up to you

BA 2019
ANNUAL
REPORT

“The planet is sick and getting sicker!”

If I, you, and all believe it, we must act Now, Tomorrow, Every day!

GO BEYOND is the path of our Vision. By **HeART** as is with our values!
GO means act. **BEYOND** implies to be proactive.

The human being is skilled enough to transform the way of doing. There is no recipe, unless we share the willingness to preserve the planet where we live, and others will live. Are we all willing to sacrifice the known by the uncertain, the comfort by the discomfort? Does act in a sustainable way means to go back in time?

Maybe not. To transform, we need to be creative, persistent and resilient in finding solutions, able to deal with different opinions and perspectives.
In BA, we know we are part of the problem, and also of the solution!

It is
up to *us* !
To change the way we (do and) produce bottles and jars.

We have the privilege to provide a unique material that can be recycled countless times and continue to protect human health. A material that has existed for more than 3.000 years without any known damage to earth.

As citizens of this planet, we have a role! We cannot blame institutions for the problem if we don’t act. Our actions, as individuals, also can change the way we live and affect the planet!

We all have a **Purpose**: It’s up to **ME, YOU** and **US!**

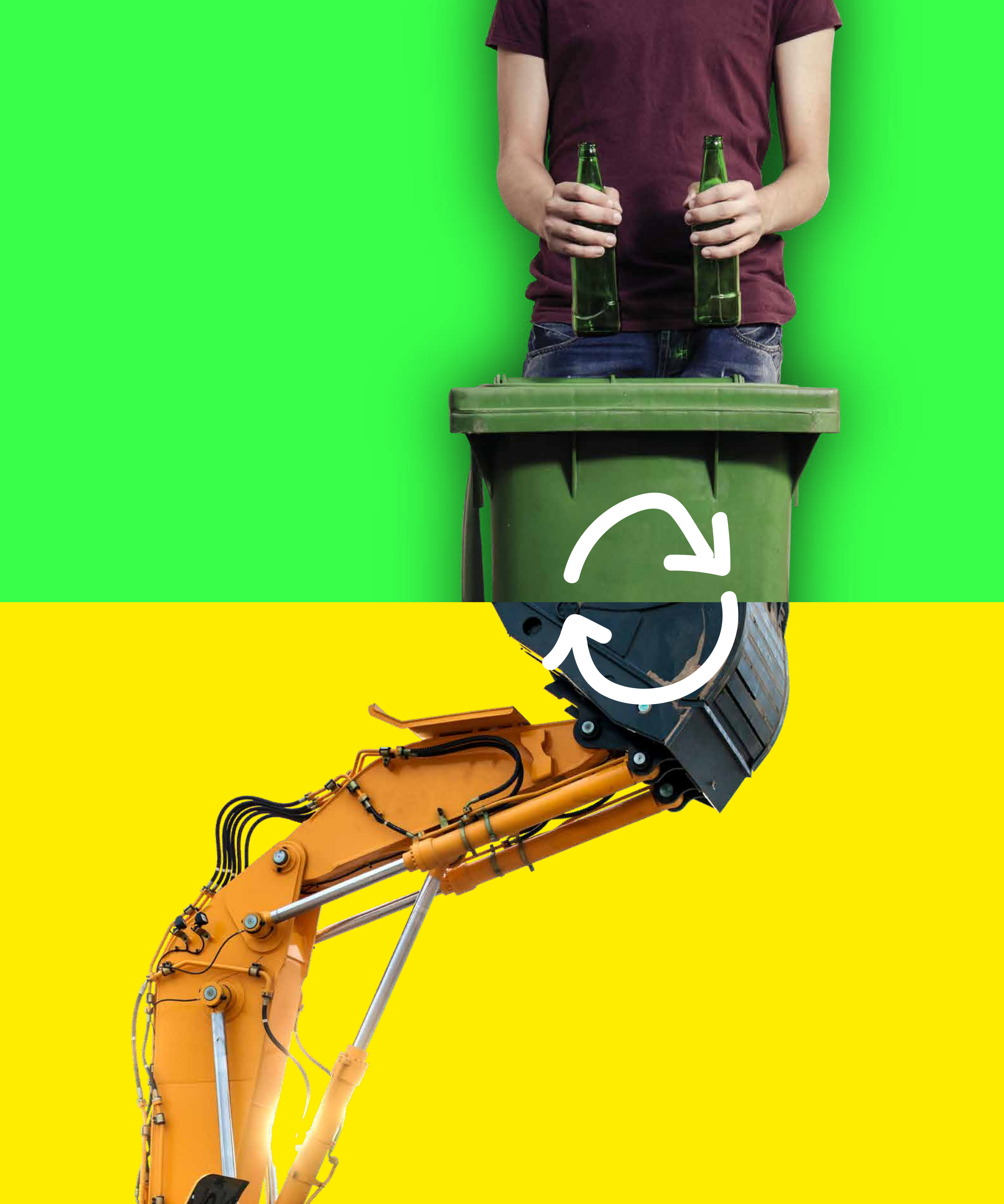
And in time, It’s **Up to** *all* to make the blue planet a place to live!

it's
up to
you

to recycle and stop
glass ending up
in landfills

it's
up to
us

to continue investing
in glass recycling
facilities



it's
up to
US

to continue investing
in the reduction
of water consumption
in the production process

it's
up to
YOU

to use water
responsibly

it's
up to
you

to recycle and avoid
further exploitation
of natural resources

it's
up to
you

to choose
glass packaging
when you buy

it's
up to
us

to teach and promote
glass as a sustainable
packaging solution

it's
up to
US

to improve
our processes

it's
up to
YOU

to join
BA world


Ø
cm
?
join us!

it's
up to
us

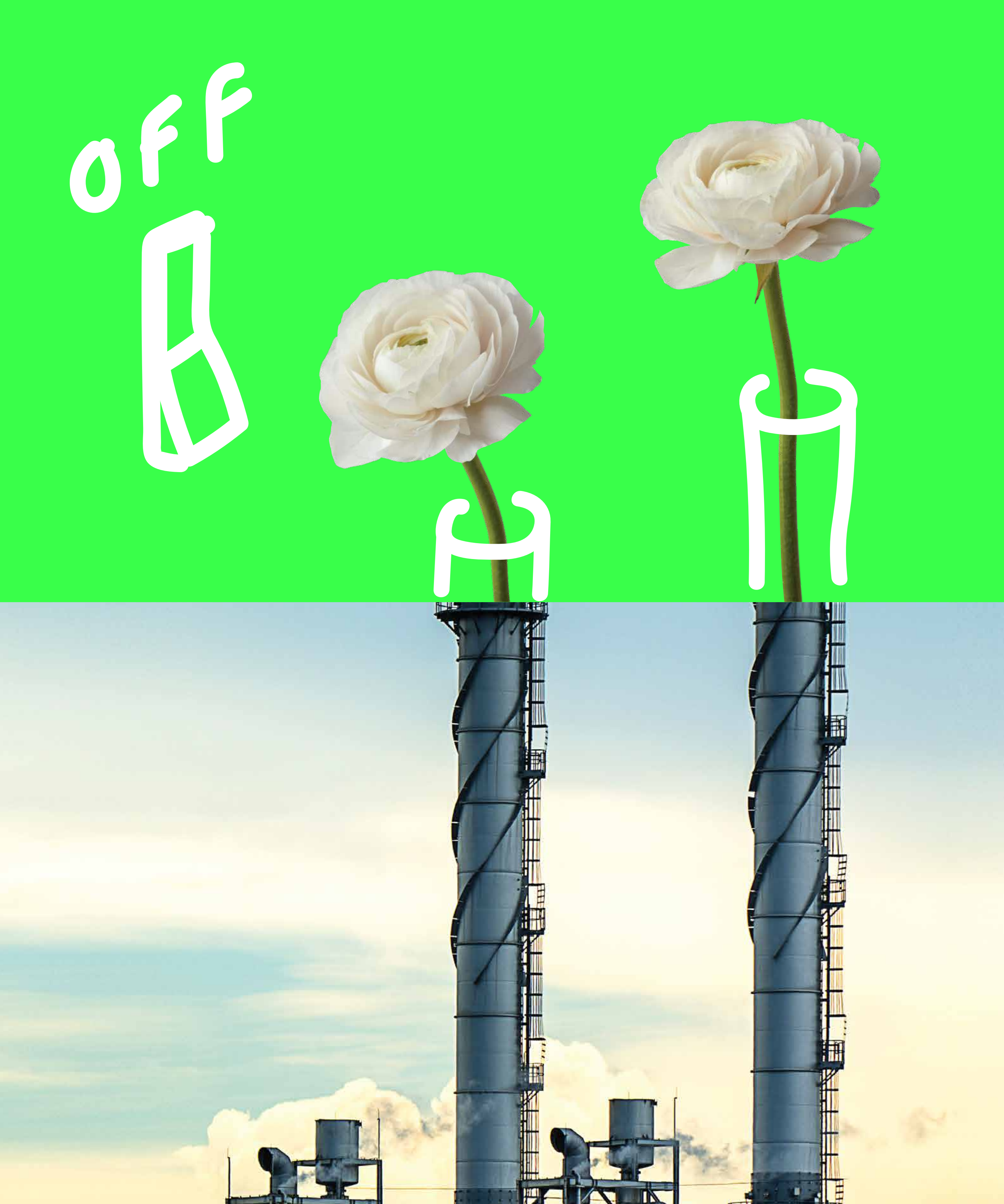
to continue
growing

it's
up to
you

to grow
with us

it's
up to
you

to save energy
at home


off

it's
up to
you

to buy glass

it's
up to
us

to make it lighter
and more convenient
to carry

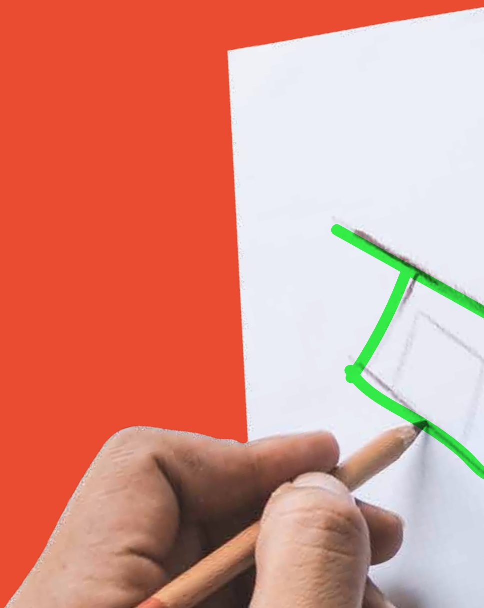

-Kg

it's
up to
you

to reduce
waste

it's
up to
us

to find solutions
to reduce the use
of secondary packaging



it's up to

all of us

to work together and find ways to protect Our planet.

message from the chairman

To all stakeholders,

In 2019, we continued to benefit from tailwinds driven by the consumers' preference for glass as the best packaging material for health and planet protection in most of our markets. Consolidated sales reached EUR 923 million, an 8.1% increase from last year on a similar industrial perimeter, despite having felt some impact due to the slowdown of the large European economies in the latter part of the year.

On the operational front, the company was able to deliver an important improvement of the EBITDA margin, which reached 32,8%, a clear leap of 3 pp from 2018. This performance was aided by a favourable energy market, except in Southeast Europe, but it also reflects our considerable effort to streamline the corporate structure and industrial operations.

All three European Divisions showed an improvement in performance, with higher capacity utilisation and better operational accomplishments in most of the plants; worthy of mention are the industrial facilities of Venda Nova, Jedlice, Gardelengen, and Athens, which managed to increase, significantly, their operations.

During the year, the company continued its aggressive investment plan having deployed EUR 121 million, or 13% of sales, in:

- Rebuilding furnaces using higher performance materials to reduce carbon dioxide emissions;
- Starting a massive investment plan to modernise and enlarge our Southeast Europe industrial platform, which will continue in the coming years. The company is placing all

efforts on the accelerated development of its capacity to serve the growing needs of our local customers; and

— Other projects concerning the environment and digitalisation of the company.

At Anchor Glass, performance continues to suffer due to declining demand, with 3,9% fewer shipments, albeit outperforming the market that lost 7% of its deliveries. The plan to reduce industrial costs, both by streamlining operations and by investing in the industrial sites with the implementation of the best available technology, is already showing results and management expects an increase in the competitiveness of the company. The impact of Anchor Glass on the company's consolidated accounts was reflected as a financial impairment of EUR 8.8 million.

Despite the significant investments made, the company reduced its gearing to 1.8 times EBITDA, strengthening the balance sheet and enabling the company to proceed with its investment programme, reshaping the Southeast Division with the latest available technology and creating a significant number of skilled jobs, as well as enabling our inorganic growth strategy.

In 2020, we will need to continue improving productivity, benefiting from the high level of recurring investments that have been made in the last few years. That will require clear leadership from the management teams in all geographies.

The company continued its investment in the digitalisation of its industrial and support operations, having allocated additional human resources and capital, with premature but promising results. To accelerate the adoption of these technologies, we are widening our network of partners by bringing in suppliers that are new to the glass packaging industry and university research teams, and by supporting doctorate and masters' projects. We believe that this effort will come to fruition with important contributions to the improvement in productivity, the robustness of operations and manufacturing working conditions.

For the last two years, I have highlighted in this letter our commitment to the implementation of changes in the company leading to a more environmentally friendly performance, including our commitments for 2030 within the framework of the Porto Protocol. We have engaged in several projects which will lead us towards that objective, namely:

— Investing in photovoltaic power plants to increase our usage of clean energy: 8 MWp in Villafranca de los Barros and more 9 MWp planned until 2021;

— Actively participating in an industry-wide project to develop the technology for a new hybrid furnace that will be fuelled by 80% electricity and 20% natural gas, the construction of which will begin shortly;

— Experimenting with materials that can reduce soda ash, which accounts for one third of our CO_2 emissions;

— Evaluating the plantation of trees to capture some of the CO_2 that we cannot avoid emitting.

But we are aware that we need to do more as far as scope, volume and speed are concerned, so that the implementation of changes in the industry can mitigate our carbon dioxide footprint and consolidate glass as the best packaging material for human health and planet conservation. I am happy to announce that, at our Annual Meeting held on this day, the shareholders of the company have decided to allocate EUR 7.3 million of the consolidated net income to a fund that will be supporting CO_2 capture initiatives, including R&D projects.

To all our 3.700 employees, I would like to pay tribute and thank them on behalf of our shareholders, the Board of Directors and myself for their dedication and contribution. At the Annual Meeting held today, the shareholders recognised that since the last acquisitions made by the German and Southeast Divisions, the performance of the company has improved beyond our expectations, so it has been decided that EUR 8.7 million of its net income will be distributed amongst the employees of all the subsidiaries, except for senior management.

A special word goes to all the employees of Anchor Glass, reiterating our commitment to continue sharing knowledge and best practices to help implement changes within the company.

To our customers, goes a final word of gratitude for their continued support and the renewed promise that we will continue to invest in talent, technology, and process and product innovation, with an additional emphasis on digitalisation and a reinforced will to improve the sustainability of our processes and products, to support the ENDLESS use of glass as the HEALTHIEST, MOST SUSTAINABLE and consumers' MOST CHERISHED packaging material.

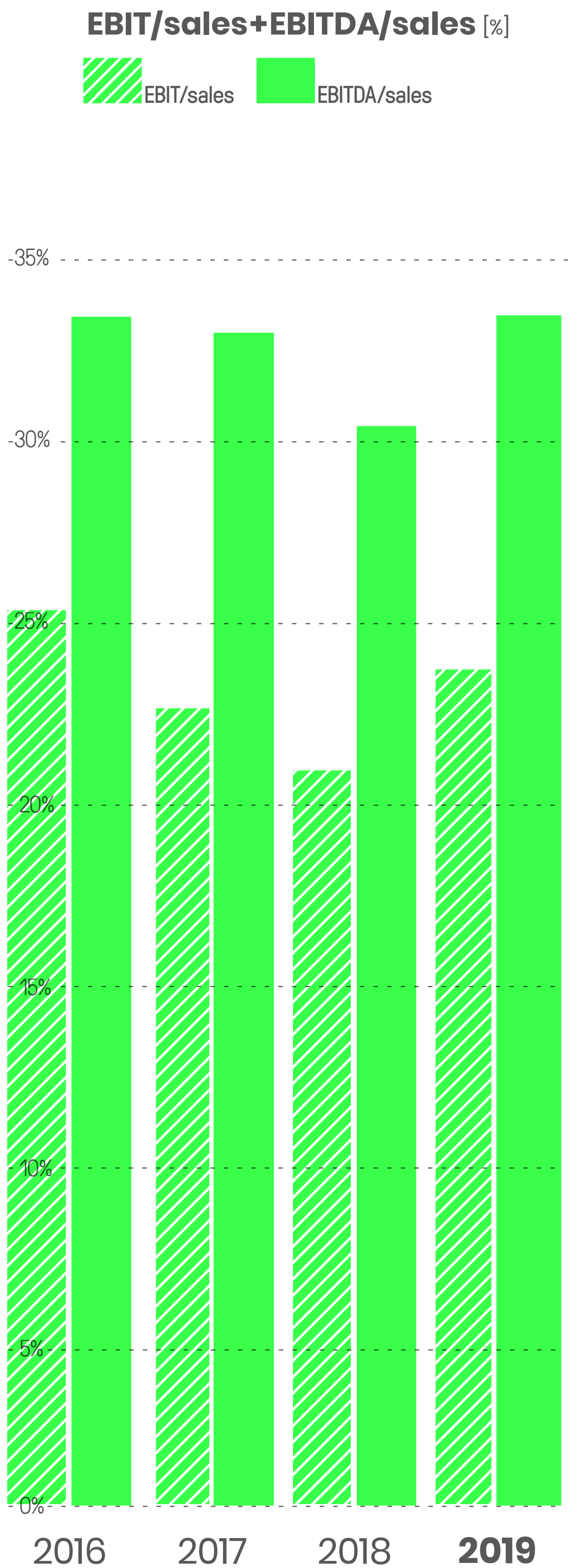
For the last two years, the Board of Directors has engaged in the planning of a generation change that would bring onto the Board the talent, the energy and the fresh ideas that the company needs and deserves in order to take it to the next level of growth and exceptional performance. These changes, some of which I already reported last year, have now come to a halt with my stepping down from the Board and handing over the Chair of the company to Paulo Azevedo, to whom I am most grateful for taking the lead in such a challenging environment, and with such an ambitious agenda. I am equally grateful to the new non-executive Board members (Jacqueline Hoogerbrugge, António Lobo Xavier and Carlo Privitera) who have accepted to be part of this ambitious project.

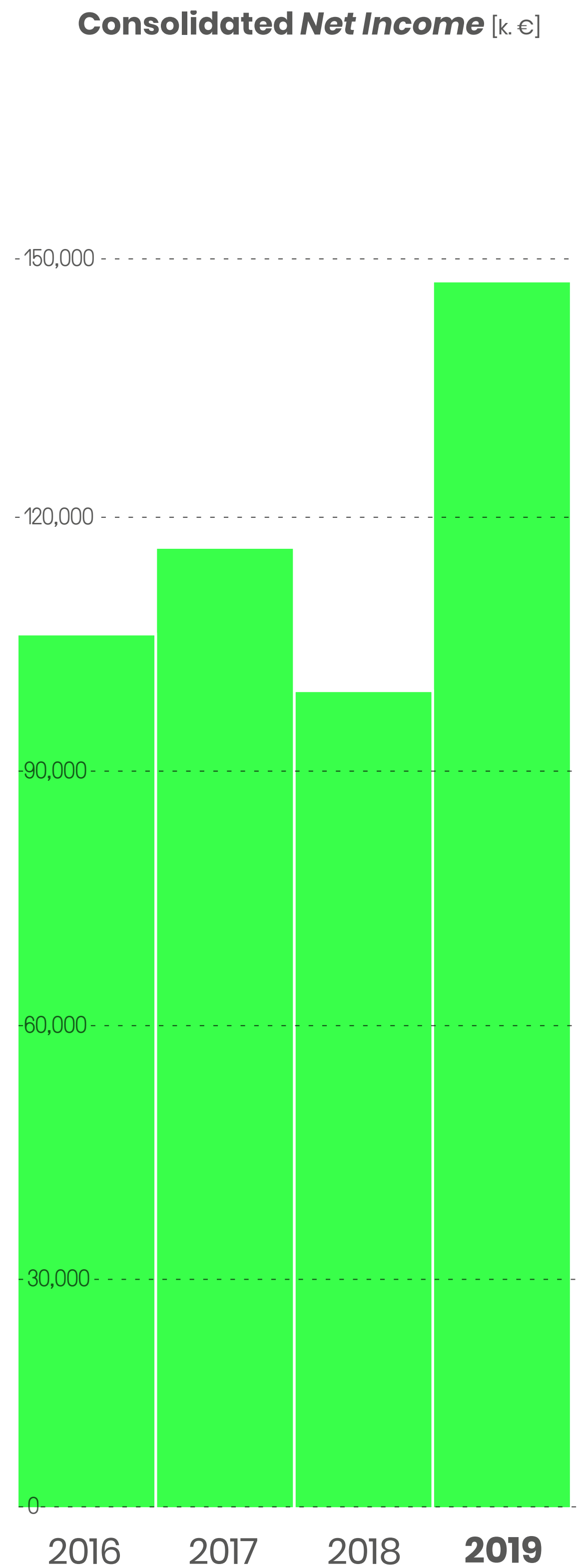
Amsterdam, 10 March 2020

consolidated key figures

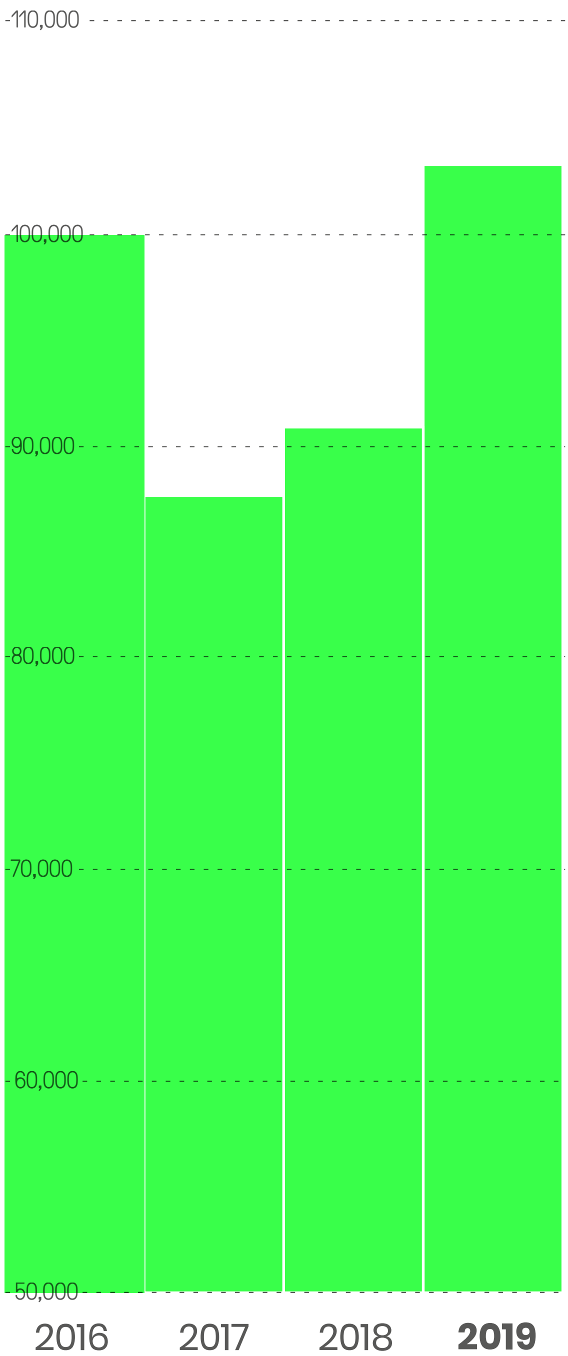
K. €	2019	2018
Turnover	923,016	853,898
Operating profit [EBIT]	213,167	173,457
Financial results	-21,734	-41,391
Net income	144,994	96,601
Cash flow	**234,990**	**177,555**
Operating cash flow [EBITDA]	**303,163**	**254,411**

Net assets	**1,474,058**	**1,414,019**
Equity	604,231	476,130
Net debt	532,928	643,695
Net tangible fixed asset turnover	1.62	1.65
Net debt / EBITDA	1.76	2.53
Interest cover ratio	18.8	12.0
EBITDA / Sales	**32.8%**	**29.8%**
EBIT / Sales	**23.1%**	**20.3%**
Number of employees	3,699	3,889
Sales / Employee	249.5	219.6

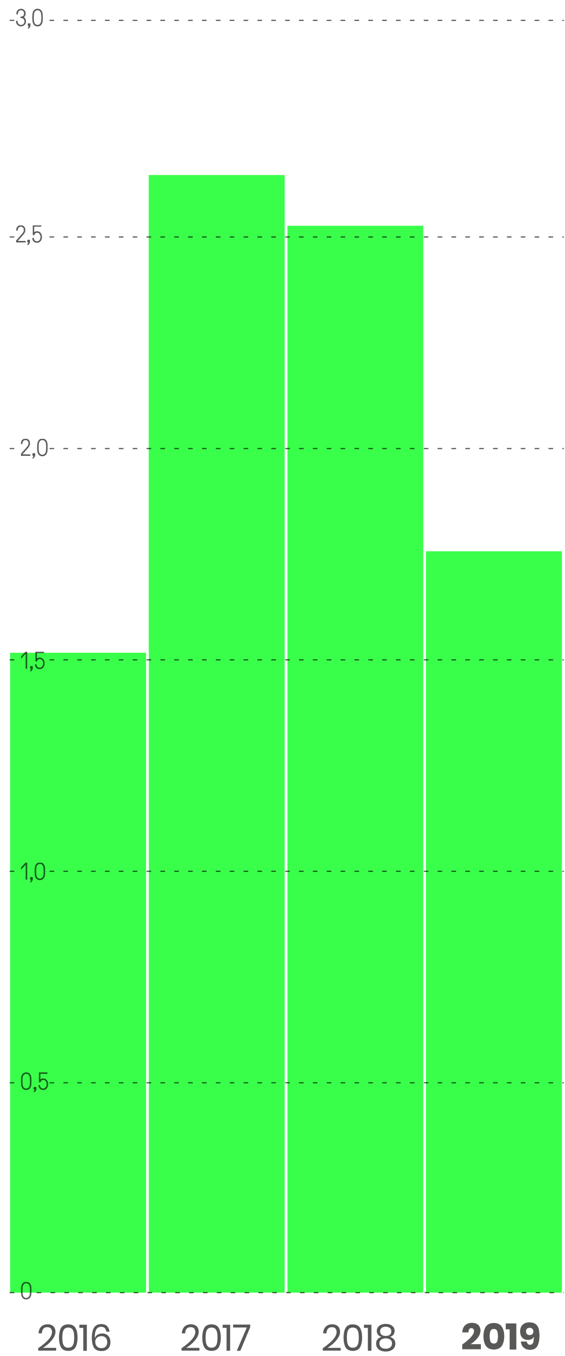

EBIT/sales+EBITDA/sales [%]
EBIT/sales
EBITDA/sales
35%
30%
25%
20%
15%
10%
5%
0%
2016
2017
2018
2019


Consolidated Net Income [k. €]
150,000
120,000
90,000
60,000
30,000
0
2016
2017
2018
2019

Sales *Per Capita* [basis 100=2016]



Net Debt/EBITDA



BA Glass Group

NL
BA Glass B.V.

100% PT
BA Glass I
Serviços de Gestão e Investimentos

100% PL
BA Glass Poland
Sp. Z O.O.

100% DE
BA Glass Germany
GmbH

100% GR
BA Glass Greece S.A.

25% USA
Anchor Glass
Corporation

90.11% PT
BA Glass Portugal S.A.
[own shares 9.89%]

100% NL
Glasstank B.V.

100% PT
Moldin S.A.

100% PT
Barbosa & Almeida SGPS, S.A.

99,90% RO
BA Glass Romania S.A.
[own shares 0.10%]

100% BU
BA Glass Bulgaria S.A.

100% ES
BA Glass Spain S.A.U.

100% ES
BA Vidrio
Distribución y Comercialización de Envases de Vidrio, S.A.U.

100% ES
Minas de Valdecastillo S.A.U.

Shareholder Structure

BA Glass B.V. Shareholders	Shares	% Share Capital and Voting Rights
FIM DO DIA, SGPS, S.A. Company indirectly majority-owned by the Moreira da Silva family and by the Silva Domingues family	17,064	47.40%
TEAK CAPITAL, S.A. Company owned by the Moreira da Silva family	9,468	26.30%
TANGOR CAPITAL, S.A. Company owned by the Silva Domingues family	9,468	26.30%
TOTAL	36,000	100%

BA Group Macro-structure

Board of Directors

Executive Board

Market & Planning
Investments
Innovation & Development
People Development
Legal

Finance & Consolidation
Performance Management
Quality and H&S
Information Technologies
Strategic Procurement

Iberian Division

Central Europe Division

Southeastern Europe Division

Plants

Iberian Division

Avintes
León
Marinha Grande
Venda Nova
Villafranca

Central Europe Division

Jedlice
Sieraków
Gardelegen

Southeastern Europe Division

Athens
Bucharest
Plovdiv
Sofia

Members of the Board

Members of the group companies' Board of Directors

Carlos Moreira da Silva (Chairman)
Sandra Maria Santos (CEO)
Abelardo Lopez
Alberto Araújo Soares
Alfredo José Pereira
António Lobo Xavier
Carlo Privitera
Filip Drofiak
Francisco Silva Domingues
Iva Rodrigues Dias
Jacqueline Hoogerbrugge
Javier Teniente
Jorge Alexandre Ferreira
José Ignacio Comenge
Nikolaos Barlagiannis
Paulo Azevedo
Pedro Moreira da Silva
Pieter Cornelis Jan Avis
Reinaldo Coelho
Rita Silva Domingues
Tiago Moreira da Silva

Executive Board

Sandra Maria Santos (Chairman)
Abelardo López
Filip Drofiak (MD Central Europe)
Iva Rodrigues Dias
Javier Teniente (MD Iberia)
Luis Mendes
Nikolaos Barlagiannis (MD South Eastern Europe)
Reinaldo Coelho
Tiago Moreira da Silva

Departmental Directors

Adrian Suciu
Alberto Araújo Soares
Ana Cristina Gonçalves
António Magalhães
António Sá Couto
Arkadios Tsantekidis
Christodoulos Tsilopoulos
Dimitrios Dentsas
Dimitrios Papadopoulos
Isabel Monteiro
Jakub Kaczmarek
Joana Osório
Luís Cardoso
Marcin Kochanski
Nikolaos Christodoulou
Oliver Meuter
Paulo Sá
Pedro Belo
Rafael Corzo
Rui Guimarães
Rui Matos
Sofia Alves
Tomasz Karpiewski
Venancio Roales
Vitor Matoso

annual management report

sustainability report

annual management report

To the Shareholders,

We hereby present the 2019 Annual Report and Consolidated Accounts.

We started 2019 confident that we would be able to recover the results we lost in 2018, or even exceed them, and that was confirmed at the close of the financial year. During this period we reinforced measures that were being implemented to mitigate the burden of energy costs and salary increases. The dedication and commitment of all teams in looking for new solutions made 2019 rich in accomplishments!

The year began with optimistic indications from the market, with signs that we could expect abnormal growth. But early on, before summer, it was clear that the economies and the demand for glass would not grow that much. Summer was below expectations for the glass packaging industry and for many other industries. In the second half of the year several factors denoted a slowdown in many of the countries where we operate.

The uncertainty in the major European economies like Germany, the UK, and France cut back or postponed some investment plans and created a general feeling that an economic crisis would be knocking on our door shortly.

The energy cost burden was positively impacted by the economic slowdown, although for our main source of energy, natural gas, the prices were still far from the 2017 rates. The exception was the Southeast Europe region, where energy prices (gas and electricity) continue to increase due to the lack of liberalisation in the energy sector. As expected, CO_2 allowance prices suffered a very significant increase, more than 15% in comparison to 2018!

Despite the signs of economic cooldown, the labour market continued to be very dynamic. In all geographies, unemployment continued to decline. On the one hand, we saw positive effects on demand but, on the other hand, labour market conditions severely affected production costs, as well as the stability of the plants' operations, where the turnover of people resulted in the loss of knowledge and experience. As in 2018, in countries like Romania, Bulgaria, and Poland, salary increases surpassed all expectations, rising between 15 and 20%.

At BA it was a year to improve and consolidate actions launched in 2018. Several steps were taken concerning productivity improvement and operational consistency in our twelve plants. Manufacturing digitalisation and the revision and redesigning of corporate processes were at the top of the year's agenda, with the primary purpose of changing the way of doing and producing.

After the integration of the Southeast Europe Division, 2019 was the year of our first significant investment in the region. We entirely rebuilt one of the furnaces at the Plovdiv plant, increasing its capacity to cope with the growing demand in the region and with the export markets. We completely changed the operations in that plant, bringing in new technologies and more skilled people. At the same time we announced an aggressive investment plan in the region, which will involve an increase in capacity and modernisation, to be executed in the coming years. Again, in 2020, a new furnace will be built in Plovdiv, replacing an old one. The construction of new warehouses is a big part of the investment plan.

Environmental sustainability was also at the top of the year's agenda. Many actions were, and continue to be, implemented to reduce our CO_2 footprint and to fulfil our obligations as far as air emissions are concerned. The reduction in energy and water consumption has, nowadays, become a routine task in our twelve plants, and has been followed closely so as not to miss any opportunities for improvement. At the beginning of the year we launched a specific programme – Watt Less – to reduce the energy consumption of all small and medium-sized equipment and installations, and the outcome was very positive.

The photovoltaic solar facility installed on the roofs of our plant in Villafranca was just the first step of a wider programme of investments dedicated to the production and usage of renewable energy, a commitment made by BA in 2018.

In 2020, we will be able to assess our CO_2 footprint level, something which we have been aiming to do for the last few years. Measuring it will enable us to improve it faster!

We were also very busy with M&A activities during 2019. Even though no transactions were concluded, some seeds were planted which should generate outcomes soon. Some options were discarded as we considered them to not be exciting enough for the development of our corporate vision and strategy.

This publication includes a sustainability report for the last 18 years. However, this year we decided to change part of the content, and have placed sustainability under the spotlight. We aim to report our progress and actions in a structured way.

Within the scope of The European Container Glass Federation (FEVE), we also decided to approach topics like recycling, human health, and the CO_2 footprint from a different angle, leveraged by the merits of glass as a healthy, recyclable and permanent packaging material. As a member of FEVE, and of local glass associations, BA is committed to dedicating time and resources in order to progress faster in these matters.

The Glassberries contest was, again, an important moment of the year. In Porto young designers were awarded prizes for their ideas, and were given the opportunity to share them with our customers. Once again, importance was given to sustainability as a topic during the awards ceremony. As in the previous year, universities from five different countries participated in the contest.

Two years after the integration of the Southeast Europe Division, the Company reached a turnover of EUR 923 million, producing more than 2.2 million tons of glass and 9.3 billion bottles and jars in its twelve plants. New products were launched (107 out of 229 newly developed products) onto the market for our customers, some having been developed entirely by the BA design team. Some innovation projects were developed across our own, as well as our customers', supply chain, including the study of consumer trends. Still, there is a vast potential at hand, just as we were expecting when, in 2016, we changed the Vision of the company. Some customers were quite active in finding solutions in glass to replace their plastic packaging and to lightweight existing packaging. However, we would expect more initiatives given the sustainability programmes announced by many food and beverage companies.

The increase in selling prices implemented at the beginning of the year was far behind the rise in costs in the last two years, a gap that has been mitigated with operational improvement measures.

The three Divisions had different challenges and focuses, but all accomplished remarkable records in some KPIs, beating their own records.

The Iberian Division continued to be at the forefront as regards exploring new concepts, ideas, and technologies. Important investments were made in two of its five plants, with furnaces being rebuilt, one of which was in Villafranca de los Barros that completed its investment cycle of more than EUR 60 million in less than two years, and was converted into the biggest plant in the Company. It was also in this plant, on its roofs, that we built our first photovoltaic installation, with a capacity of 8 MW. This was BA's first step in its investment in renewable energies, a broad plan to be executed in the coming years. After a long investment period, the Iberian Division is now focused on improving and consolidating its operations, converting our plants into attractive workplaces with a sustainable future.

The Central Europe Division recorded a significant improvement in its operations. The operation of Gardelegen's furnace was consolidated after its repair, and the product portfolio was enriched, fulfilling an ambition targeted since its acquisition in 2016. The diversity of products and customers did not restrain the team's capacity to improve operational performance. In the Jedlice a step forward was taken in its operational performance, and today these two plants are a benchmark for the Company in some of the operational KPIs. Still, there is room for improvement in the CE operations, something we are committed to in 2020. Sales in this Division increased by over 6.3% and the limit of its production capacity has now been reached. A new record was achieved in terms of the Division's profitability. The labour market continues to be very challenging. It is hard to find and keep skilled workers, factors which motivate the search for more automation and digitalisation. The various initiatives organised in 2018 with the aim of improving the level of service to the customers of this Division were effective and visible in the annual satisfaction enquiry. However, we do recognise that not all has been done.

In the Southeast Europe Division, the year was turbulent. The first significant investment was made in the Plovdiv plant, where a new furnace was built, replacing a very small and old one. Some production reallocations were carried out, and the Division is now better prepared to attend to the growing demand inside and outside the region. The lack of production during the high season didn't allow sales to grow, making them very similar to 2018's. The increase in salaries and the costs of energy and raw materials continue to be difficult challenges to overcome, as it is not possible to compensate these increases by raising prices. The increase in productivity was the main driver of profitability growth during the year. The team is now focused on optimising the operational performance and on executing the ambitious investment plan which has just started. The challenges and opportunities in this Division remain high. The upgrade of people skills is crucial to the running of the business plan drawn up at the time of its acquisition, a challenging task in a market with high-level turnover and absenteeism, namely in our Romanian and Bulgarian plants.

As consistency is the key to business sustainability, in 2019 a new quality programme was implemented across the company and will continue during 2020. We have named it "Beyond Quality".

Manufacturing digitalisation was, and continues to be, one of our top priorities. Much was learned from several benchmark actions. The learning process is faster and richer each time we do it. Some spot projects were implemented and are being followed up in order to assess their relevance and define priorities. An ad hoc committee, made up of members of the Executive Board, is in place to support their development, as well as other digital initiatives across the company. Some medium-term projects are also being developed, aiming to change or even disrupt the way we produce and sell our bottles and jars – all being data driven. We are still in the exploratory stage. The consolidation of learnings will come at a later stage. Some partnerships are helping with the development of projects where we don't possess the core competencies. Opening the company up to this kind of relationship will accelerate progress and innovation inside our company.

We are obsessed with being part of the industry's transformation, as we believe that some disruption is the only way to make the glass packaging industry sustainable and attractive to employees and investors. There is no other way, and we will continue to invest in digitalisation as it is the main tool needed to accomplish this!

This year the Annual Management Meeting was made up of working sessions about "What's next for BA". Internal projects were presented, and several topics were discussed amongst the 210 participants present in the city of Porto. A part of the programme was covered by external invitees, who shared their experiences and learnings concerning sustainability and, a particularly complex topic, cybersecurity.

The continued training of our people has been the key to the improved performance of our company. In 2019, apart from all the development programmes already in place, new training sessions were created by our training academy. An internal mentoring programme was successfully implemented, aiming to help people with the highest potential to achieve even higher levels of performance and take on new and more challenging roles within the Company.

The spread of BA Way continues to be an exciting and demanding project. The Management Development Programme continues to be an opportunity to learn new subjects, but also a space of interaction between employees from different geographies and plants/departments. We continued to move people across borders on short and medium-term missions to roll out best practices and spread the BA Way more quickly.

The year was full of exploratory projects, the consolidation of some of the projects initiated in 2018, and the opening of doors to more trials and experiments. We believe this is the effective way for our company and for the business to progress. However, the increase in profitability was not relegated to second place, and new records were achieved. In 2019 the Company's turnover grew 8.1%, reaching EUR 923 million. Growth occurred in all our main markets, exceptions being Portugal, Greece and Bulgaria –the last two because of lack of capacity during the first months. Production grew 4.8%, thanks to the Iberian and Southeast Europe Divisions.

Net profit increased EUR 48 million, 50.1% more than in 2018, to 16.7% of sales, before the negative impact from an impairment of the Anchor Glass participation.

The Company EBITDA was EUR 303 million, with a margin of 32.8% of sales, EUR 49 million and 3.0 p.p. on margin more than last year and above 2017 margin. The EBIT was EUR 213 million, 23.1% of sales, also above 2017 and 2018 margins (additional 3.0 p.p., excluding the impairment on real estate in Spain). This improvement in the Company's margins was possible because of some operational records achieved and the significant reduction in administrative and corporate costs which, at year end, accounted for 3.9% of the turnover.

The financial results were positively impacted by the smaller impairment of the Anchor Glass investment, going from a EUR 23 million loss in 2018 to EUR 9 million in 2019. There was also an important reduction of financial costs, where interests decreased as a direct result of net debt reduction (EUR 111 million less than in 2018).

The company ended the year with 4,124 FTEs (full time employees), and a productivity ratio of EUR 224,000 of sales per capita, 16.7% higher than in 2018. Given the known benchmarks, there is still room for improvement in some plants and in the corporate areas.

The level of investment reached EUR 121 million, 13.1% of sales – a very high level that will increase still further in 2020. All the plants were running at full capacity, except four which were under furnace reconstruction investments. Four new furnaces were rebuilt: one in Portugal, one in Bulgaria and two in Spain. The best available technology was acquired and implemented to satisfy our customers' needs and expectations, and to ensure consistency in our production process. The investment and plant teams were focused not only on delivering the new furnaces on time and on budget, but also on reshaping the preparation of the project so as to mitigate the adverse effects of a start-up and the introduction of new technology. The results are very encouraging and are a sign that we are moving in the right direction. We continued to track our customers' growth whilst trying to anticipate their needs, investing in additional capacity and flexibility long before being asked to do so.

Turnover of fixed assets increased, and investment in working capital decreased significantly, with a yearly average of 19.8% of sales.

The Company's total net debt ended the year at EUR 533 million, a remarkable decrease of EUR 111 million in a year of massive investments – a leverage ratio of 1.8 times the consolidated EBITDA. The company's financial situation is robust and prepared for new acquisitions and investments.

The product/service quality index increased, including delivery reliability, a weak point in 2018. Our customers were more active than ever at wanting to obtain information about our actions concerning CO_2 footprint reduction. It is, undoubtedly, a hot topic on the agenda of our customers' top executives.

The Company management systems are certified according to international standards for Quality, Food Safety, Environment, Social Accountability, Health & Safety and Energy.

With regard to management systems, all plants are certified according to ISO 9001 – *Quality Management Systems*, and FSSC 22000 – *Food Safety System*. All plants, except for Athens and Gardelegen, are certified according to ISO 14001 – *Environmental Management Systems*. The Gardelegen plant is certified according to ISO 50001 – *Energy Management Systems*. Regarding social concerns and labour conditions, the Iberian plants are certified according to SA 8000 - *Social Accountability*. The Polish, Romanian, and Bulgarian plants are certified according to OHSAS 18001 – *Occupational Health and Safety Management Systems*. During 2020 the transition from OHSAS 18001 to ISO 45001 will be carried out.

We believe that the adoption of international standards brings added value for the improvement of company procedures and practices, and that certification is a guarantee of consistency and best practices, which will benefit customers and the whole value chain.

The company and its subsidiaries are members of the following associations: AIVE – *Associação dos Industriais de Vidro de Embalagem*, ANFEVI – *Asociación Nacional de Empresas de Fabricación Automática de Envases de Vidrio*, PIO – *Polska Izba Opakowań*, Glass BV, FEVE – *Fédération Européenne du Verre d'Embalage*, and of the *Food Packaging Forum Foundation* – Switzerland. BA Glass continues to be an active member of these associations, placing particular emphasis on promoting glass as a sustainable and healthy packaging material, and on monitoring national and community legislative initiatives. The recycling of glass was the focus of all associations, reinforced by the need to deliver packaging with more recycling content.

This year we dedicate the annual report to the Planet, the one we live on, highlighting the fact that ALL can contribute, including YOU and US! We are proud to be part of this global project about making the world a better place to live, hoping that we will never lack creativity and energy to move forward!

We aim to awaken in you the willingness to take simple actions, because "Big changes start with Small changes"!

Markets and Customers

2019 was a year of strong growth at BA. The company was able to continue its investment plan on time to ensure that all potential market growth was captured according to our different regional strategies. Today BA has an established position in continental Europe and was able to go through a high demand cycle, maintaining and gaining important market positions whilst continuing to innovate, supported by an intensive investment programme.

For BA, and for the glass industry in Europe, the slowdown in the economy is closely related to the exporting performance of our customers, thus making the future more uncertain. In most of the countries where BA has its manufacturing footprint, economic forecasts were, and continue to be, more modest than in the last couple of years. Nevertheless, in some countries we are experiencing growth, which encourages us to continue to invest and capture private consumption. In the Southeastern Europe region, higher rates of GDP growth are creating opportunities that BA can benefit from, and even in more mature markets and regions such as Central Europe (Germany and Poland), the shift from plastic to glass, particularly in the water/soft drinks market, is unbalancing the demand/supply ratio, providing us the opportunity to thrive in those segments. It is our expectation that we will continue to grow, albeit more modestly, in the years to come.

In this environment, BA's turnover reached EUR 923 million, representing an increase of 8.1% when compared with the previous year. Exports continue to be a large part of our sales, accounting for approximately 25% of the Company's total sales. Most of the countries where we have operational capacity have consolidated further. Portugal and Greece suffered a slight drop, which is to be recovered in 2020. As exports maintain their levels within BA, we continue to pay special attention to our core markets, satisfying their growing demands.

Today our main export markets are in France, Italy, Belgium, Great Britain and Netherlands, among a total of 61 countries (70 in 2018).

The splitting of sales per segment remained stable, valuing the diverse portfolio we aim to maintain: Food representing 31%, Spirits 12%, Wine 17%, Soft Drinks 15% and Beer 25%.

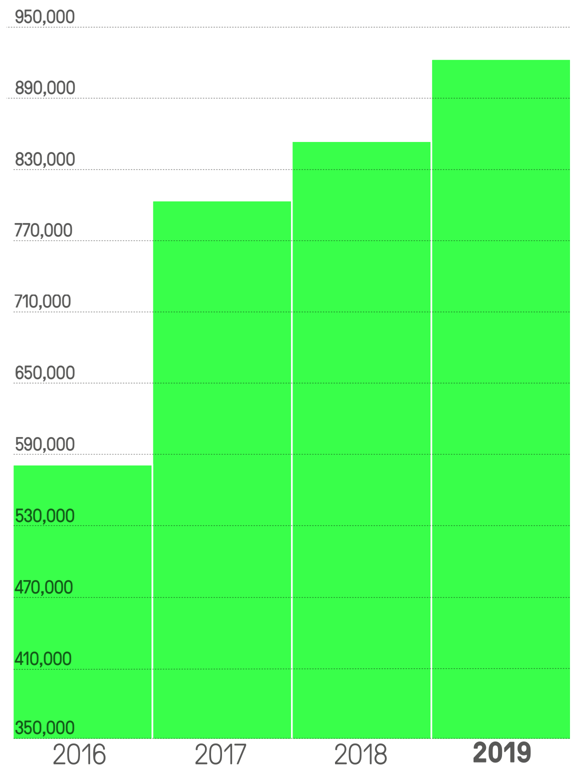
The biggest growth came from the Beer and Soft Drinks markets, as a consequence of our increased capacity, which was raised in the last two years in order to meet the growing demand. In some countries more than others we observed a shift from plastic to glass packaging, mainly in the soft drinks and water segments, related with the consumers' and customers' increased concern with sustainable living. BA was able to adapt its production capacity and capture this growth.

The furnaces reconstructions carried out during the year and the new technology introduced into all our plants, as well as the readjustment of some product locations, were aimed at absorbing the growth of our core markets, so as to make sure that we continue to serve our clients in their growing needs.

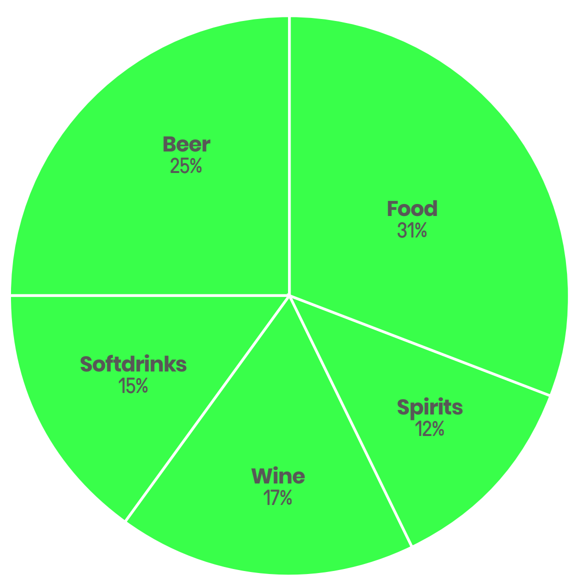
We carried out, once again, a customer satisfaction survey, BA having reached a +16.9% Net Promoting Score (above industry average). This score is still below our goals, but correlates to the effort made to improve and redefine our processes, to streamline the whole cycle of customer experience. The review of our "order to cash" process, supported by digital tools, has been fundamental in making our organisation more effective and closer to the needs of our customers. The job is not finished, but we can already perceive positive outcomes. Proceeding with BA's digitalisation initiatives, we implemented a new CRM platform that provides faster and more organised market information, increasing the efficiency of our sales and the quality of our customer service. All these actions resulted in a 10 p.p. increase in our NPS score from 2018. BA will continue to follow the path of caring and innovating along the whole customer journey.

Using our innovation framework, the Innovation Challenge, helped us to get closer to our customers. Several workshops were given, covering topics from product innovation to supply-chain optimisation. It is clear that our most recent incorporations need an extra effort, since they are located in the geographies where growth rates are higher and, therefore, the market demands more and faster innovation, particularly in the beer and soft drinks segment. In 2019 BA developed more than 230 new products, of which 107 were launched onto the market, increasing its success rate of market implementation by 3 p.p.. In line with our new Vision, consumers have also been addressed in our innovation challenge model. For the second year in a row, BA has used it to try and understand the relationship of final consumers with packaging and glass at the moment when they decide to buy the products that are offered to them. We discovered some facts that are already generating added value to our development process. Market and consumer research will continue to be done, leading us to a new level of knowledge on how glass packaging correlates with consumers' more sustainable choices. There is still a lot of work to be done, particularly in spreading the sustainable advantages of glass versus other materials, as far as human health and environment preservation are concerned. Infinitive recycling is, and will continue to be, a key advantage to promote, and one of the most important challenges ahead. Being an active member of Friends of Glass (www.friendsofglass.com) affords us a position in which to continue exploring communication opportunities.

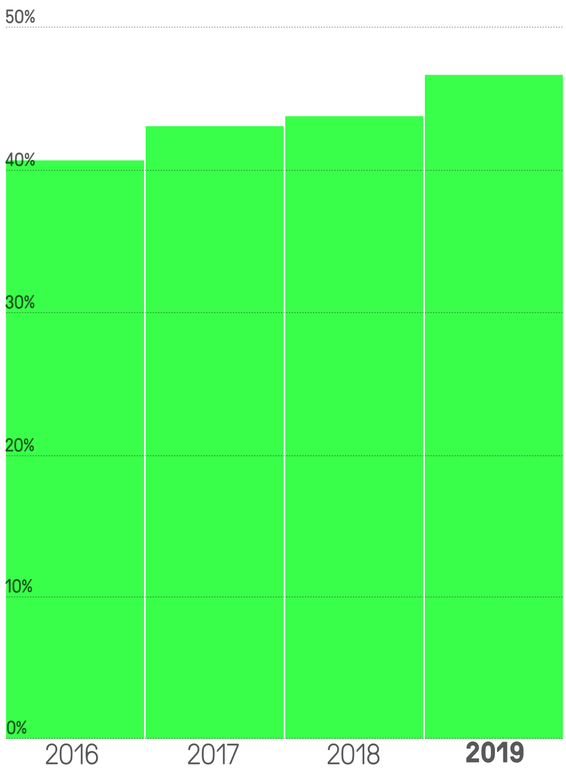
Turnover [k.€]



Segment Sales [%]



New Projects Success Rate [%]



Innovation & Development

In the search for more consistency in our process, several initiatives were developed, aimed at changing the way we do things in the manufacturing process, whilst using digitalisation to leverage it.

The first swabbing robots are working and were extended to other lines, making this activity more consistent and releasing people to other activities that can bring more value to the process and to the product. Other important steps have been taken to make our process even more automatic.

On the path to smart manufacturing, several pilot initiatives are being developed. The first stage, related with process visibility, has already been implemented, and we can foresee very interesting and encouraging results. We have also begun our first trials on predictive modelling related to furnace operation.

We are applying more resources, investments and people to ensure that priority is given to all emerging projects.

Benchmarking with other industries and companies makes this process more exciting, as we can learn from others' failures and successes. Furthermore, our partnerships with suppliers of technology and knowledge are being reinforced more than ever before.

Various research programmes were initiated in conjunction with some universities aiming, on the one hand, to develop better materials and glass properties and, on the other hand, to look for algorithms of artificial intelligence to optimise our process and assist with manufacturing decisions.

As regards product development, the design of new packaging continues to be at the core of our business. And, for the eighth consecutive year, BA launched the Glassberries Design Contest. This year we challenged universities and design students to create a glass container for beverages with a cork accessory to encourage a sustainable lifestyle, combining glass with a material that captures CO_2. The awards ceremony took place in Porto, where the winning projects were pitched by their creators, in the presence of several customers who joined us for a session of discussion about innovative design and sustainability.

The light weighting of our bottles and jars continues to be a top priority for our company, and we believe there is still a lot to be done in this field. In the last four years, the light weighted products enabled us to save more than 5,500 tons of CO_2 directly, and much more if we take into account all the savings across the supply chain process.

In 2020, we will dedicate time and resources to the assessment of BA's footprint, crucial to our customers and to our programme of environmental commitments.

Operations and Supply Chain

During 2019 the focus was placed on several furnace reconstructions in the Iberian and Southeast Europe plants and on the implementation of other important projects to improve safety, quality consistency, environmental impact, productivity, and costs.

In the Iberian Division we must highlight three furnace reconstructions, all with excellent start-ups in terms of quality and efficiency, breaking successive records. Despite the growing complexity of the referred start-ups, the Iberian Division was able to improve productivity and quality indexes in most of its production sites.

After some major organisational changes, 2019 was a year of stabilisation for the Avintes plant. Now with a much more consolidated team, it was able to accomplish a remarkable start-up of one of its furnaces after an intermediate repair. The Marinha Grande plant was also able to improve its results in the main KPIs compared with the previous year. For the Villafranca plant, 2019 marked the end of a very intense 2-year period of investments to increase capacity and to install the latest and most environment-friendly technology available, with its new photovoltaic roof facility. The León plant also had an intermediate furnace repair, whose impressive start-up contributed, in a decisive manner, to the excellent performance in almost all its KPIs, beating several records. Finally, the Venda Nova plant continues to show, year after year, a very positive trend in all the main operational indicators, having achieved significant record-breaking results in productivity, flexibility, quality, and industrial cost.

In the Central European Division, the Jedlice and Gardelegen plants had very good operational results, and despite the adverse labour market conditions in both countries (Poland and Germany), we have managed to keep stable and reliable teams, fulfilling all operational roles and functions, and improving productivity. Both of these plants successfully met the main 2019 targets and substantially improved quality. In the Sieraków plant the complexity of the portfolio and the supplying of new markets brought many challenges that must be overcome.

At the end of the year we concluded a very challenging labour agreement with the Unions Work Council in Gardelegen. We firmly believe that this agreement is very beneficial to all parties involved, and that it will boost the positive trend in the performance of the Gardelegen plant at year end.

2019 was an important year for the Southeastern Europe Division with the first transformational investment having taken place in the Plovdiv plant. It was a very successful investment, in both technology and people, driving Plovdiv to become a benchmark within the Company. The Athens plant had several accomplishments, improving most of the KPIs and breaking records without any significant investments having been made. The Sofia plant also broke several records, despite the operational performance having been affected by the conversion of its beer furnace into one for wine and olive oil packaging. Strong focus was placed on improving the performance of the Bucharest plant, although the results are still below target. Nevertheless, there are several improvement opportunities.

As in the two previous years, the Southeastern Europe Division, continued focusing on processes improvement and consistency with BA standards. Strong focus was placed on operational benchmarking, the reorganisation of the administration departments, and on discontinuing non-core activities and inactive companies.

This year the benchmarking initiatives among plants have continued, extending to several Company-wide projects like the “Watt Less” programme focused on energy savings and environmental impact reduction. We are convinced that now, in a larger and more diversified BA, the benchmarking initiatives are even richer, taking advantage of its size to become a better player.

During 2019 all geographies initiated the “Beyond Quality” project, with the goal to reduce the special stocks to zero and, more importantly, aiming to “do things right at first time” which will impact not only quality but also production efficiency.

On the supply chain, after complete integration of the three divisions, the investments were focused on infrastructure and transport management tools. New warehouses were built in the Gardelegen and Plovdiv plants, adding 14,000 square metres of available space. A new transport system was implemented to ensure efficient communication with forwarders, better organisation of loads and full visibility of the trucks along their routes from the BA facilities to each delivery point. This new system is also very important to ensure the rendering of a better service to our customers.

The transport scarcity that we faced in 2018 has been overcome, and we can now provide a better service and steady deliveries to our customers. BA’s sales growth was very significant, and the logistics teams managed to maintain high service standards, particularly in Central Europe, a very challenging region last year. Alternative routes have been developed and new solutions, with external warehouses, have been implemented, always in pursuit of the most efficient solutions for our customers.

As a consequence of the economic slowdown, the warmer winter and high stock levels, natural gas prices decreased in 2019. The oil and electricity markets were also more favourable, with lower volatility and lower prices when compared to last year. Despite these improvements, we were still unable to recover all of 2018’s losses. Finally, in this area, we have improved our control systems in order to closely monitor market evolution in all our geographies.

As far as raw materials are concerned, the pressure for price increases was very high, especially for those materials where supply is scarce, like sand and soda ash. On top of that, the CO_2 emission allowances price increase put extra pressure on raw material price negotiations, constraining a better operational result.

With all these permanent external challenges, efficiency and productivity are crucial to ensure that cost increases do not compromise our results. Benchmarking, predictive models, changes of recipes, different energy combinations, among others, were made or developed to provide the adequate level of efficiency to all plants and compensate the said challenges.

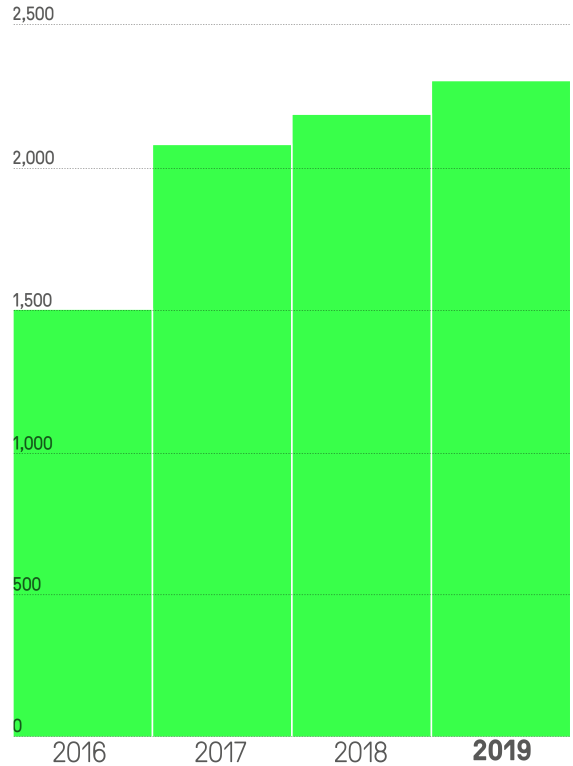
As regards the BA facilities dedicated to the treatment of recycled glass in Portugal and Spain, remarkably, after the investments made during the last few years, there has been a continuous improvement in the efficiency of the sorting process, which affects positively the quality of our production and dramatically reduces the environmental impact because of the waste and CO_2 reduction.

As far as the Company's other activities are concerned, it is important to highlight the good operational performance of the Minas de Valdecastillo plant, which exploits a silica deposit in the province of León (Spain), supplying the León plant with sand of the highest quality.

Finally, the Moldin plant, whose activity is the repair of moulds, has again achieved a substantially better performance than in previous years, in terms of quality and productivity.

In conclusion, following the strategy of improving the efficiency and the service to customers pursued for several years, the Group continues to make changes to its organisational processes by following in-house and external benchmarking initiatives and by continuously monitoring its critical business processes.

Production [k ton]



Investments

2019 was an intense year for investments at BA, reaching EUR 121 million, which represents 13.1% of sales.

The main projects were the complete reconstruction of two furnaces: one in Plovdiv (Bulgaria) and another in Villafranca de los Barros (Spain), and the repair of two other furnaces, in Léon (Spain) and in Avintes (Portugal). These investments were used as an opportunity to incorporate improvements and upgrades using state-of-the-art technology and last generation automatic inspection machines with a direct impact on productivity and product quality.

As stated in our sustainability report, our CO_2 emissions decreased 1.8% when compared to 2018. An important part of this environmental improvement is directly related to the new technology used in our rebuilt furnaces, which will continue to impact positively on our carbon footprint in the coming years.

Following our commitment to the environment, a new photovoltaic park was built on the roofs of the Villafranca de los Barros plant. It is one of the largest installations of its kind in Spain and represents an important step in the direction of green energy, and it will continue to grow in the coming years, helping BA to become the most sustainable packaging company in the world.

People

Three years after the acquisition of the German and Southeastern operations, we can state that all the teams and people processes are now fully integrated. 2019 was a year full of challenging opportunities, not only because of the restructuring of the plants with the aim to reach higher productivity levels, but also regarding the changes in the support and corporate departments.

The challenge of doing better through the implementation of digitalisation in our internal processes, in conjunction with the difficulties encountered in attracting people in some labour markets, made us rethink the whole concept of "how to work". The opportunity to enrich people's tasks has been the reason for our boosting of several projects which will allow us to change the way of working at BA in the near future.

With digitalisation at the centre of our priorities, the Human Resources activities were not an exception. Several tools were implemented to allow faster access to information. As business intelligence tools we implemented the *SAP Success Factors* and a *Digital Training Platform,* which will enable us to manage the training more efficiently. Digitalisation was also the key to achieve better communication. Besides the development of a new internal portal and the reinforcement of our *LinkedIn* and *Instagram* pages, an *App* which is to be launched at the beginning of 2020 was also developed to facilitate our internal communication.

More than ever, employer branding gained huge importance, particularly in those markets where full employment makes us strive for the most skilled candidates. All the teams dedicated a significant part of their time to strengthen the BA brand through the attendance at job fairs, plant visits, open days, visits to schools and universities, internships, partnerships with schools, participation in local events, redesigning of recruitment models, and rethinking of the company's remuneration and benefit schemes.

One of the most important ongoing initiatives is "Dual Learning", which combines the usual learning with the practice of a real profession. The agreements made between BA and the technical schools for the creation of tailor-made academic programmes related to glass industry activities started to become visible, and the first students were already received in our León, Villafranca de los Barros and Sieraków plants.

In the Iberian Division, the "Futura Program" completed its first edition. This program was created to attract young engineers, and more than half of the participants were integrated into BA's teams after one year of technical and behavioural training.

The recruitment and training of people for Plovdiv´s new furnace was successfully done. More than 100 people with different skills were recruited during the year, and were subject to an intensive training plan, on site and at other plants of the Company. Corporate Investments and Process Improvement teams worked alongside the local teams to achieve a successful start-up, with all the people in place and well prepared.

BA Academy continues to score points, and in 2019, besides boosting the activities of the Leadership & Management school, the Operations school and the Newcomers school, it also launched its first programmes for the Systems school and the Customers and Consumers' school. Furthermore, a new school was created: the Digitalisation School. Programmes connected with Cybersecurity and with Digital Core Competencies were already part of the first editions of the school's agenda.

In addition to the "BA Managers Development Programme", which is already in its 4th edition and continues to be a flagship as far as the training and preparation of our senior managers are concerned, the 1st edition of "Growing Leaders" was launched, with the same goal of boosting development, in this case of young supervisors.

The "TWI (Training Within Industry) Programme", designed for the industrial environment, gained extreme importance in markets where the turnover is still high. The fast recruitment, integration and training of operational people is vital to the success of our business. Based on a lean methodology, this programme aims to create a common mindset, by defining guidelines and standardising work procedures for specific job functions. This year, the programme was developed for other operational roles.

The development of our people continues to be our main priority. Apart from the PAD (People Assessment and Development) tools already firmly implemented throughout our organisation, new tools were tested, such us Mentoring programmes and Fast Forward programmes to boost the development of high potential people.

Our ambition to continue to grow and make our business sustainable, keeping in mind that this is only possible with internal benchmarking and the sharing of resources between divisions, has guided us to again challenge our people to international missions. This opportunity was embraced by several people who saw their skills enhanced by this experience. The displacement of people, even for short periods is crucial to spread the BA vision and values.

Under the motto "What's Next?", more than 200 people gathered for BA's annual management meeting, which this year took place in Porto. The question intended to challenge each participant to reflect on the risks and opportunities that BA currently faces. During the event various topics that are crucial to the future of BA were debated, like the role of glass in a more sustainable world, BA's purpose and responsibility, and how digitalisation will change the way we work in the future.

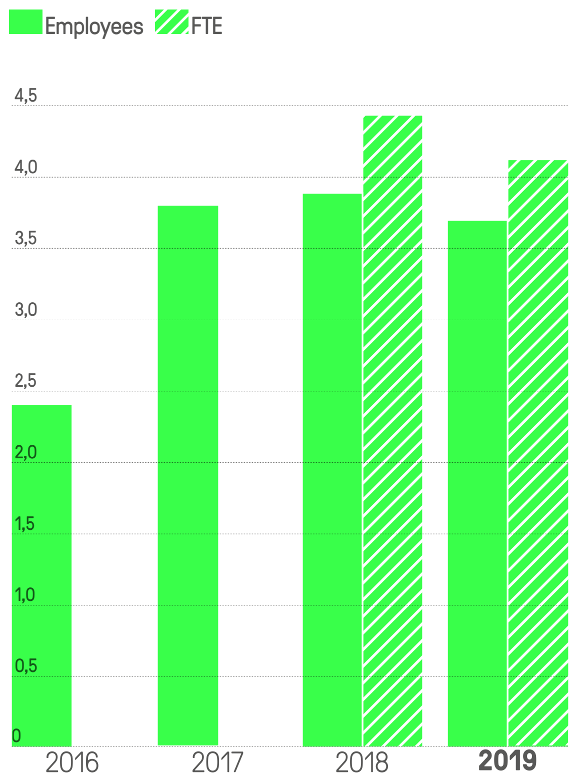
As regards the negotiation of labour agreements with employee committees and unions, we highlight that successful negotiations were conducted in Germany and we signed the first Company Labour Agreement for BA Glass Germany, which will be in force as of 2020. In the remaining countries the negotiations went as expected, and all the conditions were set during the year, except for the Villafranca de los Barros plant, where the negotiations of the Labour Agreement only ended after the year had closed.

Several actions which came about as a result of the outcomes of last year's social survey were implemented in all the countries to continue improving the general satisfaction of our workers, namely the improvement of working conditions, the promotion of various social and cultural events, the implementation of a new suggestions programme with ambassadors in all the plants, and the revision of the benefits programme.

As far as safety is concerned, the performance can be improved, and although we reduced the number of accidents when compared to last year, we are still far from our goal of reaching *Zero Accidents*. A new set of principles, named BA Safety Way, was launched during the year. The BA Safety Way model is built on four pillars: **(i)** governance, that will follow the policy, procedures and rules; **(ii)** processes, where the main cases of accidents will be explored by *safety hubs* made of multidisciplinary people; **(iii)** behaviours, where several tools, such as SOS Link, Safety Talks and Safety Walks, were designed and implemented, and **(iv)** competencies, defining the roles and responsibilities, and developing the knowledge of safety of every person inside the organisation, supported by the BA Academy System school.

The year ended with 3,700 internal employees, 4.9% less than last year. However, the concept of Full-Time Equivalent started to be used as the main indicator, considering both internal and external employees working inside BA's facilities. According to these calculations, the year ended with 4,124 FTEs vs 4,436 in 2018.

Number of Employees



Results

In compliance with European Commission Regulation 1606/2002 of the European Parliament, with the Council dated 19 July 2002, and European Commission Regulation 1725/2003 dated 29 September 2003, BA Glass has been preparing its consolidated financial statements since 2005 in conformity with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

In 2019, the 8.1% sales increase, together with improved efficiency, tight cost control and the positive evolution of energy costs in the Iberian and Central Europe Divisions, provided a significant improvement in the Company's profitability, with a 3.0 p.p. increase when compared to 2018. Despite these positive effects, pressure is still being felt due to labour costs, with significant increases in the Southeastern countries, and due to the CO_2 emission allowances which increased almost 15% during the year.

As regards investments, the greatest impact on 2019 depreciation was generated mainly by the investments in the Villafranca de los Barros plant, as well as the furnace rebuilt in the Plovdiv plant.

Hence,

Operating cash-flow (EBITDA) amounted to EUR 303.2 million, EUR 48.8 million higher when compared to the previous year. The EBITDA margin was 32.8%, increasing 3.0 p.p. when compared to 2018.

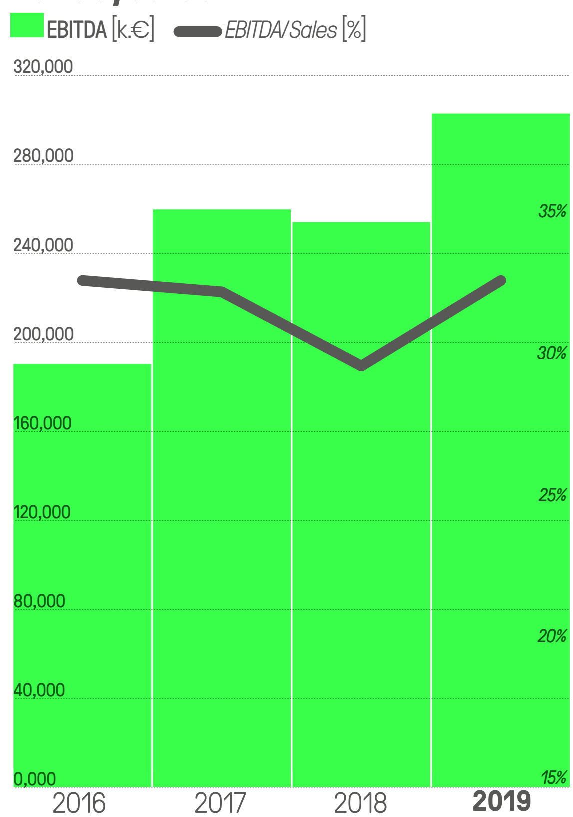
Operating profit (EBIT) amounted to EUR 213.2 million, equivalent to 23.1% of sales, EUR 39.7 million and 2.8 p.p. higher than in 2018. And 3 p.p. deducting the impairment from real estate in Spain.

Net tangible assets turnover was 1.62, 1.3% higher than in 2018 (1.60). Improving the net tangible assets turnover remains a key focus point for the Company to ensure the improvement of its financial situation.

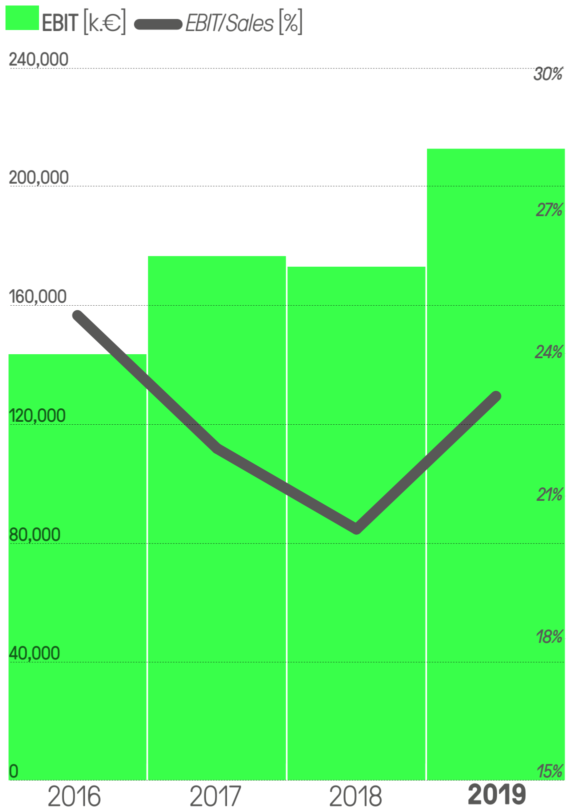
The financial results amounted to a loss of EUR 21.7 million (compared to a loss of EUR 41.4 million last year). A large part of the financial results of both years is related to an impairment in the Anchor Glass participation incorporated into the consolidated accounts by the equity method (EUR 23.4 million in 2018 and EUR 8.8 million in 2019). Apart from this effect financial results were also positively affected by a decrease of EUR 3 million on interests (a direct result of a lower debt) and from a EUR 1.8 million reduction in exchange rate differences, with a less volatile Polish zloty.

Profit before taxes amounted to EUR 191.4 million, 45% higher than in the previous year (2018: EUR 132.1 million), and the net profit totalled EUR 145.0 million, 50.1% higher than in the previous year (2018: EUR 96.6 million).

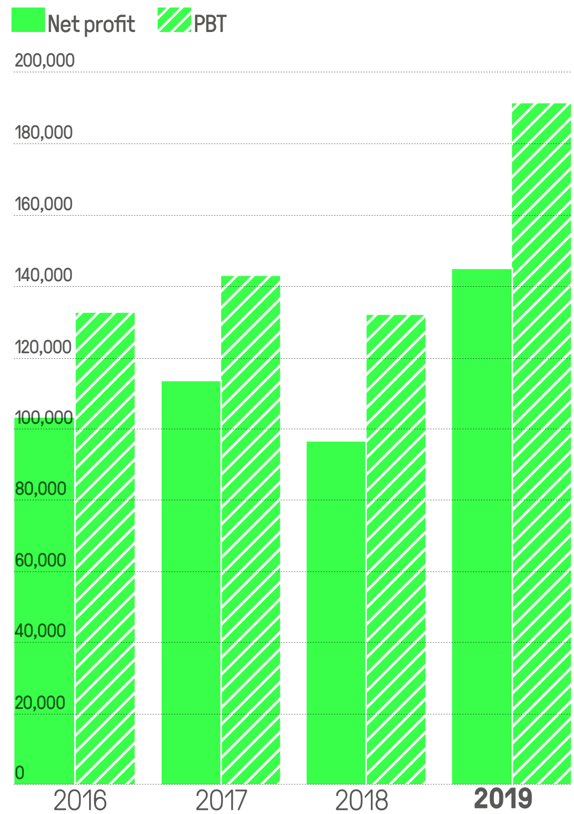
Ebitda/Sales



Ebit/Sales



Net Profit [k.€]



Financial Analysis

At the end of 2019 the consolidated net assets were at EUR 1,474 million (2018: EUR 1,414 million).

Working capital at the end of the year reached 17.1% of sales, EUR 4.8 million lower than the previous year, despite the 8.1% turnover increase.

The total liabilities were EUR 869.8 million, EUR 68.0 million less than in the previous year, and the Company's net debt amounted to EUR 532.9 million (2018: EUR 643.7 million).

The leverage ratio ended the year with a value of 1.8 (2018: 2.5) and the Company's equity ratio reached 41.0% (2018: 33.7%) of total assets. It is important to highlight a net debt reduction of EUR 110 million in a year of investment record (EUR 121 million), demonstrating the cash conversion ability and financial robustness of the Company, and its readiness to continue growing.

The company presents the risk analysis as well as the risk appetite and impact on the business on the notes to the financial statements.

Outlook

It is 11 a.m. on the first day of the year 2020, and amongst the 10 top news stories on Bloomberg, there are three about environmental sustainability; different businesses, different topics, but the same concern – sustainability.

Sustainability was in the spotlight during 2019, and its awareness is growing everywhere, particularly in Europe. It is all about the preservation of the Planet. Many investments are planned, and are being made, in all sectors to reduce environmental impact. It is at the top of every leader's agenda.

We believe that another topic will be spotlighted very soon – healthy options in packaging. As glass packaging producers, we have an essential role to play, as glass preserves the health of consumers who choose food and beverages packed in glass.

The issues that were left unresolved in 2019 were carried over into 2020. The conflicts between the USA and China, Brexit, the political and social instability of important economies, the slowdown of the German economy, are all contributing to a turbulent environment.

Today pessimism and the possible slowdown of relevant European economies are limiting the expectations on the demand growth of most European countries and increasing the risk of margin losses. Despite the decline in investor confidence, the first forecasts for 2020 point towards growth. Markets are confident that investments will continue to grow, but at a slower pace.

At BA, we know that it will be a very challenging year. We will invest around 15% of our turnover, a sign that we continue to trust our customers and wish to work with them in the development of their businesses. We aim to continue collaborating with customers in order to improve both our performances and to support the growth of their brands.

We are optimistic about the opportunities we have at hand and will be preparing the company for future growth. The Company will continue to dedicate time, effort and resources in order to grow in other geographies.

Manufacturing digitalisation is at the top of our Executive team's agenda, as a way of making BA a better place to work and an even more reliable and consistent supplier worldwide. It is all about doing differently and doing better. We trust the partnerships we have established and will continue along the path of strengthening them further. Collaborating with more advanced benchmark industries has been an inspiration to those who are involved in our internal projects.

The ambition to increase productivity is in the company's DNA – to survive and progress in an uncertain world. The sharing of good practices and methodologies across the Company is part of it. But so is the training and improvement of our people skills. We trust that the training and development programmes we have been putting in place, and the new people we have welcomed into the company, will form a solid base for all the improvements we aim to accomplish.

As our Vision, we aim to go "beyond packaging" by Heart, delivering to the world innovative and more sustainable solutions, even if at present they are still only in our dreams. It is up to us to do it!

We continue to be committed to the local communities in the cities where our plants are located, supporting actions that contribute towards the development of the youngsters, those who will be leading the world very soon.

We safeguard transparency and trust in the relationship with all our employees. We encourage their spirit of initiative, invest in their personal and professional development, and reward their commitment and contributions to the results of the Company.

Acknowledgements

The Board of Directors wishes to thank, firstly, all the employees of the company who, with their hard work, creativity, enthusiasm, dedication, and commitment have enabled us to grow the business, to create value for our customers and shareholders, and who were part of the 2019 accomplishments, a year of many records.

The new organisation is consolidated and is now ready for new investments.

We also extend our gratitude to the central, regional and local Authorities of the Netherlands, Portugal, Spain, Poland, Germany, Bulgaria, Romania, and Greece, who have been supporting our activities and projects.

We have also counted on the cooperation of banks and other financial institutions with whom the company has worked during the year, and that have been supporting our ambitions and projects. Without them, we could not continue to invest and grow.

Our appreciation is also due to the Auditors and to the Audit Committee of the holding and its subsidiaries for their permanent collaboration and constructive dialogue in monitoring, examining and challenging the companies' financial statements and processes, and the risk management practices.

Our extreme gratitude is due to our customers for their preference, trust, and quality-related demands, which have been the critical drivers in BA's quest for excellence and differentiation. They are also the ones who make us strive for more growth and investments.

A final word to all the consumers who, on a recurrent basis, have glass as their favourite packaging material for the food and beverages provided to their families and friends, choosing glass as a sustainable and healthy option.

At the request of the Shareholders, the board of Directors proposes:

- To make a distribution of dividends amounting to EUR 59 million from the profit of the year and from the other distributable reserves available in the Company at 31 Dec 2019 amounting to EUR 43 million;
- To create a special reserve for environmental and sustainable projects that the company will invest in the future amounting to EUR 7.3 million; and
- To instruct the Subsidiaries of the Group to distribute a special bonus to employees amounting to EUR 8.7 million based on the results achieved.

consolidated financial statements

consolidated statement of financial position

Amounts expressed in Euros

Assets	Notes	Dec. 31, 2019	Dec. 31, 2018
Non current assets			
Goodwill	10	412,711,468	413,449,924
Intangible assets	11	25,932,689	28,530,269
Property, plant and equipment	12	570,551,806	518,240,372
Investments accounted for using the equity method	8	3,846,681	12,979,170
Other financial investments	14	3,579,196	4,175,737
Investment properties	13	1,234,100	3,910,039
Other non-current assets	15	-	-
Deferred tax assets	33	17,680,808	18,963,993
		1,035,536,749	**1,000,249,505**
Current assets			
Inventories	16	123,557,209	117,553,402
Trade receivables	17	175,676,251	171,271,404
Other current debtors	18	27,281,063	26,248,047
Other current assets	19	1,325,780	3,846,470
Cash and short term deposits	20	110,681,322	94,850,662
		438,521,626	**413,769,986**
Total assets		**1,474,058,376**	**1,414,019,490**

Equity and liabilities			
Equity			
Issued capital	21	36,000	36,000
Legal and other reserves		50,649,395	39,142,364
Retained earnings		421,179,172	350,893,854
Other components of equity		(12,627,984)	(9,227,743)
Profit for the year		144,994,346	95,285,318
Equity attributable to owners of the parent		**604,230,931**	**476,129,794**
Non-controlling interests		-	-
Total equity		**604,230,931**	**476,129,794**
Non-current liabilities			
Interest-bearing loans and borrowings	22	480,900,635	608,239,380
Provisions	23	4,682,693	4,795,039
Government grants	27	17,806,122	11,356,481
Deferred tax liabilities	33	22,637,837	15,460,990
		526,027,286	**639,851,891**
Current liabilities			
Interest-bearing loans and borrowings	22	162,709,175	130,305,907
Trade payables	24	141,348,399	126,108,775
Income tax payable	33	2,945,716	3,035,061
Other payables	25	17,764,065	19,167,718
Government grants	27	2,276,586	3,225,301
Other current liabilities	26	16,756,217	16,195,044
		343,800,159	**298,037,805**
Total equity and liabilities		**1,474,058,376**	**1,414,019,490**

consolidated statement of profit or loss

Amounts expressed in Euros

Continuing operations	Notes	Dec. 31, 2019	Dec. 31, 2018
Revenue			
Sales and services rendered	28	923,016,455	853,897,507
Changes in stocks of finished goods		2,074,905	813,511
Other operating income	29	6,454,871	5,601,632
		931,546,232	**860,312,649**
Operating expenses			
Raw materials and consumables used		353,208,038	343,709,357
Supplies and external services		151,216,816	140,371,437
Employee benefits expense		110,302,838	107,453,239
Depreciation and amortisation	31	86,984,182	80,039,042
Impairment	30	3,011,922	914,942
Other operating expenses		13,655,599	14,367,444
		718,379,396	**686,855,461**
Operational cash flow (EBITDA)		**303,162,940**	**254,411,173**
Operating income (EBIT)		**213,166,836**	**173,457,189**
Financial result	32	(12,962,188)	(18,017,668)
Share of profit of an associate	8	(8,771,504)	(23,373,400)
Profit before tax from continuing operations		**191,433,144**	**132,066,120**
Income tax expense	33	46,438,798	35,464,989
Profit for the year from continuing operations		**144,994,346**	**96,601,131**
Discontinued operations		-	-
Profit for the year		**144,994,346**	**96,601,131**
Attributable to:			
Equity holders of the parent		144,994,346	95,285,318
Non-controlling interests		-	1,315,813
Earnings per share			
Basic	34	**4,027,62**	**2,646,81**
Diluted	34	**4,027,62**	**2,646,81**

consolidated statement of comprehensive income

Amounts expressed in Euros

	Dec. 31, 2019	Dec. 31, 2018
Profit for the year	**144,994,346**	**96,601,131**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	(2,791,240)	(2,655,897)
Share of other comprehensive income of an associate	(356,130)	71,195
Others	(252,871)	(178,112)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(3,400,240)**	**(2,762,814)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)		
Share of other comprehensive income of an associate	-	-
Re-measurement gains (losses) on defined benefits plans	-	(63,558)
Revaluation of land	11,507,031	2,824,839
Other	-	(467,335)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**11,507,031**	**2,293,946**
Other comprehensive income for the year, net of tax	**8,106,791**	**(468,867)**
Total comprehensive income for the year, net of tax	**153,101,136**	**96,132,264**
Attributable to:		
Equity holders of the parent	153,101,136	94,816,451
Non-controlling interests	0	1,315,813

consolidated statement of changes in equity

Amounts expressed in Euros

Consolidated statement of changes in equity

	Issued capital	Legal and other reserves	Retained earnings	Foreign currency translation reserve	Other components of equity	Profit for the year	Total	Non-controlling interest	Total equity
As at January 1, 2018	**36,000**	**36,784,860**	**270,373,235**	**(5,588,464)**	**(812,908)**	**110,798,901**	**411,591,625**	**-**	**411,591,625**
Profit for the period						95,285,318	95,285,318	1,315,813	96,601,131
Other comprehensive income		2,357,504		(2,655,897)	(170,474)		(468,867)		(468,867)
Total comprehensive income	**-**	**2,357,504**	**-**	**(2,655,897)**	**(170,474)**	**95,285,318**	**94,816,451**	**1,315,813**	**96,132,264**
Put option granted to non-controlling interests	-	-	(4,912,147)	-	-		(4,912,147)	(1,315,813)	(6,227,960)
Dividends	-	-	(25,000,000)	-	-		(25,000,000)		(25,000,000)
Appropriation of prior year net profit	-	-	110,798,901	-	-	(110,798,901)	-		-
Other changes in equity	-	-	(366,135)	-	-	-	(366,135)	-	(366,135)
At December 31, 2018	**36,000**	**39,142,364**	**350,893,854**	**(8,244,361)**	**(983,382)**	**95,285,318**	**476,129,794**	**-**	**476,129,794**
As at January 1, 2019	**36,000**	**39,142,364**	**350,893,854**	**(8,244,361)**	**(983,382)**	**95,285,318**	**476,129,794**	**-**	**476,129,794**
Profit for the period						144,994,346	144,994,346		144,994,346
Other comprehensive income		11,544,423		(2,791,240)	(646,393)		8,106,790		8,106,790
Total comprehensive income	**-**	**11,544,423**	**-**	**(2,791,240)**	**(646,393)**	**144,994,346**	**153,101,136**	**-**	**153,101,136**
Put option granted to non-controlling interests	-	-	-	-	-		-	-	-
Dividends	-	-	(25,000,000)	-	-		(25,000,000)		(25,000,000)
Appropriation of prior year net profit	-	-	95,285,318	-	-	(95,285,318)	-		-
Other changes in equity	-	-			-	-	-	-	-
At December 31, 2019	**36,000**	**50,686,787**	**421,179,172**	**(11,035,601)**	**(1,629,775)**	**144,994,346**	**604,230,931**	**-**	**604,230,931**

consolidated statement of cash flows

Amounts expressed in Euros

	Dec. 31, 2019	Dec. 31, 2018
Cash flow statement – operational activities		
Receipts from customers	1,024,130,267	960,415,317
Payments to suppliers	(585,584,095)	(584,391,247)
Payments to employees	(114,104,352)	(107,357,326)
Cash generated from operations	**324,441,820**	**268,666,745**
(Payment) / reimbursement of corporate income tax	(39,232,911)	(34,880,796)
Other proceeds / (payments) relating to the operating activity	(15,754,397)	(23,884,133)
Cash flow from investing activities [1]	**269,454,511**	**209,901,815**
Cash flow statement – investing activities		
Receipts from:		
Financial Investments	261,128	-
Fixed assets	361,657	323,924
Government grants	6,815,857	8,614,032
Other assets	-	-
	7,438,642	**8,937,957**
Payments related to:		
Financial Investments	(41,315)	(2,504,851)
Acquisition of a subsidiary, net of cash acquired	-	-
Fixed assets	(120,834,937)	(97,028,398)
Other assets	(810,516)	(295,620)
	(121,686,768)	**(99,828,869)**
Cash flow from investing activities [2]	**(114,248,126)**	**(90,890,912)**
Cash flow statement – financing activities		
Receipts from:		
Borrowings	76,236,964	208,086,354
Interests received	77,475	1,109
Dividends	13,193	-
Other financing activities	140,096	47,463
	76,467,728	**208,134,927**
Payments related to:		
Borrowings	(178,017,621)	(276,355,777)
Interest and similar expense	(12,958,870)	(16,075,426)
Dividends	(25,000,000)	(25,000,000)
Acquisition of non – controlling interests	-	(31,951,791)
Other financing activities	-	-
	(215,976,491)	**(349,382,994)**
Cash flow from financing activities [3]	**(139,508,763)**	**(141,248,067)**
Net cash flow variation for the year [4]=[1]+[2]+[3]	**15,697,622**	**(22,237,164)**
Net foreign exchange differences	**132,856**	**(208,092)**
Cash and its equivalents at the beginning of the period	**94,850,662**	**117,295,919**
Cash and its equivalents at the end of the period	**110,681,322**	**94,850,662**

NOTES TO THE CONSOLIDATED CASH-FLOW STATEMENT:		
Cash	76,076	37,824
Short term bank deposits	110,605,246	94,812,837
Cash and its equivalents (Note 20)	**110,681,322**	**94,850,662**

notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of BA Glass B.V. (hereinafter the "Company") and its subsidiaries (collectively, the Group) for the year ended December 31st, 2019 were authorized for issue in accordance with a resolution of the directors on March 10th, 2020. However, the consolidated financial statements shall be subject to approval by the Shareholders in the Annual General Meeting.

The Company is a private limited liability company incorporated and domiciled in the Netherlands. The registered office is located at Prins Bernhardplein 200, 1097 JB Amsterdam. The objectives of the Company are to act as holding and finance company. The Company is registered at the Dutch Chamber of Commerce with file number 34310991.

The Group is a leading manufacturer of glass packaging products for the food, beer, wine, spirits and soft drinks end markets.

The Company together with its subsidiaries (the "Group") is the one of the most profitable players on the glass packaging business and has operating activities in Portugal, Spain, Poland, Germany, Greece, Bulgaria and Romania.

The Group operates in the glass industry, more specifically in the manufacturing of glass containers, owning three manufacturing plants in Portugal, two in Spain, two in Poland, one in Germany, one in Greece, two in Bulgaria and one in Romania, through entities BA Glass Portugal, S.A. (operating in Portugal), BA Glass Spain, S.A.U. (operating in Spain), BA Glass Poland Sp. z o.o. (operating in Poland), BA Glass Germany GmbH (operating in Germany), BA Glass Greece, S.A. (operating in Greece), BA Glass Bulgaria, S.A. (operating in Bulgaria) and BA Glass Romania, S.A. (operating in Romania).

No distinguishable components apply either with reference to its products or to its manufacturing processes, nor do distinguishable components apply, either with reference to the type of customer or to distribution channels, which may warrant analysis in terms of business segmentation.

Moreover, we also consider that the risks, returns, opportunities, or prospects applicable to the units operating in the aforementioned countries do not differ to the extent that their treatment as separate reportable geographical segments are warranted.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for land that have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period.

The consolidated financial statements are presented in euros.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31st, 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in suppliers and external services.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A CGU is defined as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Group of assets.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared in the different reporting period of the Group, as mentioned in Note 9. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 -** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. No transfers have occurred during the period.

An analysis of the classification of financial instruments and further details as to how they are measured are provided in note 10.

e) Revenue from contracts with customers

The group is in the business of manufacturing and selling glass containers and glass products. Sales are recognised when control of the products has transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is acting as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As consequence, the group does not adjust any of the transaction prices for the time value of the money.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 4.

Sale of glass products

Revenue from sale of glass products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of glass products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Some contracts with customers provide a volume rebates based on aggregated sales over a 12 months period.

The volume rebates give rise to variable consideration.

(ii) Volume Rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Contract Balances

(i) Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(iii) Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

(i) Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(ii) Refund liabilities

A refund liability is the obligation to refund some or all the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Board of directors periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

h) Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Applied exchange rates

The EUR exchange rates applied for the most significant currencies when preparing the consolidated financial statements are presented above.

	Closing rate		**Average rate**	
	2019	**2018**	**2019**	**2018**
Polish Zloty (PLN)	4,259	4,300	4,273	4,262
New Romanian leu	4,783	4,664	4,777	4,654
Lev (Bulgaria)	1,956	1,956	1,956	1,956
American Dollar (USD)	1,088	1,158	1,128	1,190

i) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of the Company, a distribution is authorised when it is approved by the board of directors and the shareholders of the Company. A corresponding amount is recognised directly in equity.

j) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long- term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is measured at fair value less accumulated impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount (usually, every 5 years a valuation is carried out). A revaluation surplus is credited to the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life
Buildings and other constructions	20-50
Property, plant and equipment - production equipment	7-9
Property, plant and equipment - others	3-20
Transport equipment	4-12
Tools	3-15
Administrative equipment	3-15
Packaging	3-7
Other tangible assets	3-15

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate. It is assumed that the residual value is nil; hence the amount to be depreciated, over which the depreciation is calculated, coincides with the cost.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings – 2 to 5 years
- Plant and machinery – 3 to 5 years
- Motor vehicles and other equipment – 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The group does not act as a lessor in any transaction.

l) Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Investment properties

Investment properties comprises land and buildings held for purposes of income generation or capital appreciation, or both, that are not used in the conduct of the Group's regular business.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are stated at cost less any impairment and depreciation.

Investment properties are derecognised either when they have been disposed (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at transfer date. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

CO_2 Emission rights

The Group receives free emission rights as a result of the ETS (European Emission Trading Schemes). The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. Therefore, a provision is recognised only when actual emissions exceed the emission rights granted and still held.

The value of the provision raised is re-measured at year-end based on the value of the certificates at that date.

The emission costs are recognised as other operating costs. Where emission rights are purchased from other parties, they are recorded at cost, and treated as a reimbursement right, whereby they are matched to the emission liabilities and remeasured to fair value. Where emission rights are purchased from other parties are higher than emissions for the year, the differential are recorded as intangible assets, at cost.

CO_2 allowances acquired in excess of the emissions for the year are accounted as intangible asset and the fair value is re-measured at reporting date based on the value of the asset in the regulated markets. CO_2 allowances the group carries on its balance sheet are described in note 12.

Customer relationship

The customer relationship assets were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight line over their estimated useful lives.

o) Financial instruments

Initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The subsequent measurement of financial assets depends on their classification as described below:

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 18.

(ii) Factoring

The credits ceded to factoring institutions without recourse, i.e., the risk of default is assumed by the factoring institution, are derecognized from the balance sheet when the cash advances are received.

The credits ceded to factoring institutions with recourse, i.e., the risk of default is assumed by the Company, are not derecognized from the balance sheet and the risk of default is taken into consideration when determining impairment losses. In this case, the cash advances received are recognized as bank loans.

(iii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

» The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and

» The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has not designated any financial assets under this category.

(iv) Financial assets designed at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has not designated any financial assets under this category.

(v) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group has not designated any financial assets under this category.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition: A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and what extent it has retained the risks and rewards of the ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets: Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 4

- Financial assets: Note 10

- Trade receivables, including contract assets: Note 18

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and lease liabilities.

The measurement of financial liabilities depends on their classification as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9 Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

(ii) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement or profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 23.

(iii) Trade payables

Trade payables are initially recognised at the respective fair value and are subsequently measured at amortized cost.

Derecognition: A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments: Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

p) Derivative financial instruments and hedge accounting

Initial recognition and measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

q) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw and subsidiary materials: purchase cost on an average cost basis;
- Goods for resale: purchase cost on an average cost basis;
- Finished goods and work in progress: production cost.

The cost of the inventories includes:

- Purchasing costs (purchase price, import duties, non-recoverable taxes, freight, handling and other costs directly attributable to the purchase, less any commercial discounts, rebates and other similar items);

- Production costs (cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

r) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 4

- Goodwill and intangible assets with indefinite lives: Note 11

- Intangible assets: Note 12

- Property, plant and equipment: Note 13

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually (as at December 31st) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31st either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

s) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Equity items

Issued capital

All of BA Glass B.V.'s subscribed share capital has been totally paid.

Legal reserves

The balance comprises the amounts that, in accordance to the law are not available for distribution and may only be used to increase share capital or to cover losses.

Retained earnings

This item relates exclusively to retained earnings available for distribution to shareholders.

u) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and (ii) an appropriate timeline, and the employees affected have been notified of the plan's main features.

(ii) Onerous contract

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

(iii) Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

v) Employee Benefits

Provisions for pensions - defined benefit plan

The Group has committed to grant some of the former employees to regular payments in lieu of retirement pension and supplementary pension benefits, which benefits conform to a defined benefit plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unrecognised past service costs.

Other employee benefits

According to the Portuguese and Greek labor legislation in force, employees are entitled to holiday pay and subsidy in the year following the one when the service is provided. Consequently, an accrual for this amount was recognised in the profit and loss account with a counterpart in "Other current liabilities" (Note 27).

w) Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

x) Subsequent events

The Group recognises in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

The Group does not recognise subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but that arose after the balance sheet date.

3. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) in the statement of financial position is, as follows:

Assets	**(Amounts in EUR)**
Right-of-use assets	12,832,128
Property, plant and equipment	-5,987,295
Prepayments	-
Total assets	**6,844,833**
Liabilities	
Interest-bearing loans and borrowings	14,672,488
Deferred tax liabilities	-
Trade and other payables	-7,827,655
Total liabilities	**6,844,833**

The effect of adopting IFRS 16 in the consolidated financial statements for the year ended December 31st 2019 was:

	(Amounts in EUR)
Supplies and external services	-2,899,021
Other operating expenses	-15,928
Depreciation and amortization	2,902,863
Operating profit	**12,086**
Interests and other financial costs	
Profit before taxes	**12,086**
Corporate income taxes	0
Net profit	12,086

The effect of adopting IFRS 16 in the consolidated cash flow statement for the year ended December 31st 2019 is as follows:

	(Amounts in EUR)
Payments to suppliers	2,914,949
Cash flow generated by the operating activities	**2,914,949**
Payments related to fixed assets	-2,914,949
Cash flow from investing activities	**-2,914,949**

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.3 (k) Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3 (k) Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

- **Leases previously classified as finance leases**

  The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

- **Leases previously accounted for as operating leases**

  The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics

- Relied on its assessment of whether leases are onerous immediately before the date of initial application

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately

- The assumptions an entity makes about the examination of tax treatments by taxation authorities

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have longterm interests in its associate and joint venture.

Annual Improvements 2015–2017 Cycle

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

IFRS 11 Joint Arrangements

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of glass products include volume rebates and right of return related with returnable packaging that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of glass products that included right of return of returnable packaging, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of glass products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Goodwill's impairment analysis

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit (CGU) being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 10. The Group tests goodwill for impairment on an annual basis.

(b) Recognition of provisions and adjustments

The Group is party to legal proceedings which are running their course on account of which it judges whether to raise a provision for contingent legal expenses based on the opinion of its legal advisors (refer to Note 24).

With respect to years open to tax inspections, management believes that any adjustment to the tax returns that could result from reviews carried out by the tax authorities will not have any significant impact in the financial statements.

(c) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Post-retirement benefits

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 36.

(e) Estimating variable consideration volume rebates

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

In estimating the variable consideration for the sale of glass products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

The Group updates its assessment of expected returns and volume rebates semi-annual are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

As at 31 December 2019, the amount recognised as refund liabilities for the expected volume rebates was EUR 1,5 million (see Note 27).

(f) Revaluation of land

The Group carries its land at revalued amounts, with changes in fair value being recognised in OCI.

The land were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engages independent valuation specialists to assess fair values, each 5-year period.

(g) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments. (i.e., by geography). In addition to the use of the provision matrix, Board of Directors will assess individual customers that may present impairment indicators based in a default event, external public information or internal information passed by the Sales department. In those instances, a specific impairment analysis will be performed on a case-by-case basis and the allowance determined individually. In such cases the outcome that resulted from provision matrix for such customers will not be considered.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5. Subsidiaries

The consolidated financial statements of the Group include:

Subsidiary		Head office	Dec. 31, 2019	Dec. 31, 2018
BA Glass B.V		Amsterdam (Netherlands)	Parent	Parent
BA Glass I - Serviços de Gestão e Investimentos, S.A.		Avintes (Portugal)	100%	100%
BA Glass Portugal, S.A.		Avintes (Portugal)	100%	100%
BA Glass Spain, SAU		León (Spain)	100%	100%
BA Glass Poland Sp.Z.o.o.		Poznan (Poland)	100%	100%
BA Glass Germany Gmbh		Gardelegen (Germany)	100%	100%
Moldin, S.A.		Avintes (Portugal)	100%	100%
BA Vidrio Distribución Comerc.Envases, S.A.		Mérida (Spain)	100%	100%
Minas de Valdecastillo, SAU		León (Spain)	100%	100%
Barbosa & Almeida, SGPS, S.A:		Avintes (Portugal)	100%	100%
BA Vidro II Marinha Grande, SGPS, S.A.		Avintes (Portugal)	100%	100%
Artividro - Arte em Vidro, Lda.	(1)	Leiria (Portugal)	87,5%	87,5%
BA Glass Greece , S.A.		Athens (Greece)	100%	100%
Huta Szklana Holding Sp.Z.o.o	(1)	Sieraków (Poland)	82%	82%
Glasstank, B.V.		Amsterdam (Netherlands)	100%	100%
Glassinvest Ltd.		Limassol (Cyprus)	100%	100%
MGL Mediterranean Glass Ltd.		Limassol (Cyprus)	100%	100%
BA Glass Romania, S.A.		Bucurest (Romania)	100%	100%
Chelianda Estates Ltd.		Limassol (Cyprus)	100%	100%
Land International Property S.R.L.		Limassol (Cyprus)	100%	100%
Bareck Overseas, Ltd.		Limassol (Cyprus)	100%	100%
BA Glass Bulgaria, S.A.		Sofia (Bulgaria)	100%	100%
Ambalaj Sofia City EOOD	(2)	Sofia (Bulgaria)	-	100%
Iva Glass Manufacturers, Ltd.		Limassol (Cyprus)	100%	100%
Beluxen Enterprises, Ltd.		Limassol (Cyprus)	100%	100%
Hellenic Glass Recycling, S.A.		Athens (Greece)	100%	100%
Serbian Recycling Industries A.D.	(3)	Serbia	-	100%

(1) Companies were excluded from consolidation because they are dormant and the impact in the financial statemetns is not relevant
(2) Company was merged with BA Glass Bulgaria, SA
(3) Company was sold during the year

These subsidiaries were consolidated through the full consolidation method.

Associate:

The Group has a 25% interest in Anchor Glass (2018: 25%).

6. Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and adjust in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a leverage ratio, which is 'net debt' divided by EBITDA. The Group's policy is to keep the leverage ratio below 4,0x. The Group includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits, excluding discontinued operations.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

7. Business combinations and acquisition of non- controlling interest

During 2018, the Group acquire 20% of BA Glass Poland.

8. Material party-owned subsidiaries

There is no subsidiary that have material non-controlling interests. During 2018, the Group acquired the portion of equity ownership attributable to non-controlling interests related with BA Glass Poland.

9. Investment in an associate

The Group has acquired in 2016 a minority stake of 25% interest in the company Anchor Glass, a company established in the USA, being the remaining 75% acquired by CVC Capital Partners. Anchor Glass is headquartered in Tampa, Florida and is one of the three major producers of glass packaging in the United States. The company operates six manufacturing facilities in Florida, Georgia, Indiana, Minnesota, New York and Oklahoma.

Anchor company is considered as an associate. An associate is an entity over which the Group has significant influence - the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. BA Group have presence on the Company's board of directors.

The table below provide summarised financial information of Anchor Glass as of 30 September 2019 and 2018, considering that summarized financial information as of 31 December 2019 is not available yet. The information disclosed reflects the amounts presented in the financial statements of the Anchor Glass amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for the purpose of homogenization in accounting policies. In addition, and accordingly to IAS 28, adjustments were made for the effects of significant transactions or events, if any, that occurred between 30 September 2019 and 31 December 2019.

EUR in thousands	**Set. 30, 2019**	**Set. 30, 2018**
Total Assets	893,021	1,025,620
Total Liabilities	885,987	977,990
Equity	**7,035**	**47,630**

EUR in thousands	**Nine months ended 30 Sep., 2019**	**Three months ended 31 Dec., 2018**	**Set. 30, 2019**	**Set. 30, 2018**
Revenue	387,226	116,558	503,784	480,474
EBITDA	69,903	23,435	93,338	93,457
Impairment of Goodwill and Intangible Assets	(3,546)	-	(3,546)	(69,901)
Interest expense, net	(36,466)	(11,860)	(48,326)	(40,567)
Other expense (income), net	(48,444)	(28,108)	(76,552)	(76,482)
Profit for the year (continuing operations)	**(18,554)**	**(16,532)**	**(35,086)**	**(93,494)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(1,433)	(1,885)	(3,318)	2,547
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax	-	-	-	-
Total comprehensive income for the year (continuing operations)	**(19,986)**	**(18,418)**	**(38,404)**	**(90,947)**
Group's share of profit for the year (25%)	**(4,638)**	**(4,133)**	**(8,772)**	**(23,373)**
Group's share of changes in equity (25%)	**(358)**	**(471)**	**(830)**	**637**

During the year ended 31 December 2019 and 31 December 2018, changes in investments accounted for using the equity method were made up as follows:

	Dec. 31, 2019	Dec. 31, 2018
Opening Net Assets as at 1 January	**12,979,170**	**35,644,628**
Profit for the year	(8,771,504)	(23,373,400)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	(829,503)	636,747
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax	-	-
Exchange differences on translation of foreign operations	473,373	71,195
Dividends paid	-	-
Closing net assets as at 31 december	**3,851,535**	**12,979,170**

10. Classification of Financial Assets and Financial Liabilities

Financial assets and liabilities are recognized on the financial position statement when the Group becomes a contractual party to the respective financial statements.

The Group classifies its financial assets and financial liabilities in the following categories.

Financial Assets

	Note	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Total
Trade receivables	18	175,676,251	-		175,676,251
Other current debtors	19	27,281,063	-		27,281,063
Other financial assets		4,900,122	-		4,900,122
Cash and short term deposits		110,681,322	-		110,681,322
Total December 31, 2019		**318,538,758**	**-**		**318,538,758**
Trade receivables	18	171,271,404	-		171,271,404
Other current debtors	19	26,248,047	-		26,248,047
Other financial assets		8,022,206	-		8,022,206
Cash and short term deposits		94,850,662	-		94,850,662
Total December 31, 2018		**300,392,320**	-		**300,392,320**

Financial Liabilities

	Financial liabilities at amortised cost	Derivatives not used for hedging	Derivatives used for hedging	Financial Liabilities at Fair Value	Total
Interest - bearing loans and borrowings	643,609,810	-	-	-	643,609,810
Trade payables	141,348,399	-	-	-	141,348,399
Other payables	23,655,500	-	-	-	23,655,500
Other financial liabilities	16,933,530	-	-		16,933,530
Total December 31, 2019	**825,547,239**	**-**	**-**	**-**	**825,547,239**
Interest - bearing loans and borrowings	738,545,287	-	-	-	738,545,287
Trade payables	126,108,775	-	-	-	126,108,775
Other payables	19,167,718	-	-	-	19,167,718
Other financial liabilities	16,195,044	-	-		16,195,044
Total December 31, 2018	**900,016,824**	**0**	**0**	**0**	**900,016,824**

Taking into consideration each class of financial assets and financial liabilities presented in tables above, the carrying amount is considered a reasonable approximation of fair value.

11. Goodwill

As at December 31st, 2019 and December 31st, 2018, Goodwill was made up as follows:

	Dec. 31, 2019	Dec. 31, 2018
Cost		
Iberia	89,569,229	89,569,229
Poland	106,711,387	105,681,498
Germany	13,889,718	13,889,718
South East Europe	210,886,497	212,654,842
	421,056,831	**421,795,287**
Impairment		
Iberia	(8,345,363)	(8,345,363)
	(8,345,363)	**(8,345,363)**
Net book value	**412,711,468**	**413,449,924**

Changes in goodwill are shown as follows:

	Dec. 31, 2019	Dec. 31, 2018
Opening balance	413,449,924	416,796,941
Additions	-	-
Foreign exchange differences	(738,456)	(3,347,017)
Closing balance	**412,711,468**	**413,449,924**

Impairment testing of goodwill

Goodwill has been allocated to the distinguishable CGU's (Iberia plants, Polish plants, Germany plant and South East Europe plants), for impairment testing purposes.

The Group performed its annual impairment test as at December 31st, 2019 and December 31st 2018.

The recoverable amount of the CGU's has been determined based on a value in use calculation using cash flows projections from budgets approved by senior management covering a five-year period.

Assumptions with respect to gross margins, discount rates, raw materials price inflation, market share during the forecast period used to extrapolate cash flows beyond the forecast period are deemed to be conservative and in line with past performance of the Group. The growth rates are the same as the long-term average growth rate for the markets in which the Group operates.

Discounted rates growth rates at perpetuity are the following:

Business Unit	Discount rate	Discount rate
Iberia	4.7%	4.7%
Poland	5.8%	5.7%
Germany	4.2%	3.8%
South East Europe	6.6%	6.5%

The tests performed at year-end 2019 and 2018 show that recoverable amount is higher than the carrying amount by an amount that does not preclude any risk of impairment even in case some adverse events occur.

Key assumptions

The calculation of the recoverable amount for the Group of CGUs referred previously was made with reference to:

- The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing loans the Group has;

- Regarding the main components (raw materials and energy) that have significant impact on the glass business, the management considered an increase in prices based on data available from our main suppliers, otherwise past actual raw material and energy price movements are used as an indicator of future price movements;

- The capital expenditures plans used in impairment test of goodwill are in accordance with the projections approved by the Board.

Sensitivity to changes in assumptions

The impairment tests performed were subjected to a sensitivity analysis, namely to the following Key assumptions: (i) discount rates; (ii) perpetuity growth rate.

A 1 percentage point increase in the discount rate and a 1 percentage point decrease in terminal growth rate would not reveal any indication of impairment.

Assumption	Discount rate	Perpetuity growth
Δ	+1%	-1%
Iberia	No impairment	No impairment
Poland	No impairment	No impairment
Germany	No impairment	No impairment
South East Europe	No impairment	No impairment

12. Intangible assets

Changes in intangible assets and corresponding accumulated amortization and impairment losses were as follows:

	CO_2 emission rights	Customer relationship	Licences	Other	Total Amount
Cost					
Balance as at January 1 2019	783,461	32,241,945	1,095,659	1,206,895	35,327,960
					-
Foreign exchange differences	924	(341,993)	(30,308)	9,788	(361,589)
Additions	919,296	-	45,267	-	964,563
Disposals	-783,461	-	(45,571)		(829,031)
Transfers	0		-	-	-
Balance as at December 31 2019	920,220	31,899,951	1,065,048	1,216,684	35,101,902
Amortization and impairment					
Balance as at January 1 2019	-	4,749,326	916,917	1,131,447	6,797,691
Foreign exchange differences	0	(149,124)	(28,186)	2,303	(175,007)
Depreciation charge of the year	0	2,556,737	35,363	-	2,592,100
Disposals	0	-	(45,571)	-	(45,571)
Transfers	0		-	-	-
Balance as at December 31 2019	**0**	**7,156,939**	**878,524**	**1,133,750**	**9,169,213**
Net book value as at December 31 2019	**920,220**	**24,743,012**	**186,524**	**82,934**	**25,932,689**

	CO_2 emission rights	Customer relationship	Licences	Other	Total Amount
Cost					
Balance as at January 1 2018	21,123	32,241,945	1,097,101	1,206,910	34,567,079
Foreign exchange differences	(450)		(1,442)	(15)	(1,907)
Additions	783,461	-	-	-	783,461
Disposals	(20,673)	-	-	-	(20,673)
Transfers	-	-	-	-	0
Balance as at December 31 2018	783,461	32,241,945	1,095,659	1,206,895	35,327,960
Amortization and impairment					
Balance as at January 1 2018	-	2,273,470	731,327	1,127,793	4,132,590
Foreign exchange differences	-		(1,355)	(7)	(1,362)
Depreciation charge of the year	-	2,475,856	186,945	3,661	2,666,462
Disposals		-	-	-	-
Transfers	-	-	-	-	-
Balance as at December 31 2018	**-**	**4,749,326**	**916,917**	**1,131,447**	**6,797,691**
Net book value as at December 31 2018	**783,461**	**27,492,619**	**178,742**	**75,448**	**28,530,269**

The customer relationships were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives (13 years).
Licences are essentially related with computer software.

13. Property, plant and equipment

	Land	Buildings and other constructions	Equipment
Gross assets			
Balance as at January 1 2019	**84,495,766**	**246,608,990**	**939,108,186**
Implementation of IFRS 16			
Foreign exchange differences	(577,681)	(1,270,101)	7,711,352
Additions		5,208,320	77,480,357
Disposals/Write off	(61,415)	(374,734)	(31,611,051)
Revaluation	14,916,163		
Transfers/Other adjustments	(2,481,780)	(7,445,341)	13,931,496
Balance as at December 31 2019	**96,291,053**	**242,727,134**	**1,006,620,339**
Depreciation and impairment			
Balance as at January 1 2019	**0**	**112,873,648**	**654,601,689**
Implementation of IFRS 16			
Foreign exchange differences		(1,342,077)	8,133,837
Depreciation charge of the year		7,404,441	72,353,939
Disposals/ Write off		(336,724)	(31,106,889)
Transfers/Other adjustments		(3,939,826)	-
Impairment Losses			
Balance as at December 31 2019	**-**	**114,659,463**	**703,982,576**
Net book value as at December 31 2019	**96,291,053**	**128,067,671**	**302,637,763**

	Land	Buildings and other constructions	Equipment
Gross assets			
Balance as at January 1 2018	**83,006,623**	**240,114,810**	**861,811,946**
Foreign exchange differences	(55,552)	(951,856)	(4,319,638)
Additions	300,968	6,034,117	82,392,392
Disposals/Write off	(643,726)	-	(312,407)
Revaluation	3,299,549	(0)	-
Transfers/Other adjustments	(1,412,097)	1,411,919	(464,107)
Balance as at December 31 2018	**84,495,766**	**246,608,990**	**939,108,186**
Depreciation and impairment			
Balance as at January 1 2018	**313,042**	**105,928,493**	**588,015,126**
Foreign exchange differences	(8,353)	(378,973)	(2,407,557)
Depreciation charge of the year	34,427	6,913,918	68,912,486
Disposals/Write off	-	-	(99,401)
Impairment Losses	-	67,570	26,529
Transfers/Other adjustments	(339,116)	342,639	154,507
Balance as at December 31 2018	**-**	**112,873,648**	**654,601,689**
Net book value as at December 31 2018	**84,495,766**	**133,735,342**	**284,506,496**

Transport equipment	Administrative equipment	Other fixed assets	Fixed assets under construction	Right of use	Total amount fixed assets
3,291,035	**10,894,685**	**12,931,799**	**12,302,392**	**6,844,832**	**1,316,477,685**
					-
(79,943)	(84,826)	(14,526)		(1,253)	5,683,022
9,821	328,883	51,653	31,489,452	2,653,334	117,221,820
(70,782)	(17,250)				(32,135,232)
					14,916,163
-	-	-	(13,931,496)	9,927,122	-
3,150,131	**11,121,492**	**12,968,925**	**29,860,349**	**19,424,035**	**1,422,163,459**
2,129,900	**9,534,978**	**12,252,265**	**0**		**791,392,480**
					-
(73,310)	393,958	399,633		420	7,512,462
552,891	544,586	106,527		3,275,130	84,237,515
(69,942)	(17,250)				(31,530,804)
-	-	-		3,939,826	-
					-
2,539,539	**10,456,273**	**12,758,425**	**-**	**7,215,377**	**851,611,652**
610,593	**665,219**	**210,500**	**29,860,349**	**12,208,658**	**570,551,806**

Transport equipment	Administrative equipment	Other fixed assets	Fixed assets under construction	Right of use	Total amount fixed assets
3,514,624	**10,545,793**	**12,912,954**	**1,168,652**		**1,213,075,402**
(10,176)	(800)	(37,031)	(28,890)		(5,403,942)
1,907	468,100	55,657	10,619,889		99,873,029
(215,430)	(108,600)	-	-		(1,280,163)
-	-	-	-		3,299,549
110	(9,807)	218	542,741		68,977
3,291,035	**10,894,685**	**12,931,799**	**12,302,392**	**-**	**1,309,632,852**
1,783,264	**9,025,961**	**12,115,022**	**0**		**717,180,909**
(9,127)	(788)	(26,968)	-		(2,831,766)
570,347	613,833	164,146	-		77,209,156
(215,430)	(107,667)	-	-		(422,498)
-	-	-	-		94,100
846	3,638	65	-		162,579
2,129,900	**9,534,978**	**12,252,265**	**-**	**-**	**791,392,480**
1,161,135	**1,359,707**	**679,534**	**12,302,392**	**0**	**518,240,372**

Right of use assets is detailed as of below

	Land	Buildings and other constructions	Transport equipment	Other fixed assets	Total
Gross assets					
Balance as at January 1 2019		3,181,099	1,907,847	1,752,887	6,844,832
Implementation of IFRS 16	-				-
Exchange rate differences		(1,522)	(44)	313	(1,253)
Additions	-	59,067	1,060,481	1,533,785	2,653,334
Disposals/Write off	-	-	-	-	-
Transfers/Other adjustments	2,481,780	7,445,341	-	-	9,927,122
Closing Balance	2,481,780	10,686,986	2,968,284	3,286,984	19,424,035
Depreciation and impairment losses					
Balance as at January 1 2019					
Implementation of IFRS 16					-
Exchange rate differences		(103)	260	263	420
Depreciation charge of the year		1,492,862	895,460	886,809	3,275,130
Disposals/Write off					-
Transfers/Other adjustments		3,939,826			3,939,826
Closing Balance	-	5,432,585	895,720	887,071	7,215,376
Net book value as at December 31 2019	2,481,780	5,254,401	2,072,564	2,399,913	12,208,659

During 2019 and 2018, there is no amount of borrowing costs capitalised.

Assets under construction included at 31 December 2019 amounts related to investments to be done in Portugal and Bulgaria in the rebuilding of furnaces in the Avintes and Plovdiv plants.

Revaluation of land

The subsidiary BA Glass Romania used an independent appraiser to conduct a market analysis concerning the owned land on 31 December 2018. The result of this market analysis is that the fair value of revalued land was of EUR 3.3M higher than the previous value.

BA Glass Bulgaria has carried a valuation of its land and there was an adjustment to market value of EUR 2.7M mainly related to the land of the entity Ambalaj that was merged into BA Glass Bulgaria during the year.

The group has also performed a global valuation of its land in Portugal and Spain where an increase of the revaluation of EUR12,3M was identified. This valuation was performed by an external appraiser and the increase was mainly related to the increase in value of the Spanish assets by EUR 9,2M.

14. Investment properties

	2019	2018
Gross Assets		
Balance 1 January	**5,327,013**	**5,331,890**
Increases	-	-
Foreign exchange differences	1,517	(4,877)
Decreases	(3,327,115)	
Balance 31 December	**2,001,415**	**5,327,013**
Depreciation		
Balance 1 January	**1,416,974**	**1,253,551**
Increases (Current Depreciation)	154,567	163,423
Reclassification	-	-
Decreases	(804,226)	
Balance 31 December	**767,315**	**1,416,974**
Net value as at 31 December	**1,234,100**	**3,910,039**

Investment properties consist of properties measured at cost which are held for renting in Portugal and Poland.

Investment properties are being depreciated through the estimated useful life of duration (20 years).

During 2019 the investment property from Spain, comprising a building and land in Xinzo de Limia, was sold with a loss of EUR 2,0M. This loss was not possible to be estimated in prior years considering the Group had no impairment signs of it up to the moment an interested party made an offer for its acquisition.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. At 31 December 2019, BA does not have reliable information to disclose the fair value of investment properties, but it is estimated that the fair value is in line with the book value.

15. Other financial investments

Changes in other financial assets and corresponding accumulated amortization and impairment losses were as follows:

	Dec.31, 2019	Dec.31, 2018
Cost		
At 1 January 2019	**4,175,736**	**2,710,728**
Additions	23,718	2,029,424
Disposals		-
Impairment loss/reversal	(791,668)	(647,363)
Reclassification/Others	(4,854)	88,040
Foreign exchange differences	171,409	(5,093)
At 31 December 2019	**3,574,342**	**4,175,736**
Amortisation and impairment		
At 1 January 2019	-	-
Additions	-	-
Disposals	-	-
Reclassification	-	-
At 31 December 2019	-	-
Net book value at 31 December	**3,574,342**	**4,175,737**

Other financial investments comprise mainly investment in shares held in Portugal (EUR 1,1M) on a quoted entity and a participation in an innovation fund in Portugal (EUR 2,0M). Impairment in the year is related to the fair value adjustment of the shares held in Portugal.

16. Other non-current assets

The group has no asset under this concept for the years 2019 and 2018.

17. Inventories

Description	Dec.31, 2019	Dec.31, 2018
Raw materials and consumables	28,387,430	24,492,445
Finished good and work in progress	96,394,693	92,937,744
Goods for resale	999,438	801,764
	125,781,561	**118,231,953**
Impairment	(2,224,353)	(678,551)
	123,557,209	**117,553,402**

Quality of stock is reviewed periodically, and non-conforming stock is destroyed immediately. The increases/ decreases of the period are recognised as an expense in the caption "Change in stocks of finished goods".

Increase in impairment is related with the new rules to manage stock where no stock that has sigs of impairment will go into the warehouse and the increased impairment is related with stock that is ready to be destroyed but it's still in course of being destroyed.

18. Trade receivables

Description	Dec.31, 2019	Dec.31, 2018
Trade receivables	179,650,242	177,315,456
Notes receivables	4,876,712	2,187,597
	184,526,954	**179,503,054**
Impairment	(8,850,703)	(8,231,650)
	175,676,251	**171,271,404**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Trade receivables increase mainly by the effect of increased sales.

See below for the movements in the provision for impairment of receivables:

Description	Dec.31, 2019	Dec.31, 2018
At 1 January	8,231,650	7,023,374
Provision for expected credit losses - date of transition		374,100
Charges of the year	930,520	840,294
Unused amounts reversed	(247,029)	(2,853)
Foreign exchange differences	(64,438)	(3,267)
At 31 december	**8,850,703**	**8,231,650**

As at 31 December, the ageing analysis of trade receivables is, as follows:

			Past due net of impairment				
	Total	Not due net of impairment	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
2019	175,676,251	156,203,539	13,466,088	4,124,732	-243,647	926,596	1,198,943
2018	171,271,404	149,150,335	16,057,533	2,682,210	634,783	155,806	2,525,827

19. Other current debtors

	Dec. 31, 2019	Dec. 31, 2018
State and other state entities	22,131,484	13,922,703
Subsidies - Spanish Govermental Agency		5,651,508
Other	5,149,579	6,673,837
	27,281,063	**26,248,047**

The carrying amount of "State and other state entities" includes EUR 5,7 million (2018: EUR 6,5 million) related with two payments made in 2013 and 2016 in connection to an extraordinary settlement of tax litigation in Portugal and EUR 14,7 million (2018: EUR 4,8 million) related to VAT connected with the normal business operations of the group that was already claimed back from the different tax jurisdictions and is in the normal procedure of recovery.

Despite the payments, the Group considers probable to recover the amounts paid and during the year an amount of EUR 0,8M was received based on a court case that the group has won.

20. Other current assets

	Dec. 31, 2019	Dec. 31, 2018
Accrued income	155,772	2,008,561
Deferred costs - insurances	1,034,180	437,299
Finance expenses		1,204,862
Other	135,828	195,748
	1,325,780	**3,846,470**

“Finance expenses” are related to commissions of bank loans taken for the Yioula acquisition that were reclassified during the year to debt as the group started using the amortized cost for its valuation.

Accrued income for 2018 was mainly related to a reimbursement from an insurance company that was received during 2019.

21. Cash and short-term deposits

	Dec. 31, 2019	Dec. 31, 2018
Cash on Hand	76,076	37,824
Bank Balance	110,605,246	94,812,838
Total Cash on hand and Bank Balance	**110,681,322**	**94,850,662**
Not available for use	-	-
Total Cash and Cash Equivalents	**110,681,322**	**94,850,662**

The caption “Cash and short-term deposits” includes cash on hand, demand deposits, treasury applications and term deposits which mature is less than three months for which there is insignificant risk of change in value.

22. Equity

As at December 31^{st}, 2019 and 2018, the Group’s share capital, totaling EUR 36,000 was fully subscribed and paid.

The following table details the Group's shareholding structure, as at December 31st, 2019 and December 31st, 2018:

	Dec. 31, 2019		Dec. 31, 2018	
	No.of shares	%	No.of shares	%
Fim do Dia, SGPS, S.A.	17,064	47.4%	17,064	47.4%
Teak Capital, S.A.	9,468	26.3%	9,468	26.3%
Tangor Capital, S.A.	9,468	26.3%	9,468	26.3%
	36,000	**100.0%**	**36,000**	**100.0%**

In 2019 a dividend of EUR 694 (2018: 694) per share was paid.

23. Interest-bearing loans and borrowings

	Dec. 31, 2019	Dec. 31, 2018
Interest Bearing loans and Borrowings		
Non - current	480,900,635	608,239,380
Current	162,709,175	130,305,907
	643,609,810	**738,545,287**
Cash and Bank Loans		
Cash	76,076	37,824
Bank deposits	110,605,246	94,812,838
	110,681,322	**94,850,662**
Net Debt	**532,928,488**	**643,694,625**

The Group's bank loans bear interests at market rates. Most of the Group exposure to interest rate risk arises as it borrows funds mainly at floating interest rates.

The foreign currency bank loans were translated to Euro using the exchange rates in force at the statement of financial position date.

The net position of bank balances (hereinafter as “net debt”) is as follows:

	Short term	Long term	Total debt Dec.31, 2019	Total debt Dec.31, 2018
Bank Loans	38,307,095	110,541,442	148,848,537	200,235,689
Bonds and commercial paper	102,869,210	360,350,000	463,219,210	523,000,000
Bank overdrafts	13,034,406		13,034,406	3,409,729
Finance leasing			-	8,127,311
Other loans	4,722,648		4,722,648	3,772,559
Cash and Bank deposits	(110,681,322)		(110,681,322)	(94,850,662)
Lease liabilities	3,775,815	10,009,193	13,785,008	
	52,027,853	**480,900,635**	**532,928,488**	**643,694,625**
Fair value of interest rate derivatives	-	-	-	-
	52,027,853	**480,900,635**	**532,928,488**	**643,694,625**

There are some covenants attached to some loans negotiated with the banks. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

All Group debt is secured with Negative pledge (with certain carve-outs and thresholds available), cross default and Pari Passú clauses.

No mortgages or pledges are in place as guarantee for the accomplishment of the obligations in any financing contract.

Group uses Commercial Paper programs to have flexibility in the management of the available financing lines. A mix of short term and long term is used to adapt repayment schedule of the debt to the expected cash flow generated for debt repayment.

The Group has liquidity available to face possible negative movements in the finance markets. Debt is followed with strict control and some indicators are measured and controlled to guarantee a solid and safe financial structure. Main indicator considered as a key control to guarantee financial stability is net debt / EBITDA which the Board follows strictly to ensure it is not above 4.0x.

The average cost of debt for the group during the year was 1,28% (2018 – 1,45%).

The Group has finance in currency different than EUR only in the subsidiary in Poland and the total outstanding amount as of December 31st of debt in local currency is the equivalent to EUR 15 million.

The Group has available to use, in the different contracted facilities, as of December 31st 2019, an amount equivalent to EUR 306 million, from which cash of EUR 111 million, revolving credit facilities of EUR 94 million and commercial paper programs of EUR 101 million.

The group has finished the year with a net debt / EBITDA of 1,76x, significantly below the levels where the Board of Directors has given indications the debt should be.

23.1. Maturity of debt

Maturity of Debt	
N	162,709,175
N+1	138,809,268
N+2	133,486,121
N+3 & Followings	208,605,245
Total	**643,609,810**

24. Provisions

	Retirement pensions	Environmental liabilities	Others	Total
Balance at January 1 2018	**4,046,262**	**193,238**	**737,549**	**4,977,049**
Foreign exchange difference	(3,085)	0	(4,159)	(7,243)
Utilization	(534,337)	0	(417,910)	(952,247)
Increase in the year	516,019	0	71,279	587,299
Other adjustments (OCI)	42,426	0	0	42,426
Other	195,405	0	(47,649)	147,756
Balance at December 31 2018	**4,262,691**	**193,238**	**339,110**	**4,795,039**

	Retirement pensions	Environmental liabilities	Others	Total
Balance at January 1 2019	**4,262,691**	**193,238**	**339,110**	**4,795,039**
Foreign exchange difference	(4,868)	0	789	(4,079)
Utilization	(1,266,429)	0	0	(1,266,429)
Increase in the year	1,042,380	0	50,521	1,092,901
Other adjustments (OCI)	85,896	0		85,896
Other	(20,601)	0		(20,601)
Balance at December 31 2019	**4,099,068**	**193,238**	**390,420**	**4,682,727**

Minas de Valdecastillo, SAU is liable for restoration of land allocated to its mining operations which are estimated to an amount of EUR 193 thousand (refer to Note 39.2).

25. Trade payables

The caption “Trade payables” as at 31st December 2019 and 2018 is made up as follows:

	Dec. 31, 2019	Dec. 31, 2018
Trade payables - Suppliers	141,348,399	126,108,775
	141,348,399	**126,108,775**

This caption as at 31 December 2019 and 2018 corresponds to balances resulting from purchases in the normal course of the Group’s business.

The group has started the implementation of reverse factoring facilities allowing its suppliers to benefit from the lower cost of debt the group has access to finance its operations and reduce the impact the required term for payment can have in their treasury.

The carrying amount of these liabilities (which are reported at their nominal value) constitutes a fair approximation of its amortized cost and fair value.

Trade payables are non-interest bearing and are normally settled on 60 to 90-day terms.

26. Other payables

	Dec. 31, 2019	Dec. 31, 2018
State and other state entities	9,432,656	7,629,536
Fixed asset suplliers	11,319,868	8,590,618
Other	2,902,975	2,947,564
	23,655,500	**19,167,718**

The caption “State and other state entities” as at December 31st, 2019 comprises an amount of EUR 2.7 million (2018: 2.6 million) related with social security contributions related with December payroll and personnel income taxes withheld amounting to EUR 928 thousand (2018: EUR 999 thousand).

The amount for fixed assets suppliers in 2019 and 2018 comprises several invoices related with the investment in Iberia and South East plants.

27. Other current liabilities

	Dec. 31, 2019	Dec. 31, 2018
Accrued costs		
Payroll expenses	7,855,389	7,891,078
Finance expenses	1,280,922	1,690,592
Bonus granted (rappel)	1,463,291	2,673,703
Other	5,737,330	3,136,415
	16,336,933	**15,391,787**
Other deferred revenue	596,597	803,257
	596,597	**803,257**
Other current liabilities	**16,933,530**	**16,195,044**

The Group accounts for the liability for commercial bonus (rappel) in accordance with the sales agreements in place.

28. Government grants

Government grants have been received in connection with the purchase of certain items of property, plant and equipment.

	Dec.31, 2019	Dec.31, 2018
At 1 January	**14,581,781**	**18,609,317**
Acquisition Yiuola Group	0	0
Foreign exchange difference	0	(90,492)
Received during the year	0	334,781
Released to the statement of profit or loss	(3,767,746)	(3,297,037)
Other adjustments	673,094	(974,788)
At 31 December	**11,487,130**	**14,581,781**
Current	2,276,586	3,225,301
Non-current	9,210,544	11,356,481

There are no unfulfilled conditions or contingencies attached to grants.

29. Revenue from contracts with customers

29.1. Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Description	Iberia division	CE division	SEE division	Inter-segment elimination	Total
Glass packaging	507,726,670	183,779,654	231,804,164	-294,033	923,016,455
Total Dec. 31, 2019	**507,726,670**	**183,779,654**	**231,804,164**	**-294,033**	**923,016,455**
Total Dec. 31, 2018	**458,986,016**	**172,835,143**	**222,598,362**	**-522,015**	**853,897,507**

The total revenue from contract with customers presented in table above are recognised at a point in time.

There is no revenue recognised in 2019 that was related with performance obligations satisfied (or partially satisfied) in previous periods.

29.2. Contract Balances

	Dec.31, 2019	Dec.31, 2018
Contract Balances		
Trade Receivables (see note 17)	175,676,251	171,271,404
Advances from customers	-953,461	(468,910)

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The increasing of trade receivables is due to the increase of sales.

For further details see Note 18.

29.3. Right of return assets and refund liabilities

	Dec.31, 2019	Dec.31, 2018
Right of return assets	-	-
Refund liabilities – Arising from volume rebates (Nota 26)	1,463,286	2,673,703

There is no return asset related with revenue from customers.

Refund liabilities arising from retrospective volume rebates, in accordance with the sales agreement in place. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

29.4. Performance Obligations

Sale of Glass Packaging

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with a volume rebates which give rise to variable consideration subject to constraint.

30. Other operating income

Description	Dec.31, 2019	Dec.31, 2018
Government Grants	3,767,746	3,297,037
Gain on disposal of assets	39,401	102,616
Indemnities	1,837,770	581,508
Rentals	84,610	66,608
Own work	73,994	166,874
Exchange differences	351,935	196,387
Other	299,415	1,190,603
	6,454,871	**5,601,632**

31. Other operating expenses

Description	Dec.31, 2019	Dec.31, 2018
Taxes	2,888,102	2,987,799
CO_2 emission rights usage	7,269,454	9,400,555
Loss on disposal of assets	158,425	82,365
Exchange differences	162,107	230,258
Other	3,177,510	1,666,467
	13,655,599	**14,367,444**

32. Impairment

Description	Dec.31, 2019	Dec.31, 2018
Trade receivables	930,520	840,294
Other (note 14)	2,081,402	74,648
	3,011,922	**914,942**

33. Financial Results

Description	Dec.31, 2019	Dec.31, 2018
Interest on debts and borrowings	(11,315,062)	(14,490,626)
Discounts granted	(1,349,622)	(1,238,337)
Other finance costs	(780,669)	(729,874)
Foreign exchange losses on interest- bearing loans and borrowings	(3,317)	-1,881,707
Finance costs	**(13,448,670)**	**(18,340,544)**
Interest income	77,549	92,112
Other financial income	408,933	230,763
Foreign exchange gains on interest- bearing loans and borrowings	0	0
Finance income	**486,482**	**322,876**
Financial results	**(12,962,188)**	**(18,017,668)**

Financial costs reduced during the year related with the decrease of debt that took place together with the cost adjustment the group has put in place through the refinancing of existing loans.

34. Income tax

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

Description	Dec.31, 2019	Dec.31, 2018
Current tax	(41,670,397)	(33,443,101)
Adjustments in respect of current income tax of previous year	319,890	419,936
Deferred tax	(5,088,291)	(2,441,824)
	(46,438,798)	**(35,464,989)**

Income tax for the years ended 31st December 2019 and 2018 is made up as follows:

Description	Dec.31, 2019	Dec.31, 2018
Current income tax		
Current income tax charge	(41,670,397)	(33,443,101)
Adjustments in respect of current income tax of previous year	319,890	419,936
Deferred tax		
Relating to origination and reversal temporary differences	(5,088,291)	(2,441,824)
Income tax expense reported in the statement of profit or loss	**(46,438,798)**	**(35,464,989)**
Deferred tax related to items recognised in OCI during in the year:		
Revaluation PP&E	(3,371,740)	(642,868)
Remeasurement (gain)/loss on actuarial gains and losses		21,132
Deferred tax charged to OCI	**(3,371,740)**	**(621,736)**

Corporate income tax rates in the country where the Group are as follows:

Tax jurisdiction	Nominal tax rate	Other additional rate
Portugal	21.0%	1.5%-9%
Spain	25.0%	-
Poland	19.0%	-
Germany	15.0%	14%-17%
Greece	28.0%	-
Bulgaria	10.0%	-
Romania	16.0%	-
Netherlands	19%-25%	-

Reconciliation of tax expense and the accounting profit multiplied by BA Glass BV domestic tax rate for 2019 and 2018:

Reconciliation of tax expense and the accounting profit:	**Dec.31, 2019**	**Dec.31, 2018**
Profit before tax	191,433,144	132,066,120
Nominal tax rate for the period	25%	25%
At statutory income tax rate (nominal)	47,858,286	33,016,530
Adjustments in respect of current income tax of previous years	(319,890)	(419,936)
Tax benefits	(2,457,432)	(2,934,402)
Share of results of an associate and a joint ventures	2,192,876	5,843,350
Others	(835,042)	(40,553)
Income tax expense	**(46,438,798)**	**(35,464,989)**
Effective tax rate for the period	**24,26%**	**26,85%**

The main difference between the nominal tax rate and the effective tax rate are mainly related to tax benefits and the effect of lower tax rates in other geographies (mainly Poland, Bulgaria and Romania).

All the deferred tax assets related with carry forward of unused tax losses are recognized.

As at December 31st, 2019 and December 31st, 2018 the amount related with corporate income tax payable presented in balance sheet is EUR 5,5 million (2018: EUR 3,0 million).

Deferred tax

Description	Dec.31, 2019	Dec.31, 2018
Deferred tax assets		
Provisions for pensions	955,530	654,227
Allowance for bad debts	530,161	94,625
Tax depreciations	608,932	426,324
Goodwill	604,735	749,583
Tax revaluation of tangible fixed assets	9,129,230	12,734,263
Tax losses	621,046	1,608,310
Others	5,231,174	2,696,663
	17,680,808	**18,963,993**
Deferred tax liabilities		
Uniform depreciation criteria (adjustment of useful lives)	4,580,376	3,383,871
Fair value adjustments - land	8,212,570	4,284,834
Fair value adjustments - intangible assets	3,987,082	4,248,159
Libertad de amortización (depreciation deduction fiscal benefit)	123,804	168,609
Tax revaluation reserves of tangible assets	3,670,200	2,941,215
Others	2,063,806	434,302
	22,637,837	**15,460,990**
Net deferred tax assets/(liabilities)	**-4,957,028**	**3,503,003**

In 2016, the subsidiary BA Glass Portugal recognized for the first time a deferred tax asset in accordance with tax revaluation tangible fixed assets under a Portuguese specific legislation that entered in force during the year. The tax revaluation, is subject to a special taxation of 14%, paid in three equal installments, in 2016, 2017 and 2018. The increase in depreciation resulting from the revaluation can be considered for tax purposes as from the taxation period beginning in 2018 for the following 8 years. The deferred taxes are being used from 2018.

The balance shown under tax depreciation relate to a tax adjustment in Spain where during the periods of 2013 and 2014 an amount equal to 30% of accounting depreciations should be added for tax purposes being recovered in the periods starting 2015. This reduced the tax depreciations for those periods allowing for the use of the accrued depreciations in future years as tax cost through a positive adjustment in the Corporate Income Tax for the period.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same Tax Authority.

During the year ended 31 December 2019 and 2018, changes in deferred tax (net) were made up as follows:

	Dec.31, 2019	Dec.31, 2018
As of 1 January	3,503,003	6,566,562
Deferred taxes acquired in business combinations (Note 6)	-	0
Tax income/(expense) during the period recognised in profit or loss	(5,088,291)	(2,441,824)
Tax income/(expense) during the period recognised in OCI	(3,371,740)	(621,736)
As at 31 December	**(4,957,028)**	**3,503,003**

The amount recognised in OCI is related with the revaluation of land (see Note 13).

There are no income tax consequences attached to the payment of dividends in either 2019 or 2018 by the Group to its shareholders.

35. Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Dec.31, 2019	Dec.31, 2018
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	144,994,346	95,285,318
Discontinued operations		
Profit attributable to ordinary equity holders of the parent for basic earnings	**144,994,346**	**95,285,318**
Weighted average number of ordinary shares	**36,000**	**36,000**
Earnings per share		
Basic	4,027,62	2,646,81
Diluted	4,027,62	2,646,81

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

36. Post-retirement benefits

	Dec.31, 2019	Dec.31, 2018
Portugal	1,346,692	1,511,776
Greece	942,133	986,620
Bulgaria	1,700,406	1,625,811
Other companies	109,838	138,484
	4,099,069	**4,262,691**

The subsidiary BA Glass Portugal offers to actual pensioners' retirement pension plans which liabilities are annually calculated based on actuarial studies. The plans have been closed for some years, therefore, no new entries will joint it.

The subsidiary BA Greece has a defined benefit retirement plan, incurring from is obligation accordingly with the law 2112/20, as amended by law 4093/12.

The subsidiary BA Bulgaria has a defined benefit retirement plan, incurring from its obligation according to the Bulgarian labor law and the Collective Labor Agreement to pay to its employees upon retirement from two to seven gross monthly salaries, depending on the years of service.

The components of the retirement employee benefits expense recognised in the income statement and the liabilities recognised in the balance sheet as at 31 December 2019 are summarised below:

	Dec.31, 2019
Current Service Cost	160,774
Interest cost on service obligation	43,324
Net benefit expense	**204,099**
Changes in present value of the defined benefit obligations:	
Defined benefit obligation at 1 January	4,262,691
Interest cost	43,324
Current service cost	160,774
Benefits paid	(1,266,429)
Settlement/Curtailment/Termination loss/(gain)	838,281
Others	(23,044)
Actuarial changes arising from changes in demographic assumptions	114,712
Actuarial changes arising from changes in financial assumptions	(36,639)
Experience adjustments	10,270
Exchange differences	(4,872)
Defined benefit obligation at 31 December	**4,099,069**
Pension Cost Charge to profit and loss	**204,098**
Remeasurement gains/(losses) in OCI	**85,896**

A valuation methodology based on a "projected unit credit model" was determined by external parties and the following actuarial assumptions were used:

	2019			2018		
	Portugal	Greece	Bulgaria	Portugal	Greece	Bulgaria
Discount rate	1.50%	0.80%	1.00%	1.50%	1.80%	1.40%
Inflation rate	1.50%	1.75%	5%	1.50%	1.75%	5%
Pay increase	0%	1.75%	5%	0%	1.75%	5%

The Group does not have plan assets to pay or fund employee benefits.

37. Number of personnel

The number of employees at December 31st, 2019 is 3.699 (3.889 at December 31st, 2018).

38. Related party transactions

Intercompany balances and transactions reported to the companies included in the consolidation perimeter, as referred to in Note 5, were eliminated for purposes of preparing the consolidated financial statements.

The key management personnel team comprises of 20 people who are based in the Netherlands and all other countries the Group operates in. Their compensation is limited to short-term benefits and include deferred compensation linked to the Group´s performance in a three year-period. No other long-term employee benefits are earned by directors. The Group does not have any share-based payments schemes and during the period no termination benefits have been paid. Overall, compensation of key management is aligned with market and industry practices. Fixed compensation represents 50-60% of the total compensation.

Remuneration of the members of the Board of Directors

The remuneration of the members of company boards of BA Glass BV and its subsidiaries, excluding payroll taxes and fringe benefits, for the years ended 31st December 2019 amounted to EUR 3.6 million (2018 – EUR 4,0 million).

39. Environmental matters

In the conduct of its business, the Group incurs a variety of expenses of an environmental management nature which, depending on their characteristics, are capitalized or recognised as an operating expense in its operating results for the reporting period.

39.1. CO_2 Emission rights

In 2013 started a new program of allocation of CO_2 emission rights that will last until 2020. In accordance with the new allocation rules, the CO_2 emissions rights were reduced and will further result in a reduction every year till 2020.

During 2019 and 2018 the Group accounted under other operating expenses all the deficit of used versus free licenses (Note 30). During the year the Group's total emissions amounted to 951,5k tons (2018: 899,6k tons).

At the end of the year the Group has already in the registries enough licenses to surrender the emissions used during the year.

39.2. Environmental restoration expenses

Minas de Valdecastillo, SAU carries a legal and constructive liability to restore land allocated to its mining operations which is estimated to amount to EUR 193 thousand (refer to Note 24).

39.3. Liability for environmental damages

The Group's subsidiaries which operate in Portugal have contractual reserves under equity to comply with the provisions of Decree-Law no. 147/2008.

40. Commitments and contingencies

40.1. Bank guarantees

As at December 31st, 2019, the Group provided bank guarantees to third parties totaling EUR 53.0 million, which balance includes a bank guarantee provided to the European Investment Bank ("EIB") as security for finance in the amount of EUR 52.5 million.

40.2. Contingencies

The Group has several open tax matters/tax inspections with Portuguese and Spanish Tax Authorities, as a result of additional tax settlements. No provision was booked in the financial statements due to the fact that the Management Board believes that the likelihood of the Group incurring costs to settle those liabilities is remote. The Group has filed an objection to those tax adjustments in the courts.

The Group has EUR 5,7 million booked in "Other current debtors" (as "State entities") related with an exceptional regularization of tax debts. This regularization regime applies to debts which are being challenged by the Group in Court and the Group believes that the likelihood of having an unfavorable assessment is remote. In spite of the Group has paid this amount, it does not mean that the Group will not have a favorable assessment in what concerns the debts aforementioned.

These payments in advance were performed by the companies BA Glass Portugal and BA Glass I.

41. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to financial risk, interest rate risk, exchange rate risk and credit risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Financial risk

The financial risk is the risk of the fair value or future cash flows of a financial instrument varying and of obtaining results other than those expected, whether these are positive or negative, changing the Group's net worth.

When carrying out its current activities the Group is exposed to a variety of financial risks liable to change its net worth which, depending on their nature, can be grouped into the following categories:

- Market risk
  - Interest rate risk
  - Exchange rate risk
  - Other price risks
- Credit risk
- Liquidity risk

The management of the above-mentioned risks – risks which arise largely from the unpredictability of the financial markets – requires the careful application of a series of rules and methodologies approved by Management, whose ultimate objective is the reducing of their potential negative impact on the Group's net worth and performance.

With this objective in mind, all risk management is geared towards two essential concerns:

- To reduce, whenever possible, fluctuations in the results and cash-flows subject to situations of risk;

- To limit any deviations from the forecasted results by way of strict financial planning based on multiannual budgets.

As a rule, the Group does not assume speculative positions meaning that, generally speaking, the operations carried out in the context of financial risk management are aimed at controlling already existing risks to which the Group is exposed.

Management defines principles for risk management as a whole and policies which cover specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivative or non-derivative financial instruments and the investment of excess liquidity.

The management of financial risks, including their identification and evaluation, is carried out by the finance department in accordance with policies approved by Management.

Interest rate risk

Interest rate risk is the risk of the fair value or future cash flows of a financial instrument varying due to changes to market interest rates, changing the Group's net worth.

The Group's exposure to the risk of changes in market interest rates relates to the existence of assets and liabilities negotiated with fixed or floating interest rates. In the first case, the Group faces a risk of fluctuation in the "fair value" of the assets or liabilities, due to the fact that any change in the interest market rates involves an "opportunity cost" (positive or negative). In the second case, such change has a direct impact on the amount of interest received/paid, causing cash variances.

The company has finance in Euros and Polish Zloty all with variable interest rates. The company considers that changes in the interest rate estimations has no material impact in it's financial position.

Interest rate sensitivity:
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected.

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Amounts in EUR thousand	Incease/ decrease in basis points	Impact in profit before tax
EUR	+45	2.767
PLN	+100	150
EUR	-45	0
PLN	-100	-150

All finance contracts in EUR currency have floor clauses to the index so a reduction in the index value will have no impact to the company.

Exchange rate risk

The exchange rate risk is the risk of the fair value or cash flows of a financial instrument varying as a result of changes in foreign exchange rates.

The internationalization of the Group forces it to be exposed to the exchange rate risk of the currencies of various countries. The group is exposed, through the investments in subsidiaries, to the following currencies – PLN, RON, BGN and USD.

Exposure to exchange rate risk essentially derives also from the Group's operating activities (in which expenses, income, assets and liabilities are denominated in currencies different from the reporting currency). However, transactions and balances in foreign currency are immaterial in the total amount of the Group's transactions, hence we consider this risk to be reduced.

Commodity price risk

The Company's glass container operations require a continuous supply of significant amounts of energy, mostly natural gas and electrical power. Adequate supplies of energy are generally available at all of the Company's manufacturing locations. Energy costs typically account for 20-30% of the Company's total manufacturing costs, depending mainly on the energy price, on the plant location and on the particular energy requirements and energy prices can be very volatile as they depend on several uncontrolled factors like, oil and exchange rate fluctuations, inventories and weather conditions among other. The changes in the prices of energy can have a significant impact in the cash flows of the company and in its operating results.

In each country the company has agreements with the suppliers to guarantee the continuous supply of energy.

The company follows closely and actively the energy markets to access its evolution and take decisions on how to proceed, but, by default, the Company's strategic option is not to hedge. Nevertheless, whenever identifies good hedging opportunities, the Company proceed with hedging, fixing prices. The company has not entered into any relevant hedge agreements during the year neither has any hedge agreement active.

Credit risk

The credit risk is the risk of a third party failing to meet its obligations under the terms of a financial instrument, causing a loss.

The Group is subject to risk in credit with regards to its operating activity, namely with customers, suppliers and other accounts receivable and payable.

The management of credit risk about customers and other accounts receivable is carried out as follows:

- The compliance with policies, procedures and controls established by the Group;
- The credit limits are established for all customers based on defined internal evaluation criteria;

- The credit quality of each customer is evaluated based on credit risk information received by specialized external companies;

- The outstanding debts are monitored on a regular basis and supplies to the most important customers are usually covered by guarantees.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for major clients.

Additionally, a large number of minor receivables are grouped into homogenous Groups and assessed for impairment collectively. The calculation is based on actually incurred historical data.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Factoring

The credits ceded to factoring institutions without recourse, i.e., the risk of default is assumed by the factoring institution, are derecognized from the balance sheet when the cash advances are received.

The credits ceded to factoring institutions with recourse, i.e., the risk of default is assumed by the Company, are not derecognized from the balance sheet and the risk of default is taken into consideration when determining impairment losses. In this case, the cash advances received are recognized as bank loans.

Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. Due to the existence of liquidity risk, management of liquidity is performed with the objective of maximize liquidity gains and minimize opportunity costs of retaining liquidity on a safe and efficient way.

The Group manages liquidity risk with the following objectives:

Liquidity – ensure permanent and efficient access to funds to fulfill commitments;

Safety – minimize the probability of not being able to fulfill its commitments; and

Financial efficiency – minimize the opportunity cost of retaining excess of liquidity in the short -term.

The Group manages liquidity risk by ensuring the contract of financial instruments and different borrowings facilities with appropriate amounts to the funding needs of each business and subsidiary, ensuring comfortable levels of liquidity.

Risks related with Labor relations

The Company is party to a number of collective bargaining agreements with labor unions. Upon the expiration of any collective bargaining agreement, if the Company is unable to negotiate acceptable contracts with labor unions, it could result in strikes by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. For most of the Company's employees are represented by workers' councils that must approve any changes in conditions of employment, including salaries and benefits, and may impede efforts to restructure the Company's workforce. In addition, if the Company's employees were to engage in a strike or other work stoppage, the Company could experience a significant disruption of operations and/or higher ongoing labor costs, which may have a material adverse effect on operations.

Risks related with IT failures

The Company employs information technology ("IT") systems and networks to support the business and relies on them to operate its plants, to communicate with its employees, customers and suppliers, to store sensitive business information and intellectual property, and to report financial and operating results. As with any IT system, the Company's IT system, or any third party's system on which the Company relies, could fail on its own accord or may be vulnerable to a variety of interruptions due to events, including, but not limited to, natural disasters, terrorist attacks, power outages, fire, sabotage, equipment failures, cybersecurity vulnerabilities, and cyber-related attacks or computer crimes, any of which could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Risks related with Cybersecurity

The Company has been subject to cyberattacks in the past, including phishing and malware incidents, and although no such attack has had a material adverse effect on its business, this may not be the case with future attacks. As the prevalence of cyberattacks continues to increase, the Company's IT systems, or those of third parties, may be subject to increased security threats and the Company may incur additional costs to upgrade and maintain its security measures in place to prevent and detect such threats. The Company's security measures may be unable to prevent certain security breaches, and any such breaches could result in transactional errors, business disruptions, loss of or damage to intellectual property, loss of customers and business opportunities, unauthorized access to or disclosure of confidential or personal information (which could cause a breach of applicable data protection legislation), regulatory fines, penalties or intervention, reputational damage, reimbursement or other compensatory costs, and additional compliance costs, any of which could have a material adverse effect on the Company's financial condition, results of operations and cash flows. The company is under assessment of the possibility of contracting a cybersecurity insurance to reduce the impact of potential threats. The Company is increasingly reliant on third parties to provide software, support and management with respect to its IT systems. The security and privacy measures the Company's vendors implement may not be sufficient to prevent and detect cyberattacks that could have a material adverse effect on the Company's financial condition, results of operations and cash flows. While the Company's IT vendor agreements typically contain provisions that seek to eliminate or limit the Company's exposure to liability for damages from a cyberattack, the Company cannot assure that such provisions will withstand legal challenges or cover all or any such damages. If the Company's business continuity and/or disaster recovery plans do not effectively and timely resolve issues resulting from a cyberattack, the Company may suffer material adverse effects on its financial condition, results of operations and cash flows. In addition, new global privacy rules are being enacted and existing ones are being updated and strengthened. In May 2018, the European Union (EU) implemented the General Data Protection Regulation (GDPR) that stipulates data protection and privacy regulations for all individuals within the EU and the European Economic Area (EEA). The Company operates in the EEA and is subject to the GDPR. The GDPR imposes several stringent requirements for controllers and processors of personal data and could make it more difficult and/or more costly for the Company to use and share personal data. Although the Company takes reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that the Company will not be subject to regulatory action, including fines, in the event of an incident.

Risk Appetite

Risk appetite can be defined as the extent to which deviations are deemed acceptable in achieving goals. BA Group risk appetite has been set by the Board for each of our strategic goals. In terms of the level of risk that we are willing to accept in relation to our strategic goals, we differentiate between the following categories: risk averse (low risk appetite), risk neutral (moderate risk appetite) and risk-taking (high risk appetite).

- *Glass packaging industry evolution:* the group's business depends intrinsically on the level of consumption of glass packaging in the markets, the level of confidence of economic players in that market and on the products' life cycle. The constant and growing innovation and development of new solutions/alternatives to the glass packaging is also a factor that can add uncertainty to the customers and markets where the group operates. (Moderate)

- *Customer habit risk:* a significant change in the preferences of the final consumer may lead, ultimately, to the disappearance of brands in the market, for which the group produces glass containers. Events of customer concentration could also have a significant impact on the group, in terms of business volume and profits. (Moderate)

- *Customer credit risk:* given the worldwide economic context, the group cannot rule out the possibility of having one or more customers disabled to honor certain contracts due to financial distress. (Moderate)

- *Risks related to suppliers:* should some of the group's main suppliers of raw materials declare bankruptcy, or experience lack of capacity to respond to the group's needs, or have quality problems, or any other incident disrupting its business, BA's operations could be significantly impacted, leading to additional costs or even impossibility to manufacture. (Moderate)

- *Risks related to energy price and power cuts:* the natural gas and electricity supply are vital for the operational activity of BA Glass. These sources of energy represent, on average, 24% of the total costs of the group. A substantial increase of the energy price could boost the operational costs of the group, with a strong negative impact on its profitability. On the other hand, the slight possibility of experiencing a power cut for longer than 24 hours could lead to a total disablement to manufacture in the affected plants. The group has contracted with its suppliers, in the different countries of its plants, energy supply assured uninterruptedly. Additionally, contingency plans are in place to ensure the functioning of the production units for a certain period of time, until the power is supplied again. The group's strategic option has always been not to enter into hedge agreements to decrease the impact of price fluctuation, as all the long term assessments we have made of hedging versus floating do not show any special advantage from hedging. (Moderate)

- *Risks related to operational stoppage:* the glass packaging manufacturing process is significantly capital-intensive and implies a permanent use of the furnaces and specific equipment for that purpose. A stoppage of a furnace in order to perform a non-planned or extraordinary repair work impacts significantly the operational results of the group, due to both the repairing costs and the resulting production losses. (Moderate)

- *Risks related to IT and Cybersecurity* – the company has several IT systems and the main assets are controlled using software that is connected to the internet. An incident on this area could lead to stoppages in the operations and loss of information that could impact the business. Contingency plans to reduce the occurrence are in place and several IT security measures have been implement during the last years to reduce the possibility of occurrence as well as to mitigate this risk. (Moderate)

- *Risk related with labor* – the company is present in several countries where employees are represented by unions and unemployment is low. This has impact in the increase of salaries as well as in the rotation of the people. This leads to increased costs as well as an impact in the production by the increased difficulty in hiring new employees. There are several initiatives implemented to reduce rotation and to attract and retain new people as a way to reduce this impact. (Moderate)

- *Risks related to inorganic growth:* as part of its growth strategy, the group made, and envisages in the future, acquisitions of other companies, entailing risks such as:

  — inaccuracy of business plans and consequent companies' valuation based on assumptions which may prove incorrect, especially in respect to future synergies and forecasts of the market evolution;

  — failure in integrating the acquired companies, their employees and technologies;

  — inability to retain some key employees, customers or suppliers of the acquired companies;

  — the group may be forced to keep contractual relationships with costly and/or unfavorable conditions;

  — the increase of the group's debt to finance these acquisitions or refinance the debt of the acquired companies.

  (Moderate)

- *Risks related to the internationality of the business:* the internationalization of the group forces it to be exposed to the economic, political, fiscal, legal and environmental risks of several countries. (Moderate)

- R*isks related to competition:* the main competitors of the group are: Owens-Illinois, Verallia, Vidrala, Ardagh, among others with small presence in the market. The group faces significant competition from those glass container producers, as well as from the makers of alternative forms of packaging, such as aluminum cans, plastic containers and cardboard packaging. Competition is based mainly on price, innovation, quality, delivery and customer service as a whole. Decisions from competitors could result in excessive capacity in certain countries, leading to significant price pressure in the packaging market, and consequently a strong impact on profitability. (Moderate)

- *Interest rate risk:* the group is exposed to the risk of changes in market interest rates due to the existence of assets and liabilities negotiated with fixed or floating interest rates. (Moderate)

- *Foreign exchange risk:* the group is exposed to exchange rate risks due to its share of sales and purchases in currencies different from the Euro. The changes that occur in the exchange rates can have an impact in the group in terms of direct competitiveness of the subsidiaries in their markets as well as in the Group balance sheet by the consolidation of subsidiaries with currency different than euro. The group's activities performed in currencies other than euro account for a small percentage of the total activity and almost all those transactions allow to have natural hedging of cash flows between currencies (Low)

- *Liquidity risk:* in order to finance its own investments and operational activity, BA Glass has to contract debt with financial institutions. (Moderate)

- *Legal risks related to disputes:* There are no arbitration, judicial or governmental proceedings that may have a meaningful impact on the accounts and present a risk. All disputes are periodically analyzed by the group's legal department. When necessary, and in accordance with the international accounting standards, provisions are created to surpass potential risks which may arise from disputes. At the date of this report, there are no outstanding cases which could have a meaningful impact on the equity and financial structures of the group. (Low)

- *Industrial intellectual property risk:* the group possesses all the necessary licenses for the use of all the technology and equipment needed in order to carry out its activity. (Low)

- *Property, industrial and environmental risks:* the group's properties, plants and equipment are exposed to various risks: fire, explosion, natural disasters, system failures, pollution, non-compliance with the legal limits of emissions, among other factors. (Moderate)

42. Structure of the members of the Board

The board is composed of 4 members:

- Carlos António Rocha Moreira da Silva
- Rita Mestre Mira da Silva Domingues
- Thecla Magdalena Anna Kamphuijs
- Intertrust (Netherlands) B.V.

Dutch management and supervision act

The group strives for a balanced composition of its board of directors, to the effect that at least 30% of the positions on the board of directors are held by women and at least 30% by men. The Company has met this requirement with the appointment of T.M.A Kamphuijs as of February 19, 2019. The Company believes that the composition of its board of directors has a broad diversity of experience, expertise and backgrounds, and that the backgrounds and qualifications of the directors, considered as a group, provide a significant mix of experience, knowledge, abilities that we believe will allow our board of directors to fulfill its responsibilities and properly execute its duties.

43. Fees paid to the statutory auditors

Audit fees are as follows:

Audit Services	2019 amount	%	2018 amount	%
Statutory audit services				
Iberia	106,025	32%	104,525	31%
Netherlands	40,000	12%	40,000	12%
Central Europe	48,150	15%	53,150	16%
South East	134,000	41%	138,500	41%
Total	**328,175**		**336,175**	

44. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Endorsed by the EU:

Amendments to IAS 1 and IAS 8: Definition of Material

The Amendments are effective for annual periods beginning on or after 1 January 2020.

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
Effective for annual periods beginning on or after 1 January 2020

In September 2019, the IASB issued amendments to IFRS 9,IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

Amendments to References to the Conceptual Framework in IFRS Standards
The European Union has published a Commission Regulation endorsing Amendments to References to the Conceptual Framework in IFRS Standards. The Amendments are effective for annual periods beginning on or after 1 January 2020.

The Amendments update some of the references and quotations in IFRS Standards and Interpretations so that they refer to the revised Conceptual Framework or specify the version of the Conceptual Framework to which they refer.

These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Not endorsed by the EU:

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.
This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to classification of liabilities as current or non-current
On 23 January 2020, the International Accounting Standards Board (IASB or the Board) issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements (the amendments) to specify the requirements for classifying liabilities as current or non-current. The amendments to IAS 1 are required to be applied for annual periods beginning on or after 1 January 2022. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

45. Events after the balance sheet date

There are no know events after 31st December 2019 which may influence the presentation and the interpretation of the present financial statements reported at that time.

auditor's report

Independent auditor's report

To: the shareholders and Board Directors of BA Glass 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 BA Glass B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of BA Glass B.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company statement of financial position as at 31 December 2019
- The following statements for 2019: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant 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 BA Glass 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.

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 Annual Management report
- Other information as required by to 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 as required by Part 9 of Book 2 of the Dutch Civil Code.

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 EU-IFRS and 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 frameworks 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.

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

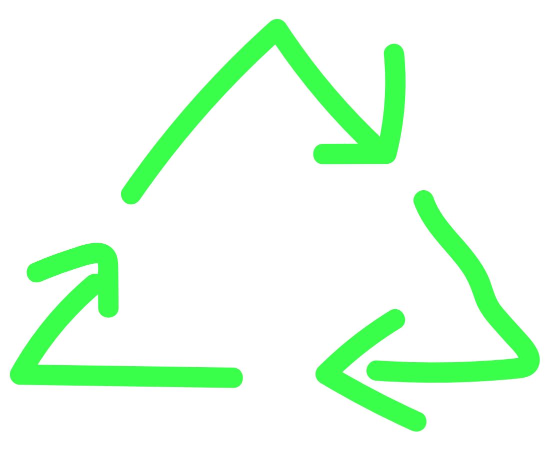
We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 10 March 2020

Ernst & Young Accountants LLP

signed by T. Wiffrie

sustainability report



Introduction

The present report aims to provide information about how we deploy our vision and strategy in their main pillars, through sustainable growth and development.

In this report, we also aim to disclose our performance concerning environmental and social impact.

For a number of years, BA has been assuming a public commitment to the development of its activities in a sustainable way from three different perspectives - economic, environmental and social, complying not only with legal requirements but also with principles that the company has subscribed to for many years.

BA has been engaged in important environmental commitments for a long time, and, back in 2018, we made a public declaration of our targets, which continue to guide our strategy and our actions to make the blue planet a better place to live!

BA Vision

The BA Glass vision is to "**Wrap Dreams Beyond Packaging**, by HeART".

At BA, we believe that we can go beyond just making glass containers. We aim to take part in our **Customers'** creation and innovation processes in the quest to help them provide unique experiences to **Consumers**.

We will do it the **BA Way**, built on our values, commandments, principles, and beliefs (which we have collectively called our HEARTBEAT). We will do it with our **People**, those who dream about making a difference, growing, exploiting, and exploring.

Our focus on **Excellence** is the basis of this aspiration. We believe that sustainable innovation requires excellence, and that is our bedrock, which we must protect and fortify.

Value creation is what drives our **Shareholders'** commitment and support. And, we believe the pursuit of our vision will create value through sustainable and profitable growth.

In our **VISION**, every word has a meaning:

Wrap: to elevate and magnify (as a gift)
Dreams: the never-ending goals not yet achieved
Beyond: aiming to do more than just...
Packaging: what we produce

All the four **PILLARS** of our vision are sustained by very ambitious goals.

To be the choice of our **CUSTOMERS**, because our aim is that they see BA as a partner in their growth, innovations, and disruptions, always providing quality and excellence in each delivery service.

To provide unique experiences to **CONSUMERS**, because our aim is that they use our products with safety, convenience, and great emotion.

To enable the development of our **PEOPLE**, by creating the conditions to provide them with exciting challenges and opportunities in current and future projects, engaging them in the options and outcomes of each decision and, afterwards, provide them with the deserved recognition of the results accomplished.

To create value for our **SHAREHOLDERS**, by ensuring that the expected growth, profitability, and return on equity, are attained.

Our way, the **BA WAY** is guided by our **HEARTBEAT:**

We have our values...

HEART
Humbleness to learn
Emotion in everything we are engaged with
Ambition to set targets
Rigour when performing tasks
Transparency in internal and external relationships

... and we reinforce them with our...

BEAT
Be focused on the customer
Empower your team
Act like an owner
Think of simple solutions
Striving for **EXCELLENCE** in everything we do, is the foundation of our aspiration. We cannot afford not to have it.

our vision	Wrap dreams beyond packaging, by HeART
our way	beat
our pillars	Customers Shareholders People Consumers
our foundation	EXCELLENCE

BA Sustainable Development principles and activities

1. Shareholders
2. Customers & Consumers
3. People
4. Social and environmental responsibility

The pillars of the BA vision together with BA's social and environmental commitments are the basis of our sustainable development, decisions, and actions. We have been incorporating all these components into our integrated management system, composed of certificates on ISO 9001 Quality, FSSC 22000 Food Safety, ISO 14001 Environment, ISO 50001 Energy, SA8000 Social Accountability and OHSAS 18001 Health & Safety. We believe is the key to success in achieving our mid- and long-term goals.

Every year, BA sets new and more ambitious goals, building on previously achieved targets and the industry's best accomplishments. To achieve them, we draw-up action plans, covering each of the pillars of our vision, and these are then monitored at different levels of the organisation through regular analysis of performance indicators. These goals are set as a challenge to all the teams (some being transversal to the entire company) and as a guide to continuous improvements in all areas of the organisation. These challenges provide everybody the opportunity to do their best and to be part of the success that is achieved in the end.

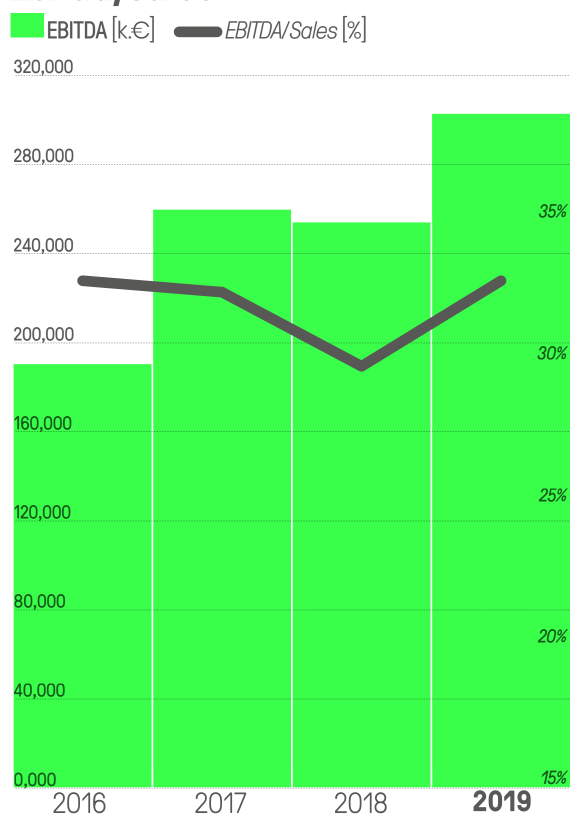
1. Shareholders

Create value for our **shareholders** by ensuring the long-term sustainability of the company through growth and profitability, while promoting and defending its values.

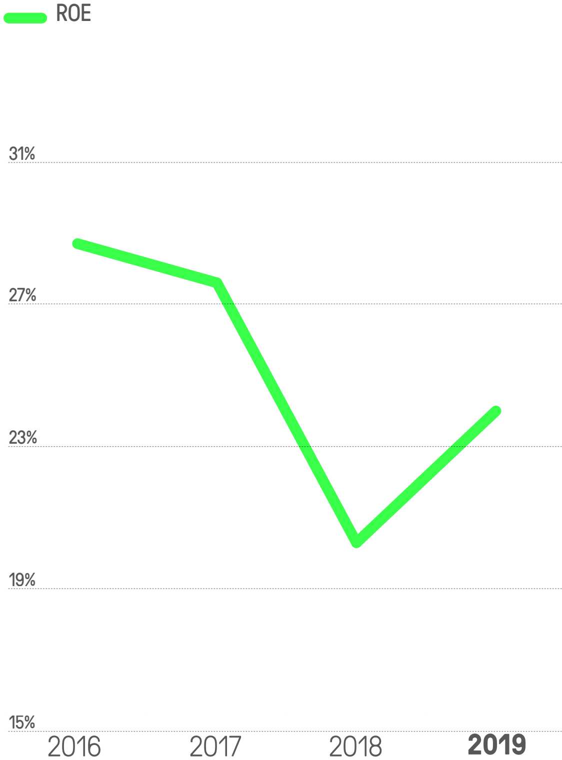
One of the main roles of a company is to create value for its shareholders. While doing so, BA also creates value for the entities and people with whom it interacts, namely customers, suppliers, employees, and the community. In fact, managing sustainability requires that these parties be taken into account not only in daily management and decision processes but also in projects and activities which will have a long-term impact on value creation and the sustainable growth of our business.

The Company has been demonstrating its ability to grow sustainably and to create value for its shareholders. After a period where we felt the impact of the integration of the South-Eastern Europe operation and the sharp increases in energy and CO_2 prices, we were able to reverse the trend of decreasing profitability by improving our productivity, operational efficiency, and assets turnover. At the same time, we increased the selling prices to partially compensate for the higher costs of the main production factors. The combination of our actions is visible in the 3.0 p.p. increase of our EBITDA margin to 32.8% and of 3.7 p.p. on ROE, ending the year with 24.0%.

Ebitda/Sales



Return on Equity [%]

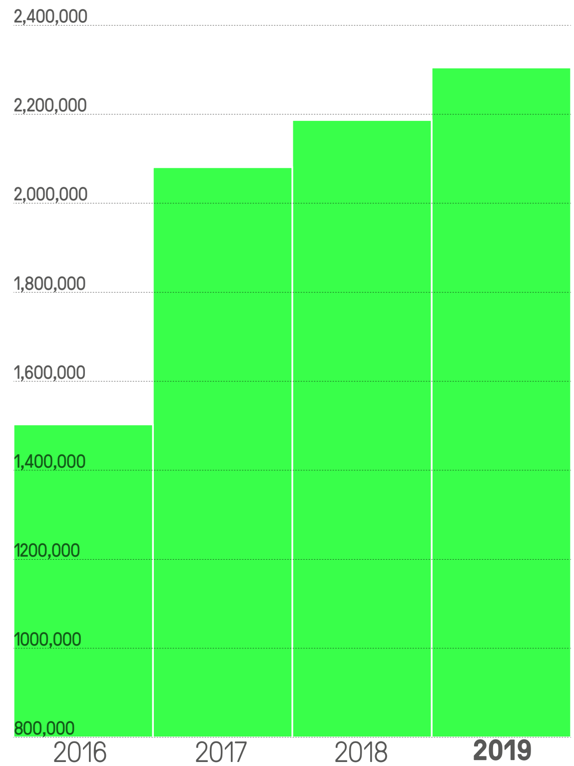


The shareholders have been consistently promoting reinvestment of the company's profits in the company's growth (either organic or by acquisitions) and in its operational excellence.

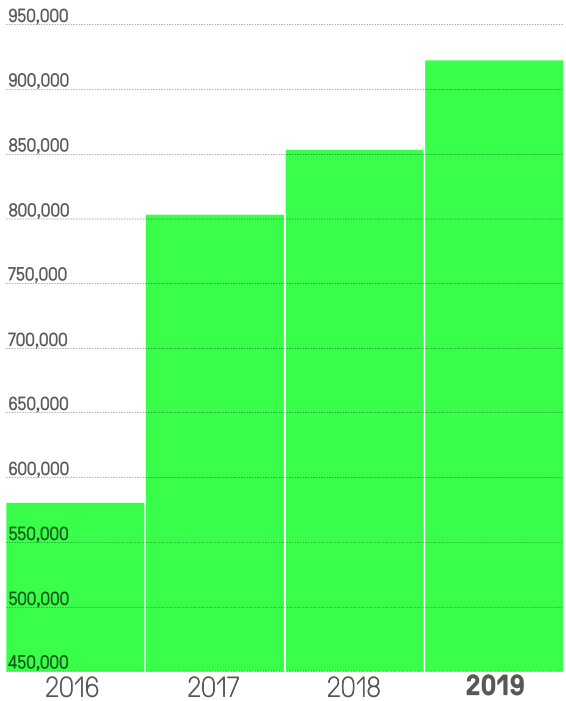
Since 2017, BA consolidated the integration of the South-Eastern Europe Division with two plants in Bulgaria, a plant in Greece and another in Romania, as well as the German operation. At the same time, we put in place an ambitious investment plan in our plants, reaching a record value of EUR 121 million in 2019. Here, we have to highlight the beginning of a cycle of investments to modernise and increment our capacity oi the South Eastern Division and our first installation of a photovoltaic park at our Villafranca de los Barros plant.

Over the last four years, the company has increased both its production and turnover by 59%. This is the result of the integrations described above, and the continuous efforts made to meet the demand from new markets and customers.

Production [ton]



Turnover [m.€]



At BA, we believe that the relationship with our stakeholders must be supported and reinforced with transparency, rigour, trust, and responsibility, which are important values to the company.

The company maintains close partnerships with its current and potential suppliers to always seek the best technology and the most creative solutions that can benefit both parties and lead to sustainable development. All suppliers play an important role in the development of BA and its ability to provide an excellent and innovative service. That is why BA continues to apply its suppliers' evaluation methodology, to ensure a solid group of suppliers who share the same objectives and are compliant with applicable ethical and environmental principles.

Partnerships will be reinforced to transform the supply chain and industrial operations. Digitalisation is at the top of BA's priorities, bringing its challenges and opportunities, but we believe it to be the basis of our business sustainability. Several projects were and will continue to be implemented that will transform the way we do things, and our partnerships are at the basis of some of these transformations.

2. Customers & Consumers

BA's **customer and consumer** activity remained stable as far as new product development is concerned but saw a boost in its efforts to understand more about sustainability-related consumer behaviour, the use of different kinds of packaging and new trends, and the build-up of database decisions. Furthermore, with new furnaces already operating, we accelerated new product development in the second half of the year, which is to be continued in 2020. All customer demands for new developments were fulfilled and, as targeted, we integrated a lot more knowledge in these processes.

BA managed to continue to deliver quality products and services throughout the year. In 2019, 107 new products were launched onto the market, and the new models born in the last 2 years already represented 22.1% of our 2019 sales. As a result of this continuous effort to provide new solutions to our customers and markets, our Innovation Success Rate continues to increase year after year, having stood close on 84% in 2019.

BA has continued to expand its customer portfolio, ensuring the diversification of market and credit risks, and expanding its potential for future business in new markets. Export markets represent today 27% of BA's total sales. The consolidated turnover reached EUR 923 million, representing a growth of 8.1% compared to last year.

Focused on providing value-added solutions, BA has continued to further develop its consumer knowledge in order to provide its customers with all the necessary know-how for the future development of products that are ECO-designed, sustainable, and that can better fit in with the latest consumer trends and choices. We are fully engaged in our activities to lower our carbon footprint, understand and boost recycling all over Europe, and continuously promote glass so that it may gain the status of unique never-ending material by 2030.

Following up on BA Glass's commitment to "The Porto Protocol", we have been improving our performance each year, according to the targets set at the time we subscribed to them.

Signed in 2018, during the last two years we:

1. Inaugurated an 8 MW solar power facility in our Villafranca de los Barros plant
2. Drew-up a plan for 9 MW more in 2020, aiming to increase the amount of green electricity used in our production process
3. Incorporated all the sustainability KPI's in our plants' targets
4. Reduced CO_2 emissions by 3.4% (ton of CO_2/ton melted);
5. Reduced water consumption by 54.6% (m3 of water/ton melted), with one plant already below our 2030 target
6. Reduced energy consumption by 2.6% (Kcal/Kg melted)
7. In 2020, we will perform the first CO_2 footprint assessment of BA's activity to better pinpoint our weaknesses and improve our performance from there onwards.

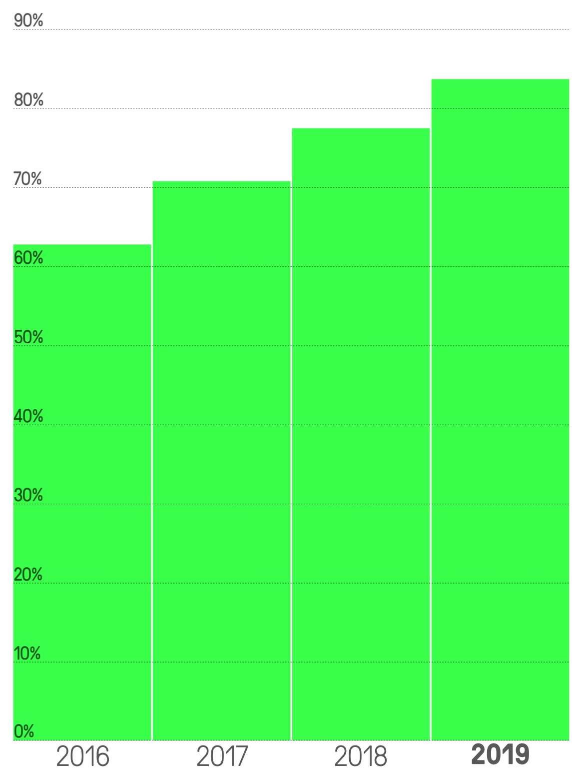
As usual, we will continue to prefer establishing direct contact with our customers to better understand their consumers and their own needs, but also to boost sustainability, which we believe is only possible with the joint effort of all the parties involved. BA believes that the role of our customers is crucial to boost communication with consumers towards a sustainable, 100% recyclable packaging.

BA will continue to work under its model of cooperation with customers, the "Innovation Challenge", in order to differentiate the final product/service, increase productivity and reduce costs for both parties, while evolving in the circular economy agenda of all customers.

Within the "Innovation Challenge" framework, in association with consumers, NGOs, local and European authorities, collection systems, and all other stakeholders across the supply chain, we are confident that we will attract the public to the use of sustainable, healthy packaging.

Ultimately, this is a common effort that will only succeed if it remains common to all those involved. It is vital and urgent that we all acknowledge it.

Innovation Success Rate [%]



3. People

People are one of the main pillars of our vision and going beyond in creating opportunities, analysing new ways of working and developing new skills are among our main priorities

In the last four years, we were focused on developing several programmes which allowed us to continue to grow sustainably in a challenging environment. 2019 has been the year in which several projects were consolidated, but also one in which new challenges arose, many of them related to the dynamism of the labour market and the need for the company to become, more and more, an attractive place to work. Furthermore, this dynamism leads us to create programmes that will enable us to keep knowledge inside the company and to develop skills faster.

During 2019, we continued along our path of increasing the efficiency of our activity, focused on creating synergies between the seven countries in which we operate. The internal and external benchmarking made an important contribution to the dissemination of best practices.

The transformation of work conditions represents an important step in our industry.

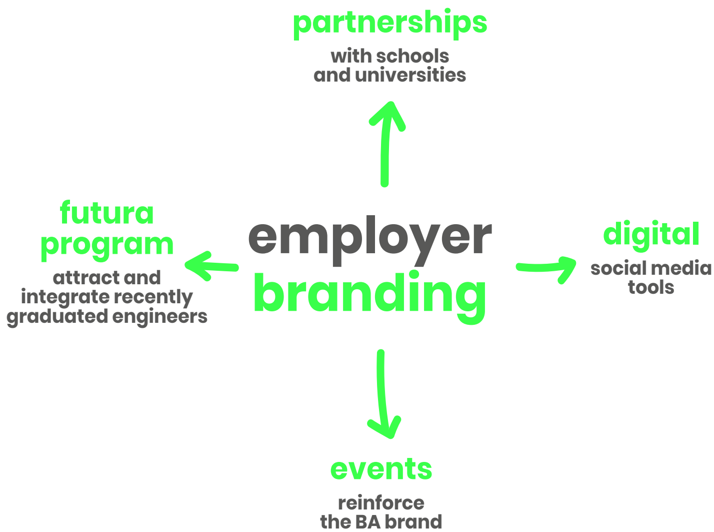
For this reason, digitalisation has played an essential role in our projects. The installation of swabbing robots that automatically swab the production moulds without human intervention will ensure more efficient and safer work.

Furthermore, various monitoring and control systems are being developed to allow the empowerment of the tasks performed by our people in the plants, thus making their jobs more attractive.

Digitalisation was also present in the support areas and all the departments now have new tools that have transformed the way of working, saving time in the treatment of data, accelerating access to information, improving communication with all the stakeholders, and allowing for faster and better decision-making.

SAP SuccessFactors

SAP Success Factors was one of the corporate tools implemented with great success. It permits a closer, easier and faster management of the teams, and is a step forward in the effectiveness of internal communication. Our training schools and programmes are now also available on a new digital tool: the *BA Learning Academy* platform.



The capacity to attract people with new skills will ensure the transformation and sustainable growth of our company.

It is an immersive experience inside the glass industry with the best professionals (...) I feel valued and eager to retribute all the support that was given to me.

This program has allowed me to know the real world of the industry, knowing in depth an industrial process and the amount of variables on which it depends. (...) With this program I have achieved a great technical knowledge and developed soft skills very useful in the future.

It was rewarding to step outside my comfort zone on a regular basis, helping me grow as a professional. In addition to the technical knowledge, the friendships and the network created were unique and complemented all the experiences lived throughout the program.

The Employer Branding and attraction initiatives were reinforced in all geographies, through different approaches according to different needs:

— *Futura Program 1st Edition in Iberia (2018/2019)*, an immersive programme in the glass industry that aims to attract and integrate recently graduated engineers. This year's edition included four months of technical and behavioural training and eight months of on-job training in the daily routines of our plants. *The 1st Edition of Futura Program* ended in September 2019, and more than half of the participants were integrated into our Iberian teams. For us, it was an honour to be part of the beginning of their professional careers, but also to count on them to continue spreading our BA Way and to ensure our sustainable growth with a new generation;

— Partnerships with schools and universities, in order to offer new internships in a win-win process: we receive students with different skills, who help us use different approaches, and we help them to start building a professional career, improving their competencies. Furthermore, we have continued to keep the doors of our plants open, allowing students or new graduates to visit us and learn more about our activity;

- Participation in several events in order to reinforce the BA brand across all geographies;

- Reinforcement of digital social media tools (*LinkedIn* and *Instagram*), which enable us to direct our communication to different target audiences.
  www.linkedin.com/company/baglass
  www.instagram.com/baglass

More than ever before, have we explored different ways of getting closer to the younger generations, and, here, we highlight the work carried out in the Dual Learning projects.

Dual Learning combines the usual learning process with the practice of a real profession which will allow the young talent to be better prepared with concrete technical knowledge that is essential to our business.

Several agreements have already been concluded with technical schools for the creation of tailor-made programmes related to glass industry activities, and the León, Villafranca de los Barros, and Sieraków plants are already running training classes for mechanical technicians.

The BA Academy is now working full speed!

BA academy
thrive for more

The BA Academy was founded in 2016 — a corporate school with the purpose of delivering training according to specific developmental needs across all our geographies. In the last few years, we have opened new schools and developed new programmes, which allow us to retain the know-how and to broaden the skills and the horizons of our people.

In 2019, we continued to boost, implement and spread across all BA's locations the activities related with the Leadership & Management school, the Operations school, and the Newcomers school, giving continuity to the programmes started the previous years. Furthermore, new training programmes were created.

One of the most important projects launched was the *Digitalisation School*, which aims to prepare our people to deal with the digital era and to follow the transformation of our business at the correct pace. Programmes such as, *Cybersecurity* training which was attended by all our staff that is exposed to cyber-attacks and *Digital Core Competencies* which aimed to prepare the key managers for taking decisions on digital transformation, were some of the most appreciated programmes of this school.

Managers Development Program
GoBeyond

Besides the implementation of the *BA Managers Development Program*, already ongoing for the last four years, which focuses on the development of senior managers, a new programme was launched: the 1st *Edition of Growing Leaders Program*

Increasing relationship to other colleagues from other departments. Very good team. Was a good team spirit. From the technical point of view, I enjoyed to learn more

The speakers do an excellent job. We learn a lot and understand our business and internal functioning much better. For me the group network for the future is 50% of the experience.

The Growing Leaders Program is an immersive experience focused on behavioural skills, which will boost the managerial skills of our young supervisors in order to prepare them for the future and inspire their teams to do better every day.

Growing Leaders Program
GoBeyond

A crucial project was consolidated this year — the *TWI (Training Within Industry) Program*, created specifically for the industrial environment. This programme has a considerable impact on plants where the turnover is high and where it is difficult to find people with an industrial background. The *TWI* allows the standardisation of work procedures for specific job functions and a faster and easier sharing and transfer of knowledge. The *TWI* is not just about training, it is also a tool to be used by all BA plants, and, in 2020, the programme will be expanded to additional operational roles.

The training was very positive. Professional coaches with good knowledge shared. Very good Coaching session with external actor. Also the games in team building had a valuable message behind.

One of the best trainings I've had so far. Every coach was really good. Not only speaking but also having organized activities to show you in practice and not just theoretical stuff. Amazing experience!

The TWI is a programme designed for the industrial environment, focused on developing technical knowledge through the exhaustive description of each function's tasks. Based on a lean methodology, this programme aims to create a common mindset by defining guidelines and standardising work procedures for specific job functions

More than regular training programmes, we strive to implement different initiatives that will allow our people to be better prepared for future challenges. In 2019, we continued to move people between departments and across borders, with medium or long term missions, in order to **spread best practices and the BA Way.**

In 2019, specific *Fast Forward* developmental programmes and *Mentoring* programmes were created to allow a faster development of our people, in response to the rapid growth of the company in the last years.

We believe that communication is not the sole responsibility of one person or department, instead, it is a task for all of us as a company. For this reason, in 2019 we rebranded the Suggestion Program, and created a new role in the programme - the ambassador – who is responsible for the accurate communication and follow-up of the programme in the plants.

The Suggestion Program aims to encourage the contribution of our people to the improvement of our business and daily routines.

In 2019, as usual, the Annual Management Meeting was held with the motto **"What's Next?"**

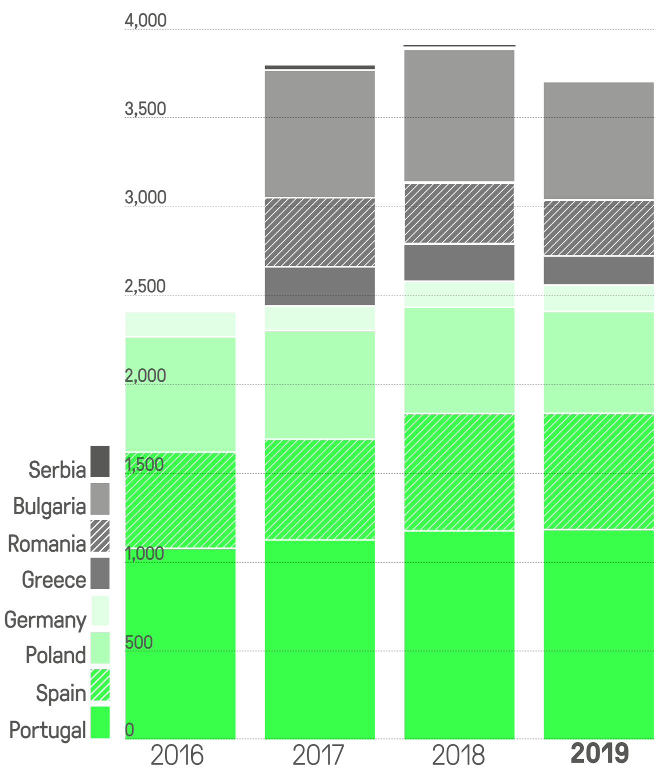
With over 200 attendees, this year's event took place in Porto. Besides other important internal discussions about "what's next" at BA, the role of glass in a sustainable world and BA's purpose and responsibility towards it was a key point on the agenda.

At the end of the year, the number of employees stood at 3,700. The total headcount numbers include non-core business activities, such as recycling and mould repair activities.

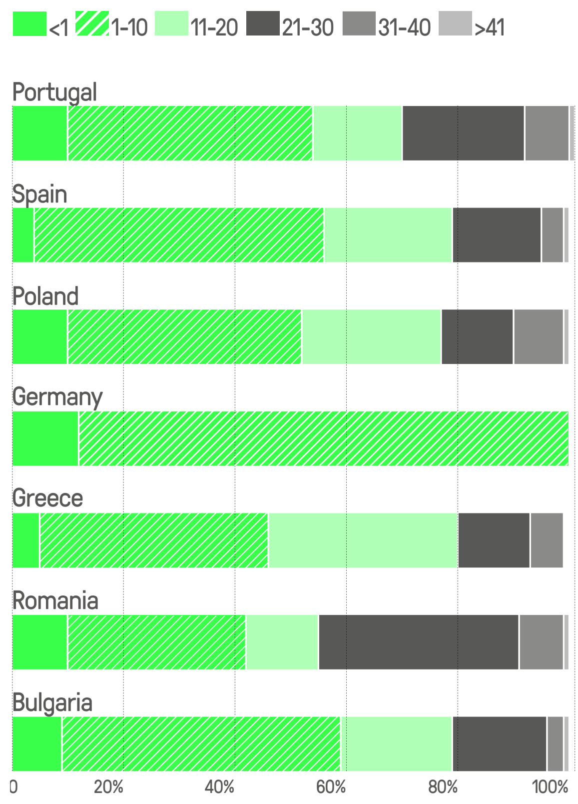
The decline in the number of people results from the structural optimisation initiatives carried out, namely, in the centralisation and optimisation of some administrative services and the investments and reorganisation of the southeastern plants in the course of the integration process.

The seniority profile of our employees remains stable and balanced. The range from 1 to 10 years seniority was the one that changed the most, from 41% in 2018 to 47% in 2019. On the contrary, the group of employees with seniority of under 1-year decreased from 13% to 9%. The average seniority stands at 12 years.

Number of Employees

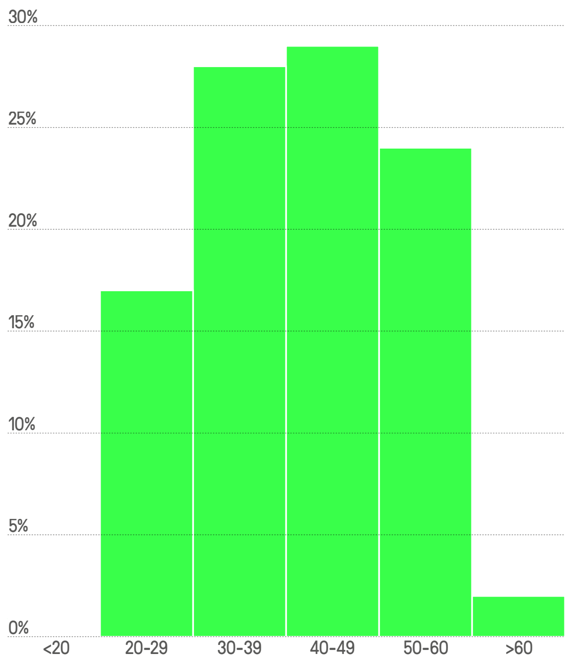


Seniority [%]



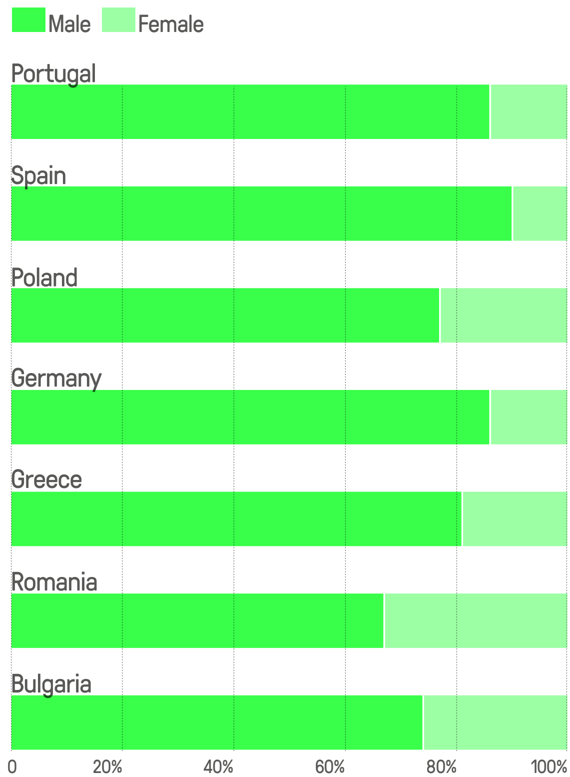
Regarding age distribution, the average age in the Group is currently 41 years, with a balanced distribution of our workforce among different age ranges.

Age distribution [%]



From a gender perspective, we maintain the same trend of 2018, with 81% percent of our employees being males due to the type and characteristics of our industry, especially the working in shifts. The differences between countries in the share of females also depend on the history of each plant and the culture of each particular country.

Gender distribution [%]



One of our commitments is to follow the principles of non-discrimination established, communicated and subscribed in the SA8000 regulation.

The BA Group maintains the policy of remuneration schemes based on the performance of the people and the competitiveness of the labour market.

The remuneration package includes a share of the profits generated by the Group, aligning strategic and operational goals with individual and team performance. This year, we reinforced the weight of the safety performance indicators to promote and enhance safe behaviours.

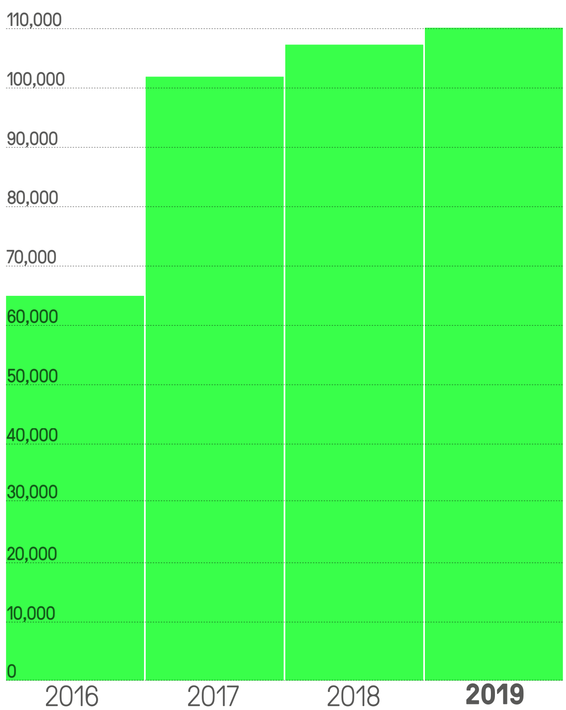
At the end of 2019, the Group accounted for more than EUR 110 million with costs related to people, which represents an increase of 3% compared to the previous year.

Absenteeism control continues to be a challenge to the management of operations.

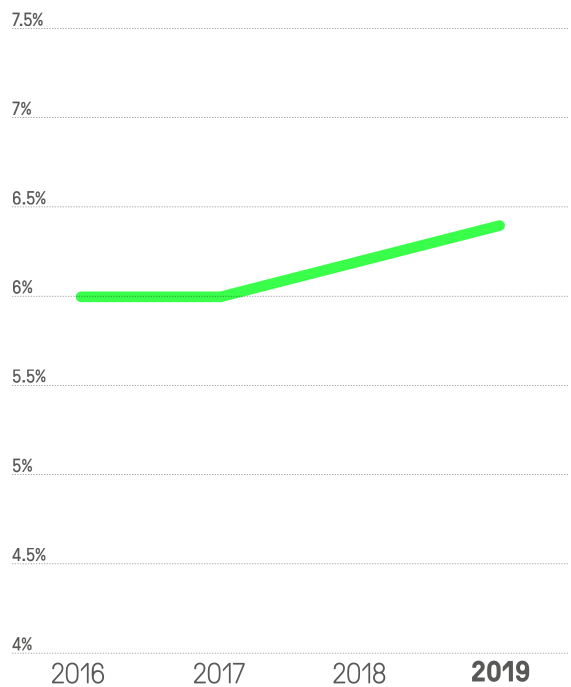
The overall absenteeism rate of the Group in 2019 was 6.4%, which represents a slight increase compared to 2018. This growth is a result of the negative evolution of this indicator in the Portuguese plants over the last few years.

On the other hand, as a result of several actions put into force, we managed to decrease absenteeism rates in Poland, and, for the second consecutive year, both in Germany and in Romania.

Personnel costs [k.€]



Absenteeism [%]



Health & Safety

The employees' Health & Safety is a continuous priority for BA Glass, with a long-term goal to be achieved: **Zero accidents.** In 2019, the Group registered a decline in the number of work accidents, although their severity had increased. Despite the increasing awareness of safe behaviours among our employees, a fatal accident occurred in one of our plants due to the violation of safety rules. We are working continuously to prevent similar situations from happening again.

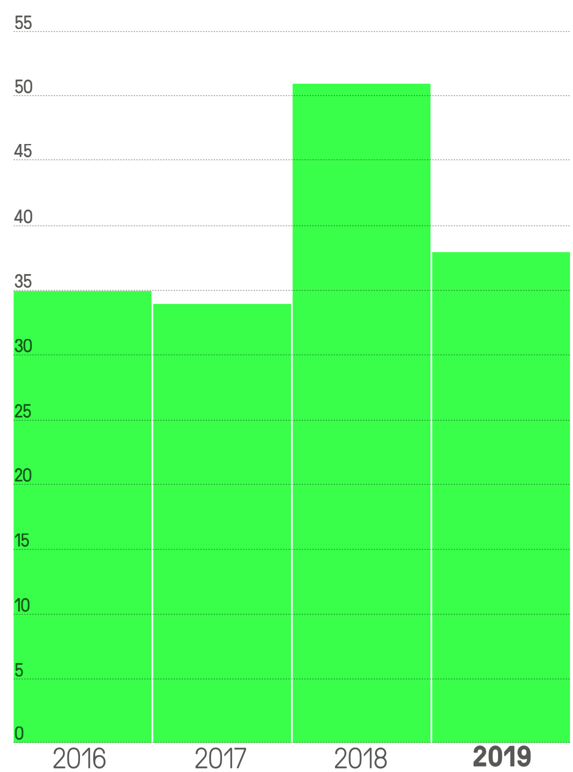
Several initiatives were implemented during the year to improve safety conditions and promote our goal of Zero accidents, of which we would like to highlight the following:

— **SOS link** — a digital tool to perform safety walks with attractive menus where users can upload photos and comments to report conditions and behaviours from anywhere using a mobile device. Today we can analyse all safety walks and effortlessly identify the most frequently reported categories, on which we need to focus our efforts.

— the implementation of a new **H&S Risk Assessment Methodology** to simplify the setting of priorities and the development of action plans;

— **BA Safety Way model** — a different approach to building a strong safety culture.

Accidents [no.]



Our ambition for the future is to continue to eliminate workplace hazards and prevent incidents from happening.

4. Social and Environmental responsibility

4.1. Social responsibility

For many years, BA deemed as essential the existence and spreading of a Code of Ethics and Entrepreneurial Conduct for all the Companies in the Group and for all Employees.

We believe that all BA´s employees have been conducting themselves in an ethical manner. However, through the creation of a Code of Ethics, the principles, values and conducts considered necessary to all Employees and members of the organisation are set out in a clear and transparent manner. This Code of Ethics expresses BA´s commitment to this purpose — to enhance the applicable ethical patterns and to create a working environment that promotes respect, integrity, and equity.

BA believes that the daily concerns with efficiency and economic growth cannot be dissociated from an irreprehensible ethical conduct. Besides the application of environmental quality, safety, and food safety management principles, BA has assumed the implementation of a social responsibility system, which aims to consolidate its contribution to the community as a socially responsible Group.

BA has been practicing a style of management that is committed to the development of its Employees and society by adopting basic principles of responsibility and transparency, thereby honouring its commitment of recognising its economic, social and environmental sustainability as an essential factor to the continuous development of its business. Consequently, BA is committed to interacting with the communities by promoting actions that stimulate the growth of education, citizenship, and sustainability.

We hope these rules will become a true code of conduct and that they will contribute to the reinforcement of BA's image and role as a reference Group in the glass packaging industry, and to strengthen ties between all interested parties, in other words, shareholders, employees, customers, suppliers, social partners, public institutions, and the community in general.

BA is proud to be committed with ethical, sustainability and social responsibility policies, recognised by certified entities, namely:

EcoVadis provides an outsourced sustainability management platform that helps organisations to assess their trading partners' performance. The EcoVadis methodology covers 21 criteria across four themes: Environment, Fair Labour & Human Rights, Ethics, and Sustainable Procurement.

Sedex is one of the world's leading ethical trade service providers, working to improve labour conditions in global supply chains. SMETA (Sedex Members Ethical Trade Audit) is one of the most widely used ethical audit formats in the world. BA is subject to SMETA 4 pillar audit: Labour, Health and Safety, Environment and Business Ethics.

SA8000

SA8000 recognises the fundamental and universal human rights embodied in International Conventions and Treaties, such as the United Nations Universal Declaration of Human Rights and the International Labour Organisation, as well as other legislation, namely the international conventions relating to working hours, forced labour, freedom of association, right of organisation and collective negotiation, equal remuneration for men and women for similar work, discrimination, minimum wage policy, workers' representation, minimum working age, health and occupational safety, vocational rehabilitation and employment for disabled people, and maternity protection.

BA continues to follow the rules of these international social responsibility standards, and the Group expressly subscribes to the following principles:

a) Child Labour

The Group's companies do not employ, neither are they involved directly or indirectly in child labour, and repudiate practices involving it, nor do they accept working with suppliers that exercise such practices. It is assumed by the Group that the minimum age for employees is 18 years. There are written procedures to ensure the compliance with this principle, as well as procedures that guarantee the definition of actions to mitigate the consequences of child labour in any situation that might arise within the premises of the Group or its suppliers and sub-suppliers, and which come to BA's knowledge.

b) Forced and compulsory labour

The Group's companies do not have, neither are they directly or indirectly involved in practices using forced or compulsory labour nor do they accept suppliers that exercise such practices. The company will never retain original personal documents nor create any other situation that could force the employee to remain in the company against his/her will. Furthermore, the company will never become involved in or support the traffic of human beings, arbitrary detention or torture.

c) Health and Safety

The promotion of health and safety amongst BA's employees is an overriding priority for the Group. Accordingly, BA promises to guarantee the necessary conditions to ensure a healthy and safe work environment for the entire Group's workforce, eliminating hazards and preventing health and safety risks for employees, as well as for all other people who enter its premises (customers, suppliers, members of the community or any other entity or individual).

All employees must comply and make others comply with workplace hygiene and safety rules, regardless of these being internal rules, national and community regulations or legislation, and must also report any infringements detected. To this effect, the Group provides regular training to all company employees. In the event of serious and imminent danger, employees are entitled to leave the area concerned without prior authorisation.

d) Freedom of association and the right to collective negotiation

The Group's companies are in favour of pacific freedom of organisation and association, ideological and religious freedom, as well as freedom of expression and opinion. BA will not interfere with the exercise of workers' rights relating to membership of a trade union and their rights of collective negotiation; the company arranges the necessary means for exercising such rights. Under no circumstances will trade union representatives be subjected to any form of discrimination.

e) Discrimination and equal opportunity

The Group repudiates discriminatory practices. Thus, it will not be involved in, nor will it support any situation that does not uphold the principle of non-discrimination based on race, gender, nationality, language, parentage, sexual orientation, marital status, physical disability, religion, political or religious convictions, trade union membership, family responsibilities, as well as the principle of equal opportunity amongst all its employees, and it shall not accept as suppliers, entities which adhere to such practices, either in contracting activities, remuneration, access to training, promotion, termination of contract or any other activity.

f) Disciplinary practices

BA shall treat all employees with dignity and respect, not being involved in or tolerating the use of corporal or mental punishment or physical and verbal intimidation. Violence, harassment, and abuse of power are strongly repudiated. Thus, any suspicion of such practices must immediately be brought to the attention of the Group's management.

g) Working hours

The company's working hours conform to the applicable laws and industry standards. Overtime work is done voluntarily and should not exceed 12 hours per week per person.

h) Remuneration

The remuneration policy reflects the Group's objectives of attracting, developing and retaining high-performing and motivated employees in an increasingly competitive market. With the purpose of sustainable long–term value creation for the company, the remuneration policy was designed to align the strategic business objectives with the teams' and individuals' operational objectives. Therefore, a competitive remuneration package, a fair salary according to their performance and the market conditions is offered to all employees.

All social responsibility policies are properly documented, effectively implemented and maintained, communicated, and widely accessible to all employees, whether hired directly or indirectly. Furthermore, BA keeps its commitment to making this policy available, in an effective manner to any interested parties, whenever requested.

All employees or other parties have formal means of anonymously placing any claims related to the above matters.

Furthermore, BA Group promotes closeness to local communities, allowing us to understand their specific difficulties in challenging contexts and to contribute to the mitigation of some of them. BA has also assumed the responsibility of raising awareness on sustainability matters and promoting recycling habits among the younger generations.

Regarding the economic support of institutions of educational, social and cultural nature, BA continues to play an active role in the local communities. In 2019, several entities were supported, of which we are proud to highlight, the following:

— *"Teach for Portugal"* — an organisation which aims to create a collective transformation movement to ensure that all children have access to an excellent education, support, and opportunities that will allow them to realise their potential, creating a better future for them and all of us;

— *"Empresários pela Inclusão Social"* (EPI) — an institution with innovative methodologies to promote school success, the quality of education and training systems, and the employability and professional insertion of young people into the labour market;

"Bagos d´Ouro" — an institution whose mission is to promote the education of children and young people in the Douro region (north of Portugal), who live in a situation of economic need, as a way of also promoting social inclusion in the territory.

— *"Steaua Bucharest"* (water polo team) — this team has achieved excellent results. They have been national champions for several years, and are strong promoters of sports for various ages.

— *"Colégio de Gaia"* (handball) — for almost 30 years at the forefront of women's handball. An example of how to do well in youth sports education, which we greatly appreciate and feel honoured by our long-standing association.

The support to other local sports associations, fire brigades, and social and cultural institutions, such as *Casa da Música* and *Fundação de Serralves* continue to be part of the company's social responsibility programmes.

4.2. Environmental responsibility

BA's industrial facilities have as their mission the manufacturing of glass packaging for food and beverages.

Regarding the environmental aspects, BA deals with them as an integral part of its overall management. For this purpose, it has an Environmental Management System in accordance with ISO 14001 implemented in all its plants except Gardelegen and Athens plants as well as an Energy Management System under ISO 50001 implemented in Gardelegen. BA considers both systems under Environmental responsibility.

All BA plants are covered by the new Industrial Emission Directive (IED) and have an environmental permit.

BA is committed to the identification and standardisation of the best practices, whilst continuing to monitor and compare the individual performance of each plant.

In 2019, BA continued its plan of furnaces renewal with the implementation of the best available technologies in order to improve its environmental performance. During the year, the Villafranca (Spain) and Plovdiv (Bulgaria) plants each underwent a furnace rebuild, which allowed for a significant improvement in the environmental performance of all the plants, with a decrease of over 30% in energy consumption after the furnaces were rebuilt.

the porto protocol

The preservation and respect for the environment, as well as the prevention of pollution, are concerns that BA incorporates in its business management, based on the following principles:

- The identification of environmental issues, as well as the assessment of their impact;
- The rationalisation of water consumption, energy, and raw materials;
- The reduction in the weight of the glass containers produced;
- The promotion of the use of clean technologies;
- The adoption of appropriate waste management practices;
- The promotion of glass recycling;
- The reduction of air emissions;
- Compliance with legal requirements.

The continuous improvement of our environmental performance is and will continue to be one of the commitments embraced by the Group.

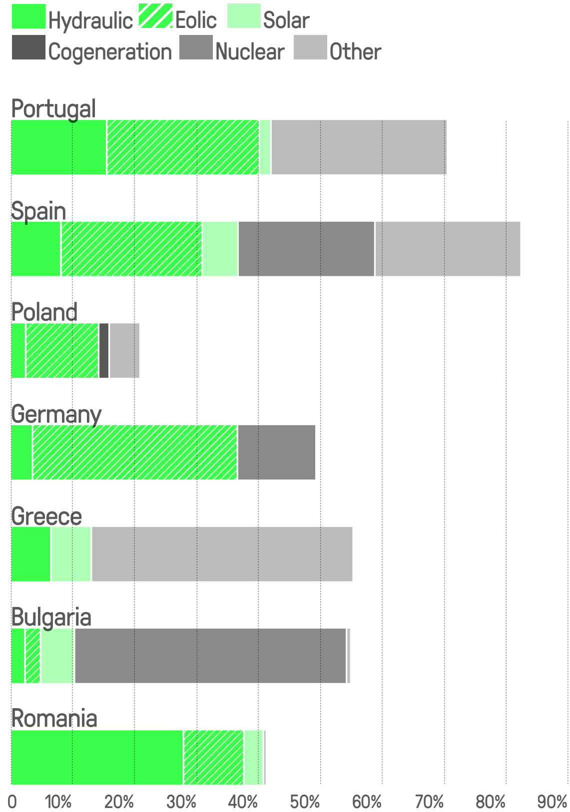
BA considers that the cooperation with local and European authorities responsible for the definition and implementation of legal requirements applied to our activity is vital. Transparency and collaboration rule our behaviour towards the authorities, thus enabling compliance with legal obligations, and maintaining an open relationship with all interested parties.

As already mentioned, in 2018, BA also decided to sponsor and join "The Porto Protocol" initiative, which took place in July with the Climate Change Leadership Summit, an event where the 44th USA President, Barack Obama, was present. The purpose of The Climate Change Porto Protocol is "to raise awareness that climate change is here to stay and that there are things we can do now to make a difference".

At "The Porto Protocol" BA committed itself until 2030, to:

- Use a minimum of 70% of electricity from renewable sources;
- Reduce the use of natural gas by 10%, replacing it with electricity;
- Reduce by 75% the usage of water to, at most, 0.1 m^3/ton;
- Increase the use of cullet at least by the same percentage as that achieved by the collection systems;
- Decrease CO_2 emissions to, at least, the EU target levels;
- Work together with our customers and suppliers to reduce the amount of packaging in our final products;
- Publish the annual values of these variables in "The Porto Protocol" website, and in BA Glass' website.

Green Energy Production [%]

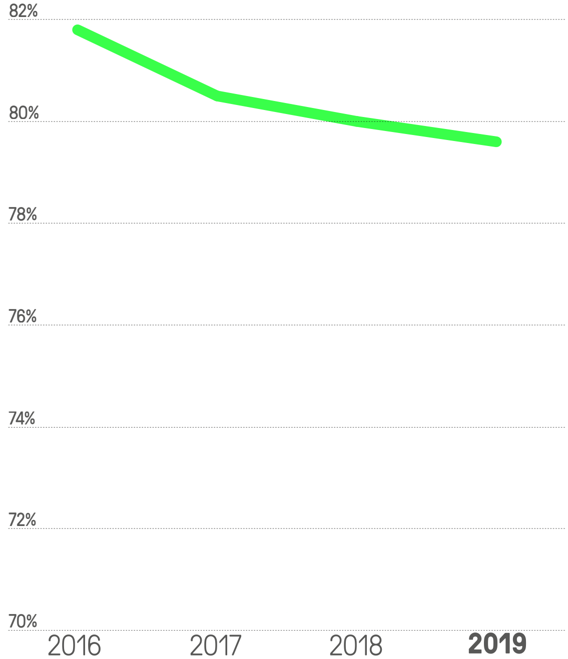


Use a minimum of 70% of electricity from renewable sources.

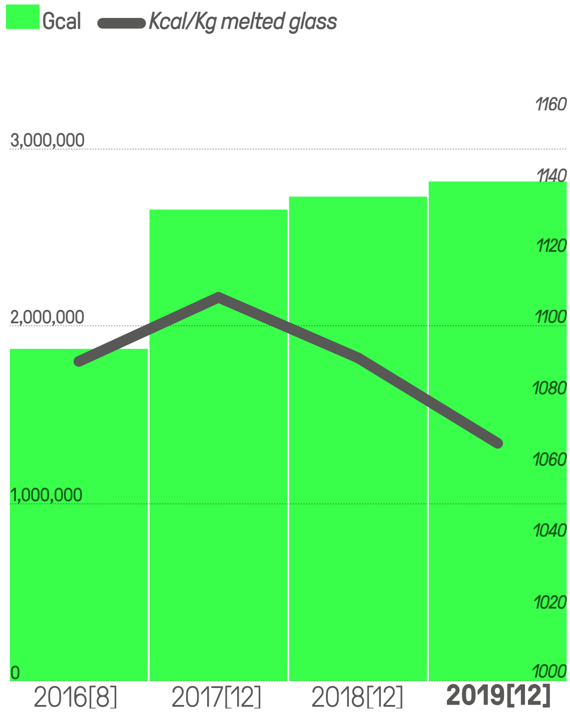
More than 20% of BA's total energy consumption is electricity. BA's long-term target is not only to increase this share, by reducing the share of natural gas but also to use most of the electricity from renewable sources. We cannot achieve this target alone as we depend on our energy suppliers but, a part of that accomplishment is "**up to US!**". Last November, we inaugurated our first photovoltaic installation at our plant in Villafranca de los Barros, South of Spain. This was a big step taken by BA towards "green energy" and during 2020 we will be investing in 4 more installations with a total capacity of 9 MW. Adding to this, some of the countries where we operate are relevant producers of renewable and carbon-neutral energy.

The glass packaging industry is characterised as being an intensive energy consumer. One of the company's goals is to decrease energy consumption. Thus, BA has made major investments in its facilities, using state-of-the-art technology and applying monitoring systems. Under this strategy, our German plant has an integrated Management System certified under ISO 50001. Adding to the overall energy consumption, we also want to reduce the use of natural gas replacing it with electricity. The natural gas average share in the energy consumption of the twelve plants reached 79.6%, representing a decrease of 2.7% over the last 4 years. This is a trend for which we have several actions in place. But the biggest disruption will arise when furnace operations are run on electricity ("green") or another clean energy. Progress is expected in the coming years and BA is actively involved in it.

Natural Gas share on total energy [%]



Natural Gas consumption



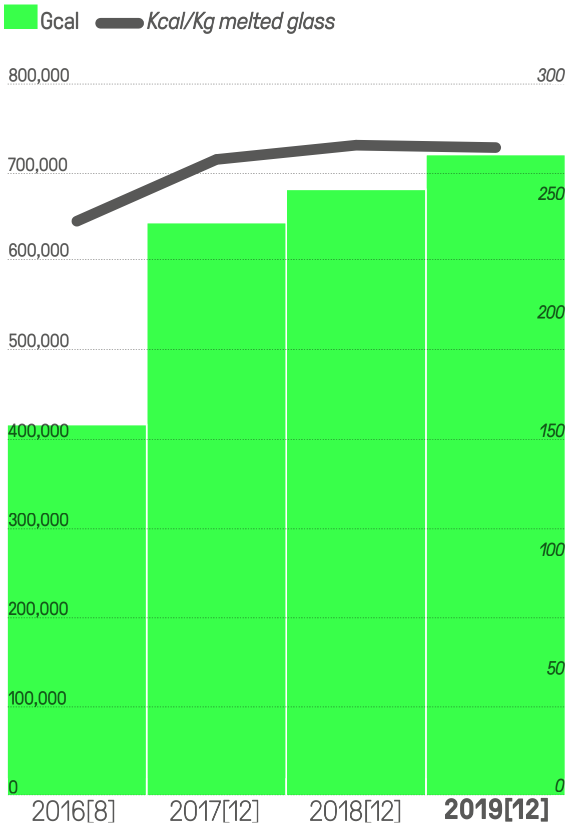
The total energy consumption of the twelve plants increased by about 3.6%, But, in 2019, the overall specific natural gas consumption per kg of melted glass decreased by 2.2% and the specific electricity consumption by 0.4%. The company average value for the energy specific consumption stood at 1.340 kcal per kg of melted glass. (1.8% lower than in 2018).

Notes:

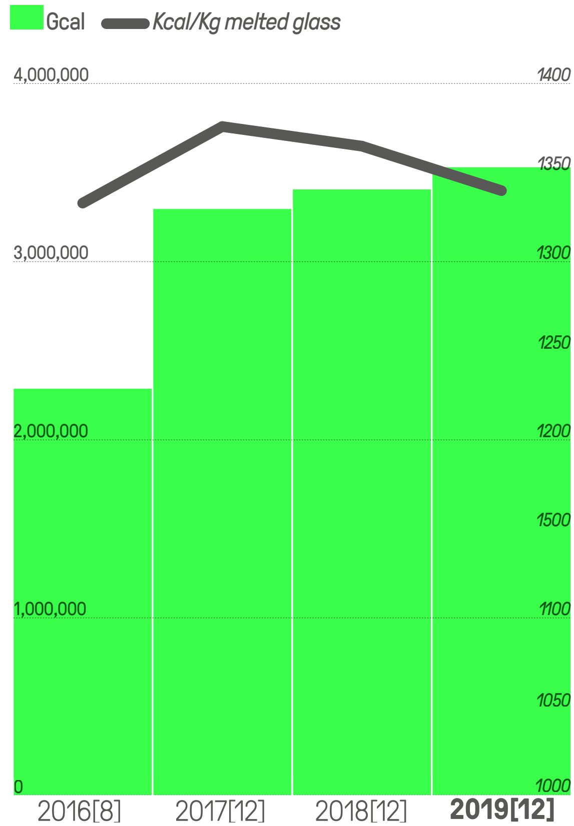
(8) consolidated value for 8 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków, Jedlice, and Gardelegen

(12) consolidated value for 12 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków, Jedlice, Gardelegen, Athens, Sofia, Plovdiv, and Bucharest

Electricity consumption



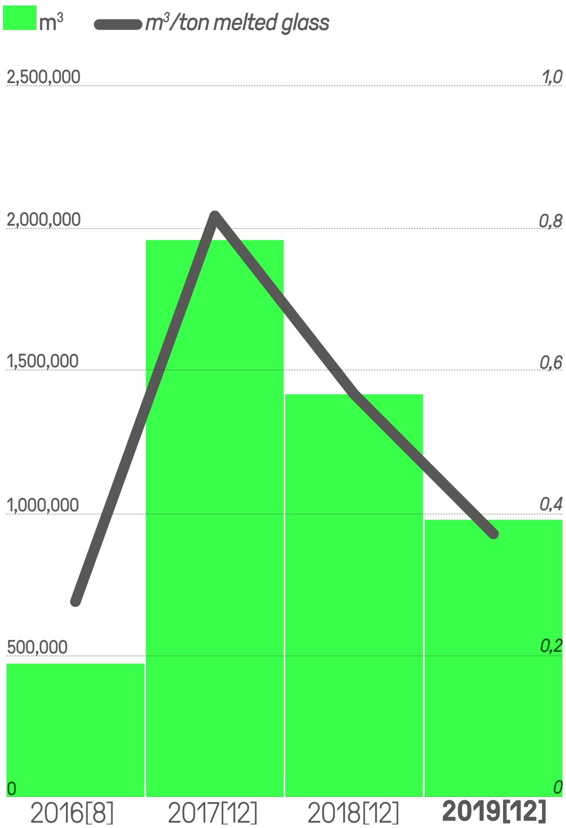
Total energy consumption



Reduce by 75% the usage of water to, at most, 0.1 m³/ton

In 2019, BA has continued to follow its policy of implementing actions that minimise water consumption across the plants, with this effort having been critical at our South-Eastern Europe Division where we had a weaker performance. The actions applied during 2019 resulted in an outstanding reduction of 35% compared to 2018. In 2019, The consolidated value stood at 0.370 m³/ ton melted glass.

Water consumption



Increase the use of cullet by, at least, the same percentage achieved by the collection systems

Glass recycling is a key activity in the glass packaging production process. At BA, we recycle glass (cullet) which comes from our own production process, as well as from the domestic post-consumption waste, some imported from other countries and other collected from food and beverage producers (bottles or jars at the end of their life cycle).

Glass recycling contributes to a cleaner environment in several ways, with the following advantages:

- **Saves Energy:** Reduces the use of energy. The recycled glass melts at a lower temperature than raw materials;
- **Reduces air Pollution:** Decreases the emission of atmospheric pollutants, such as particulates, NOx, SO2, CO, and greenhouse gas emissions (CO_2) arising from the melting process;
- **Preserves Natural Resources:** Replaces the consumption of virgin raw materials without any losses during the process (one bottle is converted into another bottle without any losses);
- **Reduces waste deposition in landfills:** Decrease the deposition of waste in landfills.

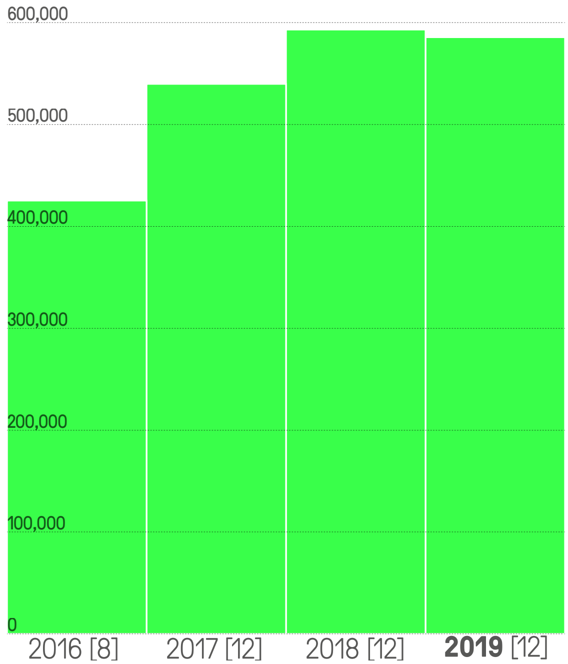
Glass containers are 100% endlessly recyclable, which means they can be recycled an infinite number of times, with no loss of purity or quality of the glass, thus preserving human health.

The increase in recycled glass consumption is a permanent goal for the company, but it is difficult to achieve, not only due to the difficulty in acquiring good quality recycled glass at competitive prices, but also due to the inexistence of an extensive selective collection by colour, limiting the introduction of externally recycled glass into the composition of flint glass, which is the main colour produced by BA.

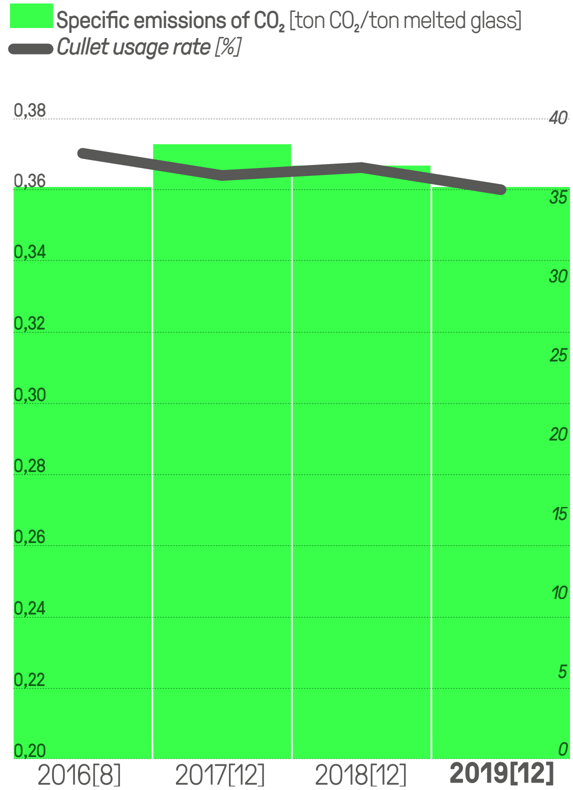
The European Container Glass Federation (FEVE), is working on a programme to increase the glass collection rate, where all stakeholders will be called to action. The programme aims to close the collection gap and improve the quality of recycled glass so that resources remain intact in a bottle-to-bottle manufacturing loop.

The average glass collection rate in Europe was 76% (according to FEVE sources). We used part of it in our production, with an incorporation rate of 36% on average.

External Cullet consumption [ton]



Specific CO_2 emissions versus cullet usage rate



Decrease CO_2 emissions to, at least, EU target levels

All the Group's plants are covered by the European Union (CO_2) Emission Trading Directive for reducing industrial greenhouse gas emissions. To comply with this legal requirement, BA has implemented a monitoring system that has allowed us to control this parameter.

CO_2 emissions result mainly from the natural gas combustion process and the melting process of carbonated raw materials. In 2019, despite the use of recycled glass, the incorporation rate decreased. BA was able to reduce CO_2 emissions per ton of melted glass by 1.8%, from 0.367 to 0.361 tons of CO_2/ton melted glass.

Working with our customers and suppliers to reduce the amount of packaging in our final product

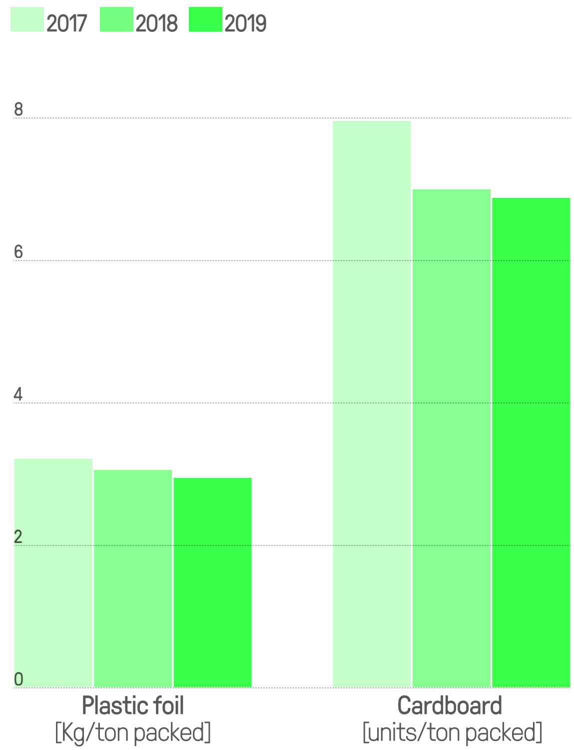
The final product produced by BA is delivered to our customers in the form of pallets of glass containers. For that purpose, the most significant consumable packaging materials used are the plastic foil that covers the whole pallet and the cardboard trays between the layers of bottles or jars. Both materials generate waste as they are single-use materials, and one of BA's environmental commitments is to explore and improve solutions with our customers and suppliers that will reduce the amount of packaging used, eliminate part of it or reduce the material content (an example is the thinner plastic foil).

The closeness to our customers and the deeper understanding of their needs, namely regarding their storage conditions and the packaging requirements that suit their filling lines, have allowed BA to, in some cases, optimise the packaging solutions. On the other hand, the investments that have been made in recent years in warehouse expansions, mainly in the new geographies, have improved the storage conditions allowing for a reduction in the amount of plastic foil needed to protect the product. The close cooperation with our suppliers has been very important in finding the best materials for the required packaging solutions. Also, the replacement of cardboard layers by returnable layers that can be reused multiple times is a lever to reduce the waste generated.

Although the secondary packaging may be considered as waste, all the materials used can be recycled if the proper channels are used.

The reuse of wood pallets is managed by BA, having received, in 2019, more than 3.1 million pallets (an increase of 6,9% compared to 2018) which were returned by its customers, with an average rate of reuse of 79%. Those that are not recovered by BA, are reused by our customers or delivered to our customers' suppliers to be reused there. During 2019, the consumption of plastic foil and cardboard layers per ton of packed glass continued to fall by 3% and 2%, respectively.

Consumable packaging usage

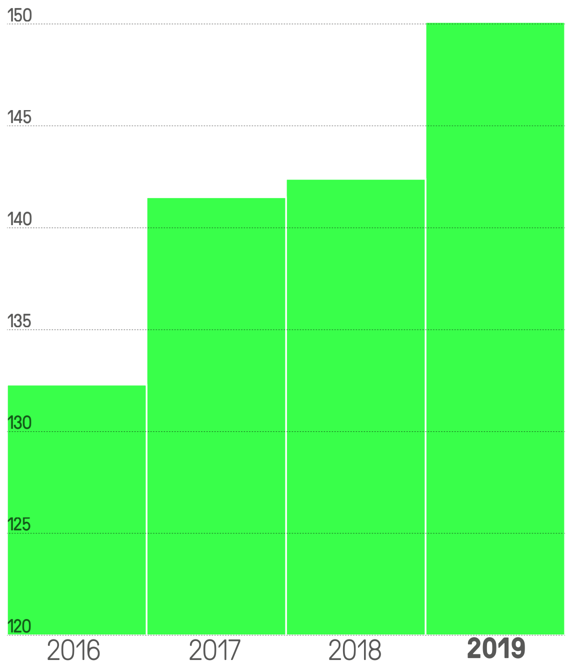


Other environmental performance indicators

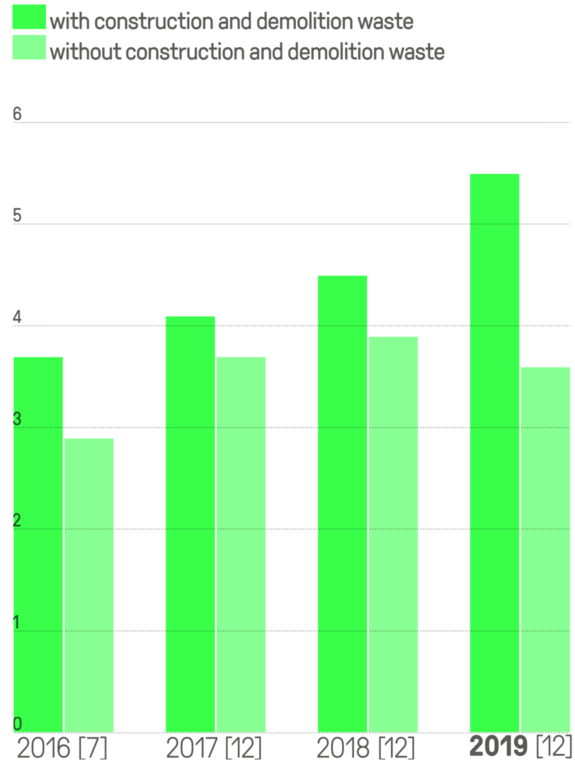
Internal Waste

All the plants have an effective and optimised waste-management system which, over the years, has permitted waste reduction, as well as an increase in their environmental recovery due to the correct segregation according to the type of waste. Internally recovered waste represents 96% of total treated waste, and includes internal cullet, filter dust, and waste treatment station sludge. With increased production, the internally recovered waste rate has also increased, namely internal cullet. This is crucial to CO_2 reduction, as its use decreases energy consumption, and no glass is lost during the process.

K internal waste/ t melted glass [ton]



Generated waste excluding internal valuation [kg/ton melted glass]



In 2019, the four furnaces rebuilt in Avintes, León, Villafranca, and Plovdiv impacted the waste performance of the Group.

However, the rate of waste generated in the production activity, excluding construction and demolition waste as well as the waste recovered internally, was 3.58 kg of waste per ton of melted glass, about 7% lower than last year.

Atmospheric emissions

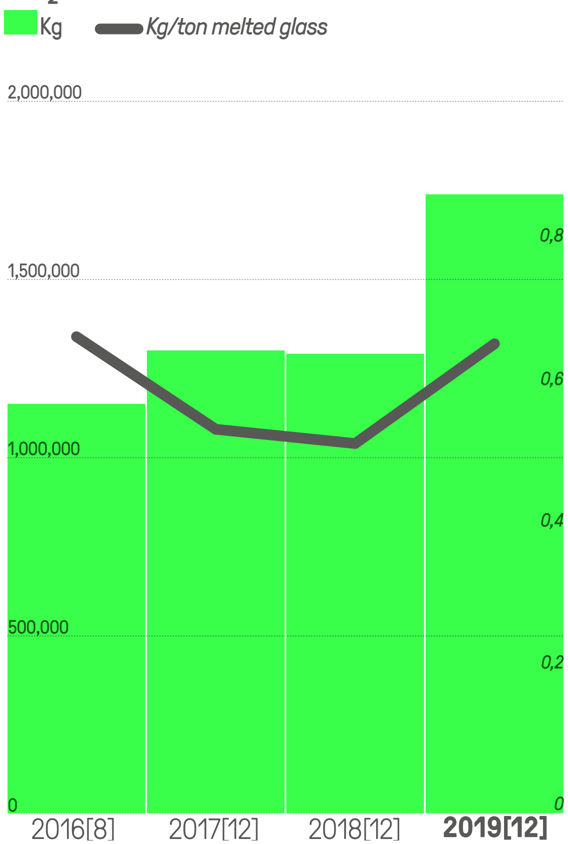
Emissions of particles, sulphur dioxide (SO_2) and nitrogen oxides (NO_x)

BA plants are covered by the new Industrial Emission Directive (IED). Since 2000, BA carries out sporadic monitoring of the existing fixed sources in accordance with the environmental permit of each plant. Over and above the sporadic monitoring, 25% of the plants also have continuous monitoring of NO_x. In 2019, the company continued to invest in the improvement of its environmental performance by adopting the best available technologies, such as the installation of a candles filter in the new furnace in Villafranca de los Barros for particle reduction, and a lime introduction system for SO_2 reduction.

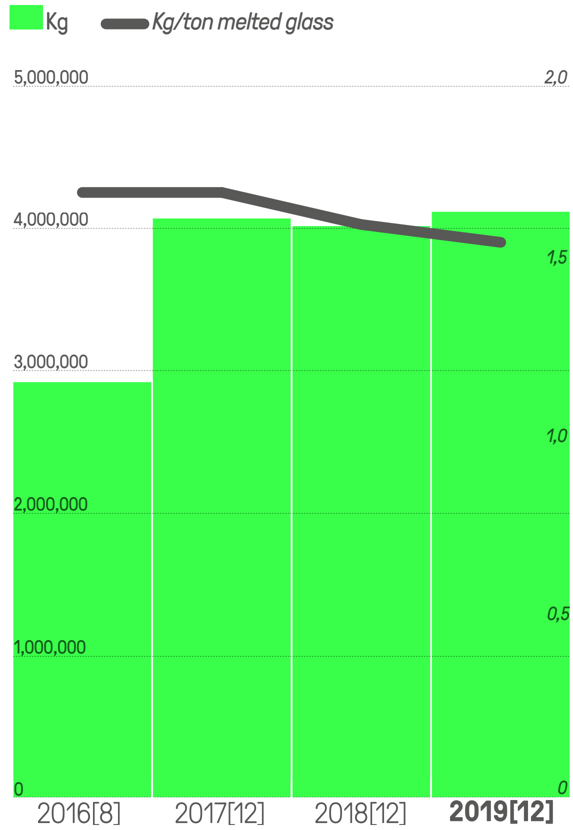
Following a continuous improvement approach, we also put in place actions that allowed us to decrease significantly particulate emissions and maintain a consistent decrease in NO_x.

SO_2 emissions increased due to the reduction systems' malfunctioning in both Bulgaria and Villafranca plants.

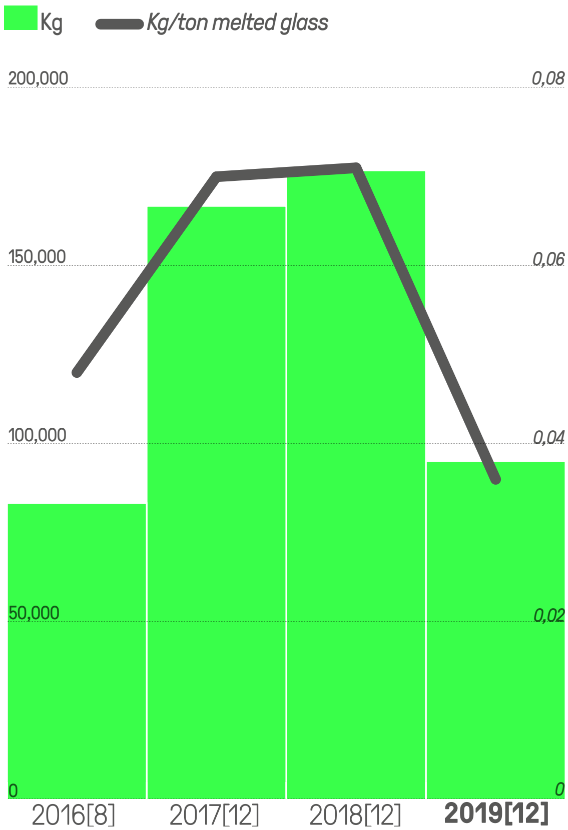
SO_2 Emission



NO_x Emission



Particulates emission



Business risks

The use of a risk assessment methodology allows for the identification of exogenous and endogenous factors that can influence significantly BA Glass's profitability and is an integrant part of its management process and sustainable development. By analysing the critical points, potential situations of value destruction or creation can be identified, leading to decision-making and indicating actions to be avoided, mitigate or even leverage business risks.

These risks, and how to deal with them, are described in management procedures, with emphasis on the "Crisis Management" procedure, where the rules and responsibilities regarding communication in the case of exceptional events occurring are specified. All the established procedures and management practices are regularly reviewed and optimised with the collaboration of all areas involved in order to ensure the continuous improvement of processes and the reduction of potential risks and/or their impact on the company's business and sustainability.

Based on these principles and methodologies, the following risks were identified, evaluated and mitigated:

- **Evolution of the glass packaging industry**: *The Group's business depends intrinsically on the level of consumption of glass packaging in the markets, the level of confidence of economic players in that market and on the products' life cycle. The constant and growing innovation and development of new solutions/alternatives to glass packaging is also a factor that can add uncertainty to the customers and markets where the company operates.*

  BA Group's customers include some of the world's best-known companies in the Wine, Spirits, Food, Beer and Soft drinks segments, with an excellent reputation in their local markets and across borders. The Group's exposure to this risk is naturally mitigated by its diversified customers, segments, and products. Additionally, its geographical diversification minimises the potential impact that an unfavourable evolution of a given market could cause.

The glass packaging industry has proved to possess a significant resilience to macro-economic cycles and, in some segments, it has even experienced a slight growth in periods of economic recession.

- **Customer habit risk:** *A significant change in the preferences of the final consumer may lead, ultimately, to the disappearance of brands from the market, for which the company produces glass containers. Events of customer concentration could also have a significant impact on the Group, in terms of business volume and profits.*

  BA Glass strives to diversify its customer and market portfolio. In 2019, our 30 biggest customers accounted for 52% of total sales, and the levels of concentration for any given customer stood below the values which could represent a high risk for the continuity of the business. A significant portion of our biggest customers is multinational companies with presence/operations in several countries, which mitigates the impact of specific changes on consumption habits.

- **Customer credit risk:** *Given the global economic context, the company cannot rule out the possibility of having one or more customers disabled to honour certain contracts due to financial distress.*

  The management of credit risk related to customers and other receivables is carried out in such a manner that it minimises the risk of non-receivables in the customers' portfolio.

  BA Glass has access to an international database of credit risk analysis which is used to define its credit policy and for further monitoring of possible changes in the risk of non-receivables from its customers. This information is complemented with the assessment by the customers' account managers. The non-recourse factoring is a tool that the company can use to anticipate receivables and eliminate their risk.

  The company does not use credit insurance for managing the credit of its customers on a recurrent basis, due to the fact that BA Glass' customers' portfolio presents a very low probability of bad debt. In situations of higher risk, namely in the exports, BA Glass uses export letters of credit.

  The customer credit management policy has shown effectiveness in its results. In the last five years, bad debts represented less than 0.05% of the Group's consolidated sales.

- **Risks related to suppliers:** *Should some of the Group's main suppliers of raw materials declare bankruptcy, or experience lack of capacity to respond to the Group's needs, or have quality problems, or any other incident disrupting its business, BA's operations could be significantly impacted, leading to additional costs or even making it impossible to manufacture.*

  The company has built a large group of suppliers in different countries for its raw materials, production support materials and other equipment. Our 20 biggest suppliers accounted for 34% of the total consolidated purchases in 2019. Additionally, BA Glass closely monitors the quality and reliability of the products from its suppliers as well as their operations in order to guarantee that the value chain is assured and that it can anticipate any potential disruption.

- **Risks related to energy price and power cuts:** *Natural gas and electricity supplies are vital to BA Glass's operational activity. These sources of energy represent, on average, 25% of the Group's total costs. A substantial increase in energy prices could boost the Group's operational costs, with a strong negative impact on its profitability. On the other hand, the slight possibility of experiencing a power cut longer than 24 hours could lead to a total stoppage in the manufacturing process at the affected plants.*

  The natural gas contracts have an underlying formula that allows for the adjustment of the price according to the variation of parameters that influence gas prices in the international markets (the exchange rate EUR/USD and the price of Brent). The company does not have the policy of carrying out risk coverage contracts regarding energy price variations, thus, the company is exposed to positive or negative variations in the market. However, part of the energy price variation is reflected in the sales price, sometimes with a time delay.

  The company has contracted uninterrupted energy supplies with its suppliers in the different countries where its plants are located. Additionally, contingency plans are in place to ensure the functioning of the production units for a certain period of time, until the power returns.

- **Risks related to operational stoppage: The** *glass packaging manufacturing process is considerably capital-intensive and requires the permanent use of the furnaces and other specific equipment for that purpose. The stoppage of a furnace in order to perform non-planned or extraordinary repair work impacts significantly the operational results of the Group, due to both the repairing costs and the resulting production losses.*

  A detailed investment and repair plan exists for each furnace, which is periodically reviewed by an internal technical team, based on periodical inspections of the furnaces. A set of preventive and corrective measures, intended to lengthen the life of the furnaces and prevent extraordinary events, are included in their normal operation.

  The company has contracted an all-risks policy that assures compensation for lost earnings, in case of an accident.

- **Risks related to IT and Cybersecurity –** *The company has several IT systems and the main assets are controlled using software that is connected to the Internet. An incident in this area could lead to stoppages in the operations and loss of information that could impact the business. Contingency plans to reduce these occurrences are in place and several IT security measures have been implemented during the last few years to minimise this risk, as well as to mitigate it.*

- **Risks related to labour –** *The company is present in several countries where employees are represented by unions and where the unemployment rate is low. This has an impact on the increase in salaries as well as on the rotation of people. This leads to increased costs as well as an impact on the production process due to the increased difficulty in hiring new employees. Several initiatives have been implemented in order to reduce rotation and to attract and retain new people as a way to reduce this impact.*

- **Risks related to inorganic growth:** *As part of its growth strategy, the company has acquired and will continue to acquire other companies in the future, and this entails risks such as:*

  » *The inaccuracy of business plans and consequent companies' valuation based on assumptions which may prove incorrect, especially in regard to future synergies and market evolution forecasts;*

  » *Failure in integrating the acquired companies, their employees and technologies;*

  » *Inability to retain some key employees, customers or suppliers of the acquired companies;*

  » *The company may be forced to maintain contractual relationships with costly and/or unfavourable conditions;*

  » *The increase in the Group's debt in order to finance these acquisitions or refinance the debts of the acquired companies.*

  All acquisition projects are analysed according to several possible scenarios, including the most pessimistic in order to evaluate their impact on the target companies and establish realistic boundaries for their valuation. Strategies are designed to overcome these worst-case scenarios from the beginning of the acquisition in a way that all necessary measures will be taken to minimise the impact of such events.

  On an annual basis, the real development is compared against the original business plan so as to validate the strategy initially defined at the time of the acquisition, evaluate the need for adjustments and learn for future acquisitions.

  The Mergers & Acquisitions team is closely involved in the Group's operations, in order to gain a more thorough knowledge of the business and take into account all the relevant variables when analysing new acquisition opportunities.

- **Risks related to the internationality of the business:** *The internationalisation of the company forces it to be exposed to the economic, political, fiscal, legal and environmental risks of several countries.*

  The company relies on the expertise of its financial, tax, legal and labour teams which permanently analyse, monitor and anticipate changes in legislation and labour-related subjects in the various countries where the company operates, using external specialised support to overcome more complex issues, whenever it is needed.

  The Group's exports are directed mostly to European Union markets concentrated in countries where the company already has a vast experience on how to operate and where its customers with good risk profiles are located.

- **Risks related to the competition:** *The company's main competitors are: Owens-Illinois, Verallia, Vidrala, Ardagh, among others with a small presence in the market. The company faces significant competition from these glass container producers, as well as from the producers of alternative forms of packaging, such as aluminium cans, plastic containers, and cardboard packaging. Competition is based mainly on price, innovation, quality, delivery and customer service as a whole. Decisions made by our competitors could result in excessive capacity in certain countries, leading to significant price pressure in the packaging market, and consequently a strong impact on profitability.*

  Innovation and product development represent the two major challenges for the Group, and the strong focus on these aspects is what enables it to remain competitive. In 2019, the BA Group developed more than 230 new products and launched 107 new products onto the market.

As a continuous effort to maintain the technology of its operations at the industry's forefront, in order to satisfy and even anticipate market needs, the company investments regularly on refurbishments and on its operating structure, which are significantly above the industry's average, aiming for superior quality and flexibility levels.

The rising international exposure that the company has been pursuing also aims to seek new markets, thus diluting the competitive pressure in some of the markets where BA Glass already operates.

- **Interest rate risk:** *The company is exposed to the risk of changes in market interest rates due to the existence of assets and liabilities negotiated with fixed or floating interest rates.*

As a standard rule, the company does not use hedging of interest rate risks because management controls closely the leverage of the company by following closely the level of Net debt/EBITDA keeping it at levels considered to be conservative. Management also controls the levels of EBITDA/Interests guaranteeing that these do not reach values that could imply risks to the financial stability of the Group. Keeping these two indicators under strict control and under certain limits lowers significantly the risks of interest rate fluctuations.

- **Foreign exchange risk:** *The company is exposed to exchange rate risks due to its share of sales and purchases in currencies other than the Euro. The changes that occur in the exchange rates can have an impact on the company in terms of the direct competitiveness of the subsidiaries in their markets, as well as on the company's balance sheet through the consolidation of subsidiaries with currencies other than the euro.*

The Group's activities performed in currencies other than the euro account for a small percentage of the total activity and almost all these transactions allow for natural hedging of cash flows between currencies. Sales in currencies other than the Euro (in the subsidiaries) represent 18% of total revenues, and the purchases account for 27% of total purchases (22% of total revenue). In Bulgaria, the stability of the exchange rate is very high, which decreases the impact on the company's balance sheet through the consolidation of the companies based in this country.

- **Liquidity risk:** *In order to finance its own investments and operational activity, BA Glass has to contract debt with financial institutions.*

The Group's profitability has enabled it to continuously ensure healthy equity/debt ratios, thus guaranteeing that the cash-flows generated by the business enable the regular repayment of its debt to keep it at safe levels.

The BA Group works with the largest banks in the local markets where it operates, in order to create local relationships. There is a wide diversification of its debt portfolio so as to avoid excessive dependence on any specific financial institution. The company always keeps partially unused overdraft lines to be able to face constraints that could arise from an unforeseen event.

- **Legal risks related to disputes:** *There are no arbitration, judicial or governmental proceedings underway that may have a meaningful impact on the accounts and present a risk.*

All disputes are analysed periodically by the Group's legal department. When necessary, and in accordance with the international accounting standards, provisions are created to surpass potential risks that may arise from disputes. At the date of this report, there are no outstanding cases that could have a meaningful impact on the equity and financial structures of the Group.

- **Industrial intellectual property risk:** *The company possesses all the necessary licences for the use of all the technology and equipment needed in order to carry out its activity.*

- **Property, industrial and environmental risks:** *The Group's properties, plants and equipment are exposed to various risks: fire, explosion, natural disasters, system failures, pollution, non-compliance with the legal limits of emissions, among others.*
  Periodic audits to the safety systems against fire and intrusion, and even to the control systems at the plants, are performed. With the objective of minimising this risk, BA Glass performs simulations on a regular basis to test the emergency plans in case of fire, unexpected power failures, and even glass leakage.

  The BA Group regards environmental matters as an integral part of its overall management, having implemented an Environmental Management System, certified according to ISO 14001 (except for the Gardelegen and Athens plants).

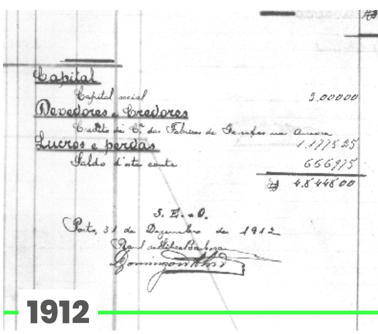
  The Gardelegen plant in Germany is certified by ISO 50001 - Energy Management Systems. Requirements with Guidance for use.

  On a daily basis, all the company's plants are focused on minimising the environmental impact of its activities (reduction of air and noise pollution) and on the promotion of rational use of resources, by setting, annually, actions aiming to increase glass recycling, rationalisation of water consumption, energy, and raw materials and weight reduction of the containers produced.

  It is imperative to highlight that all assets of the company are insured by well-reputed insurance companies, offering a guarantee of solvability in case of an accident. On a regular basis, BA Glass, in conjunction with the insurance companies, performs audits to the risks in order to execute improvement plans and reduce property risk. In addition to this, BA Glass also has insurance policies which guarantee compensation in case of business interruptions, in order to minimise the impact of possible accidents.

BA Group

over 100 years of history

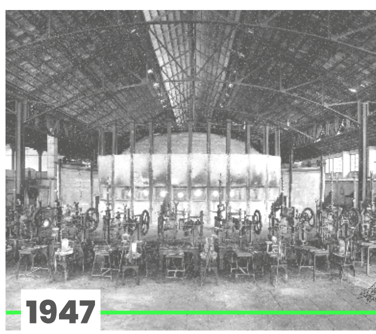

Capital

Devedores e Credores

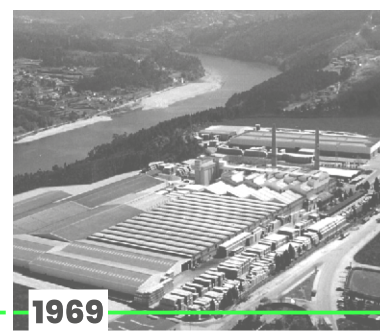
Lucros e perdas

Porto, 31 de Dezembro de 1912

1912
Incorporation of Barbosa & Almeida



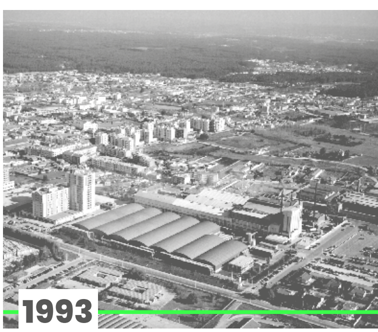
1947
Introduction of Automatic Technology



1969
Start of Operation at the Avintes Industrial Unit

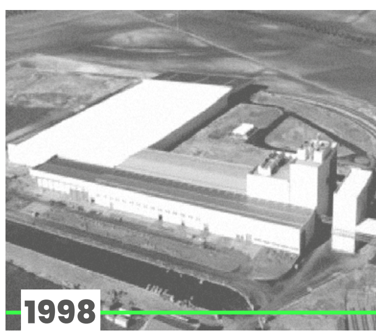
2008
Acquisition of Sotancro

2012
Acquisition of Warta



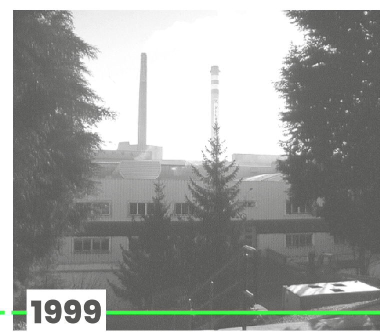
1993

Acquisition of CIVE



1998

Start of Operation at Villafranca de los Barros Industrial Unit



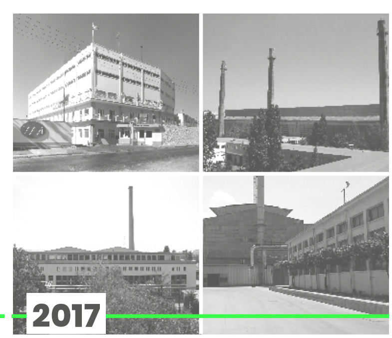
1999

Acquisition of Vidriera Leonesa

2016

Acquisition of HNG Global

Acquisition of 25% Anchor Glass



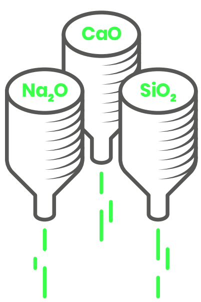
2017

Acquisition of Yioula

Glass Packaging

manufacturing process

stage
1



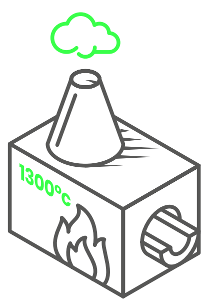
Glass Composition

At this stage, all raw materials are stored, measured and mixed to create the mass composition to be vitrified, which will be brought to furnaces where fusion will take place. The basic composition of glass package is:

Silicon Dioxide (SiO_2) 70 › 72%
Sodium Oxide (Na_2O) 12 › 14%
Calcium Oxide (CaO) 9 › 11%
Magnesium Oxide (MgO) 0 › 3%
Aluminium Oxide (Al_2O_3) 1 › 2%
Potassium Oxide (K_2O) 0 › 1%

This composition incorporates treated used glass, ground glass wastes from internal and/or external recycling.

stage
2

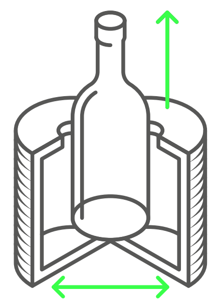


Raw Materials Fusion

At the refractory furnaces, the material fusion is processed at a 1,500 to 1,600ºC temperature.

The liquefied glass moves along the large container under gravity action of the dropping material and goes through a "tuning" stage, where thermal homogeneity of the whole melted mass has to be guaranteed, as it is a crucial condition to obtain a product of quality.

stage
3

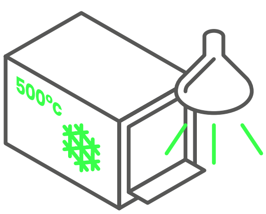


Glass Forming

There are two stages in the moulding process of a piece: in the first one, glass is introduced in the start mould located at one of the sides of the machine, where it takes its first shape (pre-form); in the second stage, the pre- -form is transferred into the final mould located at the opposite side of the machine, where the final shape is given to the piece.

stage

4



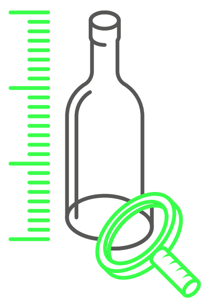
Annealing and Surface Treatment

During the moulding process, the glass is in contact with the mould walls, which are at relatively low temperatures.

As such, the external layers of the pieces are much colder than the internal ones, and this temperature differential tends to be kept due to the poor conductivity of glass, therefore a thermal treatment, called annealing, is performed. This treatment consists of a thermal homogenisation of the whole glass mass, eliminating thus all tensions.

stage

5

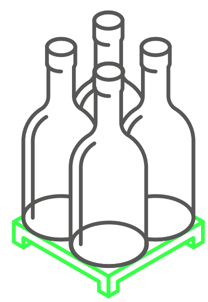


Inspection and Quality Control

After concluding the annealing procedure, the pieces are taken into automatic inspection machines that through several defect detection mechanisms dispose of faulty pieces.

stage

6

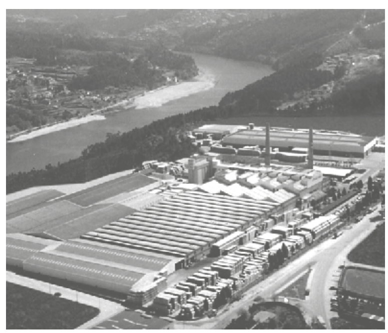


Packaging

At the production line end, glass packages are grouped together by layers in pallets.

These are covered with plastic film to protect each unit and make transport easier; these packages are then shrinked in an adequate heat, and afterwards pallets are conveyed to the storage area.

adresses & geographical location



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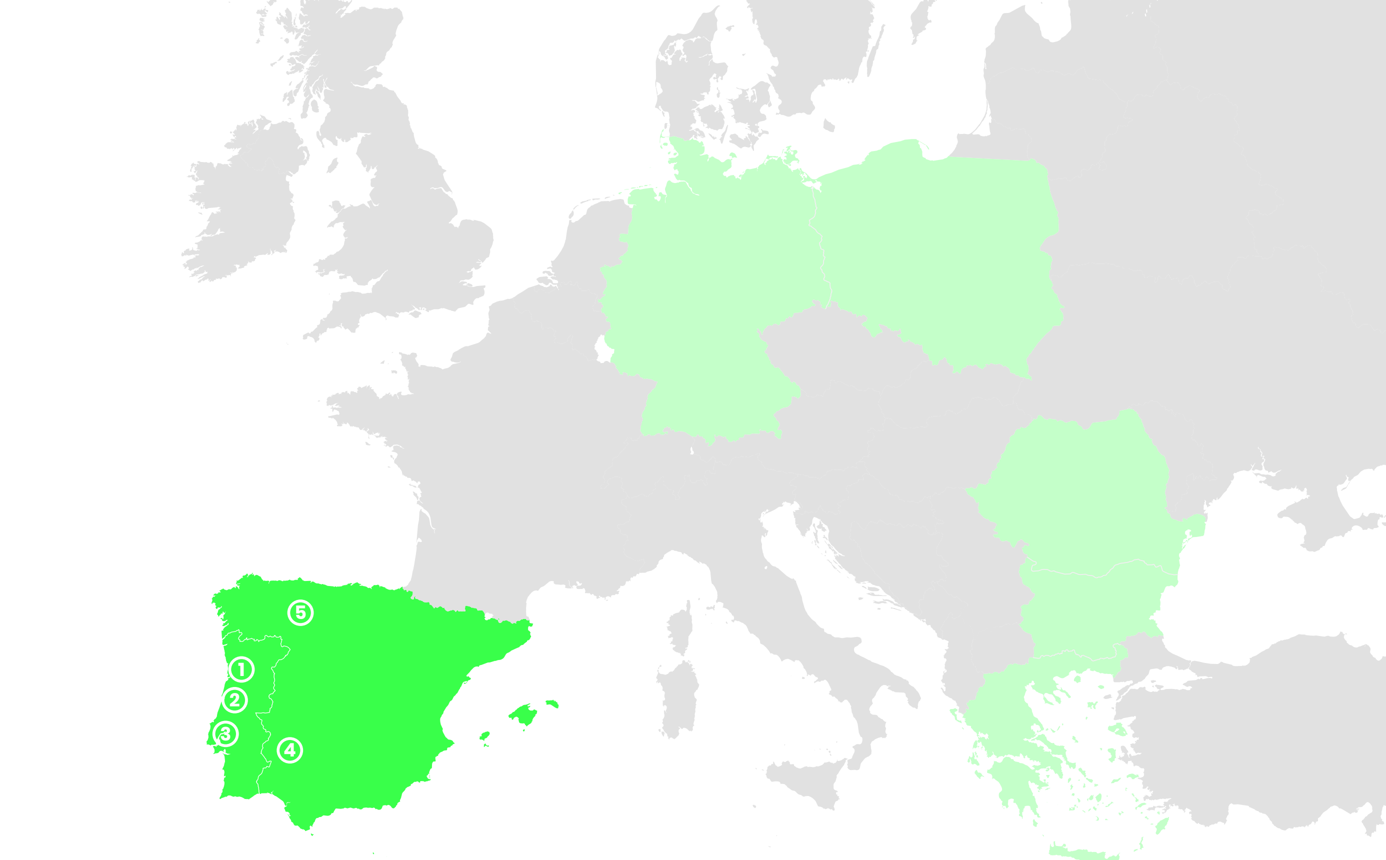

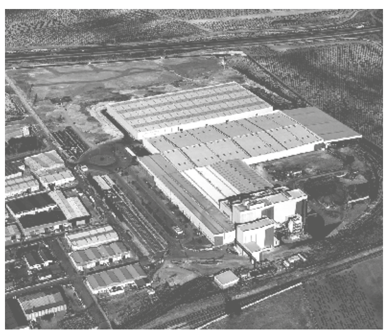

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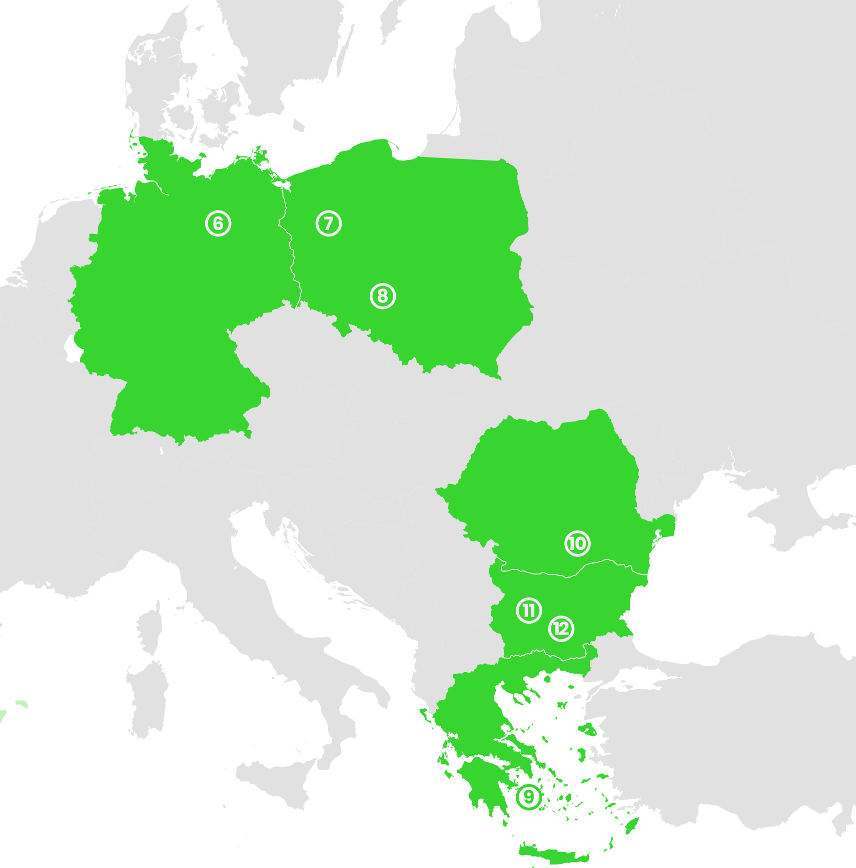

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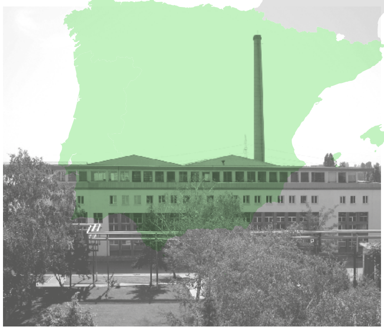

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