.599
O-I Jaroslow Centrum Serwisowe Maszyn Sp. Z.o.o.	183.658	180.762
	32.438.400	33.665.858

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

23 INTEREST INCOME ON LOANS (Continued)

Interest income on loans due from related parties can be specified as follows:

	2019	2018
O-I Glass C.V.	--	1.455.242
	--	1.455.242

24 INTEREST EXPENSE ON LOANS

	2019	2018
Interest expense on loans due to indirect investments	1.093.320	5.809.733
Interest expense on loans due to direct investments	4.218.440	6.874.486
Interest expense on loans due to (former) shareholder	--	7.915.859
Interest expense on loans due to related parties	--	6.791
	5.311.760	20.606.869

Interest expense on loans due to indirect investments can be specified as follows:

	2019	2018
O-I Germany GmbH & Co. KG	808.294	1.137.642
O-I Czech Republic a.s.	4.368	457.129
O-I Estonia AS	--	19.281
O-I Sales and Distribution France SAS	--	445.623
O-I Poland SA	11.088	--
O-I Sales and Distribution Poland Sp Z.o.o.	--	670.160
OI Jaroslaw Centrum Serwisowe Maszyn Sp. Z.o.o.	1.459	431
O-I Business Service Center Sp. Z. o. o.	1.461	299
O-I Sales and Distribution Germany GmbH	--	76.238
O-I Sales and Distribution Estonia	--	102
O-I Hungary Kft.	230.906	441.547
O-I France SAS	(136.273)	1.802.634
O-I Sales and Distribution Czech s.r.o	--	76.755
O-I Spanish Holdings B.V.	53.617	--
O-I Sales and Distribution Italy Srl.	--	519.735
O-I Sales and Distribution U.K. Ltd	--	46.783
Karhulan Lasi Oy	118.400	115.374
	1.093.320	5.809.733

Interest expense on loans due to direct investments can be specified as follows:

	2019	2018
O-I Europe Sarl	3.755.689	2.749.446
O-I Netherlands B.V.	--	1.222.117
OI Finnish Holdings OY	354.802	337.644
O-I Glasspack Beteiligungs & Verwaltungs GmbH	18.207	17.908
O-I Italy spa	--	1.391.991
O-I Glass Ltd	74.666	-
O-I Sales and Distribution Spain	--	564.463
O-I Sales and Distribution Netherlands B.V.	--	120.353
O-I Singapore Pte. Ltd.	15.076	175.463
ACI Operations Pty. Ltd.	--	295.101
	4.218.440	6.874.486

OI EUROPEAN GROUP B.V.

Notes to the Balance Sheet and Income Statement as at 31st December, 2019
(in EUR)

24 INTEREST EXPENSE ON LOANS (Continued)

Interest expense on loans due to former shareholder can be specified as follows:

	2019	2018
OI Global C.V. (former shareholder)	--	7.915.859
	--	7.915.859

Interest expense on loans due to related parties can be specified as follows:

	2019	2018
O-I International Holdings Inc.	--	6.791
	--	6.791

25 RESULT GUARANTEE AGREEMENT

As per January 1, 2006 the Company's former shareholder, OI Global C.V., was guarantor of various loans made by the Company to several group companies. The guarantor guarentees each and every principal and interest amount. In 2016 the agreement has been renewed.
The Company bore a risk and paid the maximum amount of EUR 4,000,000. The actual risk was calculated pro-rata in relation to all outstanding loans together of any shortfall upon an event of default, like indebtness, in terms of principal amount and/or interest payments due. The remainder of any shortfall would then be borne by the guarantor.
As part of significant changes in tax legislation in the US (as well as anticipated changes in Dutch tax legislation), it was concluded that it is no longer beneficial to have OI Global C.V. as parent company. It was decided to liquidate OI Global C.V.. As a consequence thereof O-I Global Holdings C.V. became the new parent of the Company.
As a result, the Profit Guarantee Agreement (note 26), the Guarantee Agreement (equity at risk agreement) as well as the financing APA (12 bps) have been cancelled per 31 August, 2018 OI Global C.V. transferred its assets to OI New Holding B.V. and administratively automatically ceased to exist in the beginning of September following the transfer of the shares of its former partners to O-I Global Holdings C.V.. Subsequently, O-I New Holding B.V. merged into OI European Group B.V., which became effective at December 4, 2018 after fulfilling all (legal) requirements, including a waiting period of 1 month.

26 RESULT PROFIT GUARANTEE AGREEMENT (with OI GLOBAL C.V.)

As per January 1, 2006 the Company's shareholder, OI Global C.V., has also entered into a Profit Guarantee agreement with the Company which had no due date. The Profit Guarantee agreement ensured that the Company at all times will earn the agreed minimum margin on its' financing activities (excludes all holding interest) and ensured any remaining F/X risks borne by the Company were for the benefit or the account of the profit guarantor. For 2018 the PGA income was EUR 48mln including a PGA expense of EUR 26k (see note 27) from O-I Netherlands B.V..
As part of significant changes in tax legislation in the US (as well as anticipated changes in Dutch tax legislation), it was concluded that it was no longer beneficial to have OI Global C.V. as parent company. It was decided to liquidate OI Global C.V.. As a consequence thereof O-I Global Holdings C.V.became the new parent of the Company. As a result, the Profit Guarantee Agreement, the Guarantee Agreement (equity at risk agreement note 25) as well as the financing APA (12 bps) have been cancelled per August 31, 2018.
OI Global C.V. transferred its assets to OI New Holding B.V. and administratively automatically ceased to exist in the beginning of September following the transfer of the shares of its former partners to O-I Global Holdings C.V.. Subsequently, OI New Holding B.V. merged into OI European Group B.V., which became effective at December 4, 2018 after fulfilling all (legal) requirements, including a waiting period of 1 month.

27 RESULT PROFIT GUARANTEE AGREEMENT (with O-I Netherlands B.V.)

Based on the Profit guarantee agreement between O-I Netherlands B.V. and the Company, the deficit or surplus shall be for the Company and should thus, be taken into account as an expense or income respectively under the Profit guarantee Agreement. For 2019 the PGA income is EUR 21.770.

28 EXCHANGE DIFFERENCES

Exchange differences arise on certain intercompany loans that are not hedged due to loans being labeled "FASB 52" loans which are not considered as FX exposure under U.S. Gaap accounting due to long term nature of certain loans that have no planned payback date. These loans are denominated in BRL and ARS and exchange rates can fluctuate causing significant changes from year to year.

29 AUDIT FEES

The breakdown of the audit fees is as follows and concerns the provided services throughout the year 2019:

	2019	2018
Audit fees	130.729	181.148
	130.729	181.148

30 RELATED PARTIES TRANSACTIONS

All group companies mentioned in note 6 above and the associates are considered to be related parties. The transaction between the Company and its related parties are specified in notes 21 through 28. Related party transactions are conducted in the ordinary course of business. Interest at positions with affiliated companies is at a market conform interest rate.

31 NUMBER OF EMPLOYEES AND EMPLOYEES COSTS

During the year under review the Company had three employees (2018, 3 employees). The breakdown of employee costs are as follows;

	2019	2018
Wages & Salaries	116.343	101.460
Social Charges & Securities	46.982	33.198
Pension Charges	21.903	21.185
	185.228	155.843

32 DIRECTORS

The Company has five Managing Directors, remuneration was paid to three members of the Board of Managing Directors for the year ended December 31st, 2019. Remuneration including (pension) remittance amounted in 2019 € 612K (2018: €585K). From this amount approximately EUR 140K (2018: EUR 115k) was allocated on managing the Company.

33 POST BALANCE SHEET EVENTS

Final repayment 4.875% senior notes due 2021
In May 2020 the Company repaid it's 4.875% senior notes due 2021 of which an amount of EUR 118mln remains at 31 December 2019.

Divest Austalia and New Zealand Business operations
In June 2020 O-I announced that it will divest its Australia and New Zealand (ANZ) business unit to Visy Industries. The gross proceeds of AUD $ 947mln are used to reduce debt. O-I's Indonesian, business PT Kangar, is excluded before the ANZ business divestiture will be completed and is sold to OI European Group B.V.

Capital contribution Argentina S.A.
In September 2020, the Company contributed an amount of USD 21.7mln to its subsidiary O-I Argentina S.A., which will use the funds to refinance its debt including a loan with OI European Group B.V..

Change of board member
In September 2020 MB.Wilkinson decided to leave O-I. Her successor is Mr. A. Patel.

Partly repayment of Bilateral Term Loan Agreement
In September part of the Bilateral Term Loan Agreement is repaid by USD 125mln (EUR 105mln).

The Board of Managing Directors,

Mr. A. Patel	Mr. J. Ritmeijer	Mr. R. de Haan
Mr. S. Gedris	Mr. G. Copper	

Schiedam, 9 December 2020

OI EUROPEAN GROUP B.V.

Other Information

Other reserves

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with Article 23 of the Company's Articles of Association.

Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves.

Independent auditor's report

Reference is made to the independent auditor's report hereinafter.

Independent auditor's report

To: the shareholders and the board of directors of OI European Group B.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of OI European Group B.V., based in Schiedam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of OI European Group B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2019
- The profit and loss account for 2019
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of OI European Group B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to uncertainty about Corona

The developments around the Corona (COVID-19) pandemic have a profound impact on people, society and on the economy. This impacts operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The impact may continue to evolve, giving rise to inherent uncertainty.
OI European Group B.V. is confronted with this uncertainty as well, that is disclosed in the directors' report in the section Future developments and post balance sheet events, including COVID-19 and in the notes to the financial statements (note 33 Post Balance Sheet events). We draw attention to these disclosures.

Our opinion is not modified in respect of this matter.

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at €32,000,000 (2018: €26,500,000). The materiality is based on our assessment of the perspectives and expectations of the users of the financial statements, by which we have determined that the total assets are the most appropriate basis for materiality, because of the nature and characteristics of the entity, being engaged in holding and financing activities. The materiality is approximately 0,8% of total assets. The approach for determining materiality is similar to prior year. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of directors that misstatements in excess of €1,600,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments and related receivables, including the accounting for new investments (Note 6 and Note 22 to the financial statements)	
Risk	At 31 December 2019 the Company recorded financial assets (investments in group companies and amounts due from group companies, including from investments) for an amount of €4,033 million. The investments are valued at cost less accumulated impairment charges and amounts due from investments are valued at amortized cost less accumulated impairment charges. In case impairment triggers are noticed, the respective investment is tested for impairment. If an impairment is required the investment is recorded at realizable value as determined primarily on the basis of a Business Enterprise Valuation. Related receivables are impaired if needed as part of the impairment test. The main input in the valuation model at OI European Group B.V. level consist of estimated future cash flows, discounted at the Weighted Average Cost of Capital. In addition, adjustments are made for any non-operational assets or liabilities. The model as a result is sensitive to changes in all these factors. In addition, judgment is required in the identification of impairment triggers. The assumptions used in the Business Enterprise Valuation and the impairment trigger analysis represent management's best estimate for the period under consideration.

Valuation of investments and related receivables, including the accounting for new investments (Note 6 and Note 22 to the financial statements)	
	In addition, the accounting for newly acquired investments throughout the year requires management to assess the accuracy and reliability of book values (when carry-over accounting is applied for transactions under common control) or determine the fair value of the asset acquired. Moreover, due to the limited size of the accounting department, review over the impairment assessment and the accounting for newly acquired investments is limited, which is considered a material weakness. As a result, material misstatements may not be prevented or detected by the Company, which leads to higher inherent risk. Considering the significance of the investments and amounts due from investments to the financial statements, the material weakness in internal control noted above, the complexity of and level of judgment required in estimating the Business Enterprise Value (including for the assumptions used) and accounting for newly acquired investments or divestments, we have determined that this area constitutes a significant risk for our audit and that the valuation of investments and related receivables is a key audit matter. The Company's financial statements contain further information regarding the valuation of investments and related receivables in the Principles of valuation section c and the Notes to the financial statements note 6 Financial Assets and note 22 Impairment on investments/loans.
Our audit approach	We designed our audit procedures to be responsive to this risk. ▶ We updated our understanding of the process for impairments and the financial statement close process and evaluated the design of controls in this area relevant to our audit ▶ We have involved valuation experts in our audit where deemed necessary ▶ We have challenged management's assessment of impairment indicators, by assessing completeness and appropriateness of indicators considered based on applicable (accounting) guidance, corroborating information with evidence, performing further inquiries and verifying consistency of the analysis with other information and knowledge obtained during our audit, including actual outcomes ▶ We have challenged management's assessment of realizable values and fair values, by determining appropriateness of the approaches used by management, verifying reasonableness of assumptions, reperforming calculations, reconciliation to supporting evidence and assessing reasonableness of prospective information amongst others with further inquiries, reconciliation to budgets and consideration of historical realization and actual outcomes ▶ For new investments and related transactions, we have assessed the appropriateness of accounting by obtaining supporting evidence, tracing information to and inspection of legal documentation and assessing completeness and appropriateness of timing of transactions that have been accounted for ▶ Finally, we reviewed the adequacy of the disclosures made by the Company in this area

Key observations	Similar to prior years, during 2019 the Company has recognized an impairment for the additional loans provided to and interest accrued during the year due from its subsidiary O-I Argentina SA through the income statement, for an amount of €2.5 million. The Company has reversed an impairment in its investment in subsidiary Owens-Illinois do Brasil Indùstria e Comércio for an amount of €57.7 million, following an improved future outlook. The Company has also impaired its investment in subsidiary Owens-Illinois Holding (Australia) Pty Ltd for an amount of €140.6 million, considering the fair market value that was mainly based on the proceeds from the sale of this subsidiary in 2020. Main new investments concern CO Vidrieria GmbH and O-I Glass CV (held through O-I LATAM BV) for an amount of €366.6 million and €544.8 million respectively. The Company has subsequently recognized a capital repayment from O-I LATAM BV for an amount of €405.6 million. Based on our procedures performed and resulting audit findings, several significant adjustments have been made to the valuation of investments. Following these adjustments, we do conclude that the investments and related receivables are ultimately fairly stated and adequately disclosed in the financial statements.
Recognition of (deferred) taxes (Note 7 and Note 26 to the financial statements)	
Risk	Several events and specific tax legislation have an impact on the fiscal position of the Company and the recognition of tax-related matters in the Company's Financial Statements. As described in Note 7 and Note 26 of the Financial Statements, this includes the termination of the Advanced Pricing Agreement (APA) with the Dutch Tax Authorities and related guarantee agreements with the Company's former shareholder (PGA and GA) during 2018, new tax regulation effective 1 January 2019 and other applicable legislation. Moreover, due to the limited size of the accounting department, review over the accounting for and recognition of (deferred) taxes is limited, which is considered a material weakness. As a result, material misstatements may not be prevented or detected by the Company, which leads to higher inherent risk. Considering the significance of the historical fiscal losses, the material weakness in internal control noted above, the significant changes and the potential complexity of and level of judgment required in determining the Company's fiscal position, we have determined that this area constitutes a significant and fraud risk for our audit and that the recognition of (deferred) taxes is a key audit matter.

Recognition of (deferred) taxes (Note 7 and Note 26 to the financial statements)	
Our audit approach	We designed our audit procedures to be responsive to this risk. ▸ Our team included team members with specialized knowledge and skills in the area of taxes ▸ We updated our understanding of the process for taxes and the financial statement close process and evaluated the design of controls in this area relevant to our audit ▸ We have inspected the Company's Tax letters and audited its reconciliation of commercial to fiscal income and related calculations, including the calculation of the non-deductible interest ▸ We have inspected and recalculated the Company's calculation of the deferred tax asset and underlying future fiscal profit and challenged the forecast that was used ▸ We have inspected and recalculated the Company's calculation of the current income tax receivable and challenged the company to apply the fiscal unity settlement of corporate income tax consistently on all entities included in the fiscal unity ▸ We have held tax meetings with and performed inquiries of management and its tax specialists ▸ We have inspected correspondence with and documentation sent to the Dutch Tax Authorities ▸ We have specifically addressed (potential) uncertain tax positions through inquiry with management and tax specialists and inspection of related documentation and calculations ▸ We have also reviewed the adequacy of the disclosures made by the Company in this area
Key observations	The Company has recognized a net Deferred Tax Asset of €18.4 million for future compensation of historical fiscal losses and a net Deferred Tax Asset of €5.1 million for interest carry forward. Furthermore, the intercompany corporate income tax receivable on the entities included in the fiscal unity per year-end 2019 amounts to €9.4 million. In the P&L a tax benefit of €17.7 million is included. It has further disclosed a reconciliation of commercial to fiscal result and an explanation on fiscal losses and foreign tax credits for which no deferred tax asset is recognized. Based on our procedures performed, we conclude that the taxes and related amounts are ultimately fairly stated and adequately disclosed in the financial statements.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The directors' report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of OI European Group B.V. as of the audit for the year 2006 and have operated as statutory auditor ever since that financial year.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The board of directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 9 December 2020

Ernst & Young Accountants LLP

signed by P.W.J. Laan