ArdaghGroup

ARD Finance S.A. Annual Report

For the year ended December 31, 2020

TABLE OF CONTENTS

Consolidated financial statements for the year ended December 31, 2020

Management Report 2

Consolidated Financial Statements

- Report of Independent Registered Public Accounting Firm. 17
- Consolidated Income Statement for the years ended December 31, 2020 and 2019 22
- Consolidated Statement of Comprehensive Income for the years ended December 31, 2020 and 2019 23
- Consolidated Statement of Financial Position at December 31, 2020 and 2019 24
- Consolidated Statement of Changes in Equity for the years ended December 31, 2020 25
- Consolidated Statement of Cash Flows for the years ended December 31, 2020 and 2019 26
- Notes to the Consolidated Financial Statements 27

Management Report

PRELIMINARY INFORMATION

ARD Finance S.A. (the "Company") was incorporated under the laws of Luxembourg on May 6, 2011 and is a subsidiary of ARD Holdings S.A. The Company's registered office is 56, rue Charles Martel, L-2134 Luxembourg, Luxembourg. The Company is registered with the R.C.S. Luxembourg under number B 160806.

The Company is a holding company whose only significant assets as of December 31, 2020 consist of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange ("NYSE").

All the business of the group of companies controlled by ARD Finance S.A. (the "Group") is conducted by Ardagh Group S.A. ("Ardagh") and its subsidiaries (together, the "Ardagh Group"). All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 (together the "Toggle Notes" as described in Note 19) are liabilities of the Ardagh Group.

These consolidated financial statements reflect the consolidation of the legal entities forming the Group for the periods presented. These principal operating legal entities forming the Group are listed in Note 26.

Any description of the business of the Group is a description of the business of the Ardagh Group.

As used herein, "we", "our" and "us" refer to the Ardagh Group and its consolidated subsidiaries, unless the context requires otherwise.

SELECTED FINANCIAL INFORMATION

The following discussion should be read in conjunction with, and qualified in its entirety by, reference to the audited consolidated financial statements (the "Financial Statements") of this company, ARD Finance S.A..

On October 31, 2019, Ardagh completed the combination of its Food & Specialty Metal Packaging business ("Food & Specialty") with the business of Exal Corporation ("Exal") to form Trivium Packaging B.V. ("Trivium"), a global leader in metal packaging. As a result, Food & Specialty was reported as a discontinued operation. Ardagh holds a stake of approximately 42% in Trivium.

The following table sets forth summary consolidated financial information for the Group.

	Year ended December 31,	
	2020	**2019**
	(in $ millions, except ratios and percentages)	
Income statement data		
Revenue	6,731	6,660
Adjusted EBITDA[1]	**1,155**	**1,173**
Depreciation and amortization	(688)	(652)
Exceptional items[2]	(58)	(53)
Net finance expense[3]	(449)	(861)
Share of post-tax loss in equity accounted joint venture	(48)	(49)
Loss before tax	**(88)**	**(442)**
Income tax charge	(10)	(44)
Loss from continuing operations	**(98)**	**(486)**
Profit from discontinued operation	22	1,742
(Loss)/profit for the year	**(76)**	**1,256**
Other data		
Adjusted EBITDA margin [1]	17.2%	17.6%
Net interest expense[4]	(413)	(523)
Capital expenditure[5]	(543)	(505)
Balance sheet data		
Cash and cash equivalents[6]	1,298	663
Total assets	10,016	9,069
Total equity	(2,348)	(2,087)
Net debt[7]	8,010	7,516
Ratio of net debt to Adjusted EBITDA[1] [7] [8]	6.9x	6.4x

All footnotes are on page 10 of this document

OPERATING AND FINANCIAL PERFORMANCE REVIEW

Operating Results

Business Drivers

The main factors affecting our results of operations for Metal Beverage Packaging and Glass Packaging are: (i) global economic trends, end-consumer demand for our products and production capacity of our manufacturing facilities; (ii) prices of energy and raw materials used in our business, primarily aluminum, steel, cullet, sand, soda ash and coatings, and our ability to pass through these and other cost increases to our customers, through contractual pass through mechanisms under multi-year contracts, or through renegotiation in the case of short-term contracts; (iii) investment in operating cost reductions; (iv) acquisitions; and (v) foreign exchange rate fluctuations and currency translation risks arising from various currency exposures, primarily with respect to the euro, U.S. dollar, British pound, Swedish krona, Polish zloty, Danish krone and Brazilian real.

	Year ended December 31,	
	2020	2019
	(in $ millions, except percentages)	
Revenue		
Metal Beverage Packaging Europe	1,599	1,556
Metal Beverage Packaging Americas	1,852	1,816
Glass Packaging Europe	1,640	1,613
Glass Packaging North America	1,640	1,675
Group	**6,731**	**6,660**
Adjusted EBITDA		
Metal Beverage Packaging Europe	249	253
Metal Beverage Packaging Americas	296	250
Glass Packaging Europe	369	391
Glass Packaging North America	241	279
Group	**1,155**	**1,173**
Adjusted EBITDA Margin		
Metal Beverage Packaging Europe	15.6%	16.3%
Metal Beverage Packaging Americas	16.0%	13.8%
Glass Packaging Europe	22.5%	24.2%
Glass Packaging North America	14.7%	16.7%
Group	**17.2%**	**17.6%**

Bridge of 2019 to 2020 Revenue

Revenue	**Metal Beverage Packaging Europe**	**Metal Beverage Packaging Americas**	**Glass Packaging Europe**	**Glass Packaging North America**	**Group**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Revenue 2019	**1,556**	**1,816**	**1,613**	**1,675**	**6,660**
Organic	33	36	10	(35)	44
FX translation	10	—	17	—	27
Revenue 2020	**1,599**	**1,852**	**1,640**	**1,640**	**6,731**

Bridge of 2019 to 2020 Adjusted EBITDA

Adjusted EBITDA	**Metal Beverage Packaging Europe**	**Metal Beverage Packaging Americas**	**Glass Packaging Europe**	**Glass Packaging North America**	**Group**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Adjusted EBITDA 2019	**253**	**250**	**391**	**279**	**1,173**
Organic	(5)	46	(27)	(38)	(24)
FX translation	1	—	5	—	6
Adjusted EBITDA 2020	**249**	**296**	**369**	**241**	**1,155**
2020 margin	**15.6%**	**16.0%**	**22.5%**	**14.7%**	**17.2%**
2019 margin	**16.3%**	**13.8%**	**24.2%**	**16.7%**	**17.6%**

Review of the Year

COVID-19

The COVID-19 global pandemic and measures to prevent its spread, including restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events, has impacted our business in a number of ways including as a result of the impact of reduced global economic activity which resulted in lower demand for some of our customers' products and, therefore, certain of the products we manufacture.

During the year ended December 31, 2020 our glass business, in particular, was affected, and experienced reductions in customer demand and therefore revenue as a direct consequence of the various global lockdowns and the related impact to "on-premise" sales. The impact was particularly evident in the second quarter of the year. Gradual relaxation of governmental measures to prevent the spread of the virus, in the second half of the year ended December 31, 2020 resulted in a sequential improvement in customer demand for our glass packaging products.

COVID-19 may continue to have an adverse affect on our business and operations, including potential disruptions to our supply chain and workforce. Although our production has not been significantly impacted to date, our plants may be required to curtail or cease production in order to respond to any future measures which may arise in order to prevent the spread of COVID-19. In addition, the pandemic may in the future impact on capital markets which could impact our cost of borrowing. During the year ended December 31, 2020, incremental COVID-19 related direct costs of $30 million, including safety and cleaning costs, were incurred throughout the Group.

The ultimate significance of the disruptions arising as a result of COVID-19, including the extent of their adverse impact on our financial and operational results, will be determined by the duration of the ongoing pandemic, its severity in the markets that we serve and the nature and efficacy of government and other regulatory responses, protective measures and vaccination programs and the related impact on macroeconomic activity and consumer behavior.

Revenue

Revenue in the year ended December 31, 2020 increased by $71 million, or 1%, to $6,731 million, compared with $6,660 million in the year ended December 31, 2019. The increase in revenue principally reflected favorable foreign currency translation effects of $27 million and favorable volume/mix effects of $87 million, partly offset by the pass through to customers of lower input costs.

Metal Beverage Packaging Europe: Revenue increased by $43 million, or 3%, to $1,599 million in the year ended December 31, 2020, compared with $1,556 million in the year ended December 31, 2019. The increase in revenue principally reflects favorable volume/mix effects of 4% and favorable foreign currency translation effects of $10 million, partly offset by the pass through of lower input costs.

Metal Beverage Packaging Americas: Revenue increased by $36 million, or 2%, to $1,852 million in the year ended December 31, 2020, compared with $1,816 million in the year ended December 31, 2019. Revenue growth reflected favorable volume/mix effects of 5%, partly offset by the pass through of lower input costs.

Glass Packaging Europe: Revenue increased by $27 million, or 2%, to $1,640 million in the year ended December 31, 2020, compared with $1,613 million in the year ended December 31, 2019. Excluding favorable foreign currency translation effects of $17 million, revenue increased by $10 million, or 1%, principally reflected increased selling prices, including related to the pass through of higher inputs costs, partly offset by unfavourable volume/mix effects of 1%, primarily as a result of COVID-19 impacts on demand, principally in the second quarter.

Glass Packaging North America: Revenue decreased by $35 million, or 2%, to $1,640 million in the year ended December 31, 2020, compared with $1,675 million in the year ended December 31, 2019. The decrease in revenue was mainly attributed to unfavorable volume/mix effects of 2%, which includes the impact of COVID-19 on demand, principally in the second quarter.

Adjusted EBITDA

Adjusted EBITDA in the year ended December 31, 2020 decreased by $18 million, or 2%, to $1,155 million, compared with $1,173 million in the year ended December 31, 2019.

Metal Beverage Packaging Europe: Adjusted EBITDA decreased by $4 million, or 2%, to $249 million in the year ended December 31, 2020, compared with $253 million in the year ended December 31, 2019. Excluding favorable foreign currency translation effects of $1 million, the decrease in Adjusted EBITDA reflected the net impact of a prior year pension credit and increased operating costs, partly offset by favorable volume/mix effects and lower input costs.

Metal Beverage Packaging Americas: Adjusted EBITDA increased by $46 million, or 18%, to $296 million in the year ended December 31, 2020, compared with $250 million in the year ended December 31, 2019. Adjusted EBITDA growth was mainly driven by favorable volume/mix effects and operating costs savings.

Glass Packaging Europe: Adjusted EBITDA decreased by $22 million, or 6%, to $369 million in the year ended December 31, 2020, compared with $391 million in the year ended December 31, 2019. The decrease mainly reflected unfavorable fixed cost absorption arising as a result of lower production, partly offset by favorable foreign currency translation effects of $5 million selling price increases, productivity gains and operating cost savings.

Glass Packaging North America: Adjusted EBITDA decreased by $38 million, or 14%, to $241 million in the year ended December 31, 2020, compared with $279 million in the year ended December 31, 2019. The decrease in Adjusted EBITDA was driven by unfavorable volume/mix effects and lower production resulting in unfavorable fixed cost absorption and increased other costs.

Financing Activity

2020 – Ardagh Group

On April 8, 2020, the Ardagh Group issued $500 million 5.250% Senior Secured Notes due 2025 and on April 9, 2020, the Ardagh Group issued $200 million add-on 5.250% Senior Secured Notes due 2025. Net proceeds from the issuance of the notes were used to redeem in full a $300 million term loan credit facility on April 8, 2020 and for general corporate purposes.

On June 2, 2020, the Ardagh Group issued $1,000 million 5.250% Senior Notes due 2027. The notes are non-fungible mirror notes to the $800 million 5.250% Senior Notes due 2027, issued in August 2019. The net proceeds from the issuance of the notes were used to repurchase, by means of a tender and consent offer, approximately $900 million of the $1,700 million 6.000% Senior Notes due 2025, together with applicable redemption premium and accrued interest.

On June 4, 2020, the Ardagh Group issued $715 million add-on 4.125% Senior Secured Notes due 2026. The notes are an add-on to the $500 million 4.125% Senior Secured Notes due 2026, issued in August 2019. Proceeds from the issuance of the notes, net of expenses, were used to redeem in full the $695 million 4.250% Senior Secured Notes due 2022, together with applicable redemption premium and accrued interest.

On June 10, 2020, the Ardagh Group issued €790 million 2.125% Senior Secured Notes due 2026. The notes are non-fungible mirror notes to the 2.125% Senior Secured Notes due 2026, issued in August 2019. Proceeds from the issuance of the notes, net of expenses, were used to redeem in full the €741 million 2.750% Senior Secured Notes due 2024, together with applicable redemption premium and accrued interest.

On October 23, 2020, the Ardagh Group launched a consent solicitation for consents from holders of the £400m 4.750% Senior Notes due 2027, to approve certain amendments to the Notes indentures. On November 4, 2020, the Ardagh Group obtained majority consents in connection with this consent solicitation.

Lease obligations at December 31, 2020, of $366 million primarily reflect $86 million of new lease liabilities and $9 million of unfavorable foreign currency movements, partly offset by $93 million of principal repayments in the year ended December 31, 2020.

At December 31, 2020 the Ardagh Group had $599 million available under the Global Asset Based Loan Facility.

2019 – ARD Finance Group

On November 20, 2019, the Group issued $1,130 million 6.500% / 7.250% Senior Secured Toggle Notes due 2027 and €1,000 million 5.000% / 5.750% Senior Secured Toggle Notes due 2027. The net proceeds from the issuance and sale of the Notes were used to redeem on November 7, 2019 the €845 million 6.625% / 7.375% Senior Secured Toggle Notes due 2023 and $770 million 7.125% / 7.875% Senior Secured Toggle Notes due 2023 and to pay applicable redemption premiums and accrued interest in accordance with their terms.

2019 – Ardagh Group

On August 12, 2019, the Ardagh Group issued €440 million 2.125% Senior Secured Notes due 2026, $500 million 4.125% Senior Secured Notes due 2026, and $800 million 5.250% Senior Notes due 2027. The net proceeds from the issuance of these notes were used to redeem on August 13, 2019 the $1,650 million 7.250% Senior Notes due 2024 and to pay applicable redemption premiums and accrued interest in accordance with their terms.

Following the completion of the combination of its Food & Specialty business with the business of Exal, on October 31, 2019, the Ardagh Group issued tender offers, at par, in respect of its $715 million 4.250% Senior Secured Notes due 2022, €750 million 2.750% Senior Secured Notes due 2024, €440 million 2.125% Senior Secured Notes due 2026 and $500 million 4.125% Senior Secured Notes due 2026. Following the expiration of the offer on November 28, 2019 notice was given to repurchase the following amounts, $20 million of the $715 million 4.250% Senior Secured Notes due 2022, €9 million of the €750 million 2.750% Senior Secured Notes due 2024, and €1 million of the €440 million 2.125% Senior Secured Notes due 2026. On December 2, 2019, in accordance with the terms of the offer, the redemptions were completed.

On November 14, 2019, the Ardagh Group redeemed $1,000 million 4.625% Senior Secured Notes due 2023 and €440 million 4.125% Senior Secured Notes due 2023, and paid the applicable redemption premiums and accrued interest in accordance with their terms.

On November 29, 2019, the Ardagh Group redeemed €750 million 6.750% Senior Notes due 2024 and paid the applicable redemption premium and accrued interest in accordance with their terms.

Lease obligations of $364 million primarily reflect increases related to $349 million lease liabilities due to initial adoption of IFRS 16 as of January 1, 2019, as well as $169 million of new lease liabilities, partly offset by $84 million of lease liabilities divested at October 31, 2019, $78 million of principal repayments in continuing operations and $14 million of principal repayments in discontinued operation in the year ended December 31, 2019.

As at December 31, 2019, the Ardagh Group had $663 million available under the Global Asset Based Loan Facility. During 2019, the Group reduced the facility size from $850 million to $700 million as a result of the disposal of the Food & Specialty Metal Packaging business.

Events subsequent to the reporting period

Combination of Ardagh Metal Packaging with Gores Holdings V

On February 22, 2021, the Ardagh Group entered into a business combination agreement with Gores Holdings V Inc., a special purpose acquisition company sponsored by an affiliate of The Gores Group (“Gores Holdings V”) for the purpose of effecting a merger, acquisition, or similar business combination, under which Gores Holdings V will combine with Ardagh Group’s metal packaging business that will be held by an Ardagh Group wholly owned subsidiary, Ardagh Metal Packaging S.A. (“Ardagh Metal Packaging” or “AMP”) to create an independent, pure-play beverage can business, public company. AMP also announced its intention to apply to list its shares on the NYSE.

AMP will hold Ardagh Group’s metal packaging business, which is a leading supplier of beverage cans globally, with a particular focus on the Americas and Europe. Headquartered, in Luxembourg, the business supplies sustainable and infinitely-recyclable metal packaging to a diversified customer base of leading global, regional and national beverage producers. Ardagh’s metal packaging business operates 23 production facilities in Europe and the Americas, employs approximately 4,900 people and recorded revenues of $3.5 billion in 2020. AMP will be a global leader in the supply of

sustainable and infinitely-recyclable beverage cans that has a leading presence in the Americas and Europe and is the second-largest beverage can producer in Europe and the third-largest in North America and Brazil.

Additional investors have committed to participate in the proposed business combination by purchasing 60 million shares of AMP for an aggregate purchase price of $600 million in a private placement at $10.00. In connection with the transactions, on March 12, 2021, two affiliates of the Ardagh Group (the "Co-Issuers") issued green bonds of $2.8 billion equivalent, consisting of €450 million 2.000% Senior Secured Notes due 2028, $600 million 3.250% Senior Secured Notes due 2028, €500 million 3.000% Senior Notes due 2029 and $1,050 million 4.000% Senior Notes due 2029 (the "AMP Bond Issuance"). Assuming no share redemptions by the public stockholders of Gores Holdings V, approximately $525 million in cash held in Gores Holdings V's trust account, together with the $600 million in private placement proceeds and approximately $2.3 billion of the new debt raised by AMP, will be used to pay up to $3.4 billion in cash to the Ardagh Group, as well as to pay transaction expenses with the remainder of the AMP Bond Issuance used for general corporate purposes. Upon closing of the transactions, assuming no redemptions by Gores Holdings V's public stockholders, the Ardagh Group will retain an equity interest in AMP of approximately 80%, the investors in the private placement will hold approximately 10% and Gores Holdings V's stockholders and its sponsor will hold approximately 10%. The Ardagh Group intends to remain a committed, long-term majority shareholder of AMP. The cash proceeds from the transactions will be used to reduce net debt at the Ardagh Group.

The proposed business combination, which has been approved by the boards of directors of both Ardagh Group S.A. and Gores Holdings V, is expected to close in the second quarter of 2021, subject to receipt of Gores Holdings V stockholder approval, approval of AMP's shares for listing on the NYSE, the satisfaction of the condition to the Ardagh Group's obligations that it receives at least $3 billion in cash from the transactions and the satisfaction or waiver of other customary closing conditions.

Prior to the closing of the business combination, the Ardagh Group effected on and or about April 1, 2021 a series of transactions that resulted in (a) the equity interests of Ardagh Packaging Holdings Limited, an Irish subsidiary of the Ardagh Group, and certain other subsidiaries of the Ardagh Group that are engaged in the metal beverage can business (the "AMP Business") being directly or indirectly owned by Ardagh Metal Packaging (all such entities collectively, the "AMP Entities") and (b) any assets and liabilities relating to the business of the Ardagh Group (other than the AMP Business) that are held by the AMP Entities being transferred to subsidiaries of the Ardagh Group that are not AMP Entities, and assets and liabilities relating to the AMP Business that are held by subsidiaries of the Ardagh Group (other than the AMP Entities) being transferred to the AMP Entities (such transactions, collectively, the "AMP Transfer"). On completion of the AMP Transfer on April 1, 2021, $2.3 billion of the AMP Bond Issuance was paid to Ardagh Group S.A. on the release of the proceeds of the AMP Bond Issuance from escrow.

In connection with the AMP Bond Issuance, the Company and Ardagh Group S.A. have designated the Co-Issuers and the AMP entities as unrestricted subsidiaries under its existing bond indentures and the Global Asset Based Loan Facility (the "ABL Facility").

Dividend declared and other events subsequent to the reporting period

On February 15, 2021, the Ardagh Group approved a cash dividend of $0.15 per common share.

On March 30, 2021, the Board of directors approved an interim dividend of $15.2 million payable to ARD Securities Finance Sarl.

On April 1, 2021, the Company made a special equity reserve contribution of $7.8 million to its subsidiary ARD Group Finance Holding S.A..

Footnotes to the Selected Financial Information

(1) Adjusted EBITDA consists of loss for the year before income tax charge, net finance expense, depreciation and amortization, exceptional operating items and share of loss in equity accounted joint venture. We use Adjusted EBITDA to evaluate and assess our segment performance. Adjusted EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate Adjusted EBITDA in a manner different from ours. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Exceptional items are shown on a number of different lines in the Consolidated Income Statement presented in subsequent pages in this report.

(3) Includes exceptional finance income and expense.

(4) Net interest expense is as set out in Note 5 to the consolidated financial statements.

(5) Capital expenditure is the sum of purchase of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Consolidated Statement of Cash Flows.

(6) Cash and cash equivalents includes restricted cash.

(7) Net debt is comprised of net borrowings and derivative financial instruments used to hedge foreign currency and interest rate risk, net of cash and cash equivalents.

(8) Net debt to Adjusted EBITDA ratio for the year ended December 31, 2020 of 6.9x, is based on net debt at December 31, 2020 of $8,010 million and reported Adjusted EBITDA for the Group for the year ended December 31, 2020 of $1,155 million. Net debt to Adjusted EBITDA ratio for the year ended December 31, 2019 of 6.4x, is based on net debt at December 31, 2019 of $7,516 million and reported Adjusted EBITDA for the Group for the year ended December 31, 2019 of $1,173 million.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Officers

The following table sets forth certain information with respect to members of the board of directors of ARD Finance S.A. (the “Board”) as of April 6, 2021, the approval date of these consolidated financial statements.

Name	Age	Position	Expiration of current directorship term
Paul Coulson	68	Chairman and Chief Executive Officer	2021
David Matthews	57	Chief Financial Officer and Director	2021
Hermanus Troskie	50	Director	2021
Yves Elsen	63	Director	2026

Composition of Our Board of Directors

Our board of directors currently consists of 4 members. Our board of directors consists of such number of directors as the general meeting of shareholders may from time to time determine.

Paul Coulson

Paul Coulson graduated from Trinity College Dublin with a business degree in 1973. He spent five years with Price Waterhouse in London and Dublin and qualified as a Chartered Accountant in 1978. He then established his own accounting firm before setting up Yeoman International in 1980 and developing it into a significant leasing and structured finance business. In 1998 he became Chairman of the Group and initiated the transformation of the Group from a small, single plant operation into a leading global packaging company. Over the last 30 years he has been involved in the creation and development of a number of businesses apart from Yeoman and Ardagh. These include Fanad Fisheries, a leading Irish salmon farming company, and Sterile Technologies. Prior to its sale to Stericycle, Inc. in 2006, Sterile Technologies had been developed into the leading medical waste management company in the United Kingdom and Ireland.

David Matthews

David Matthews was appointed Chief Financial Officer and director of the Group in 2014. Prior to joining the Group, Mr. Matthews held various senior finance positions at DS Smith plc and Bunzl plc. Mr. Matthews qualified as a Chartered Accountant in 1989 with Price Waterhouse in London and holds an engineering degree from the University of Southampton.

Hermanus Troskie

Hermanus Troskie has been a director of the Group since 2009. Mr. Troskie is the Deputy CEO at Maitland, a global advisory and administration firm. He has extensive experience in the areas of international corporate structuring, cross-border financing and capital markets, with a particular interest in integrated structuring for entrepreneurs and their businesses. Mr. Troskie is a director of companies within the Yeoman group of companies, and other private and public companies. He qualified as a South African Attorney in 1997, and as a Solicitor of the Senior Courts of England and Wales in 2001. Mr. Troskie is based in Luxembourg.

Yves Elsen

Yves Elsen is CEO and managing partner of HITEC Luxembourg S.A., a Luxembourg-based industrial and technology company serving contractors in over 20 countries around the world. Prior to this, Mr. Elsen founded and led SATLYNX S.A., following extensive experience with listed satellite operator SES - Société Européenne des Satellites S.A.. He was a member of the supervisory board of Villeroy & Boch AG from 2013 to 2019 and its Chairman from 2017. Mr. Elsen is Chairman of the board of governors of the University of Luxembourg.

Number and Election of Directors

Pursuant to Luxembourg Law, the board of directors must be composed of at least three directors. The holders of the shares have the right to elect the board of directors at a general meeting of shareholders by a simple majority of the votes validly cast. The existing directors have the right to appoint persons to fill vacancies, which persons may hold office until the next following annual general meeting.

Board of Directors Powers and Function

The board of directors has the power to take any action necessary or useful to realize the corporate objects of the Company, with the exception of the powers reserved by Luxembourg Law or by the Articles to the general meeting of shareholders. Directors must act with diligence and in good faith in performing their duties. The expected behavior of a director is that of a normally prudent person, in a like position, having the benefit, when making such a decision, of the same knowledge and information as the directors having made the decision.

Board of Directors Meetings and Decisions

We expect that all of the resolutions of the board of directors will be adopted by a simple majority of votes cast in a meeting at which a quorum is present or represented by proxy. A member of the board of directors may authorize another member of the board of directors to represent him/her at the board meeting and to vote on his/her behalf at the meeting.

Our board of directors meets as often as it deems necessary to conduct the business of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED NON STATUTORY FINANCIAL STATEMENTS

The directors are responsible for preparing the consolidated non statutory financial statements in accordance with applicable law and regulations.

The consolidated non statutory financial statements are required to present fairly, in all material respects a view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the consolidated financial statements comply with IFRS as adopted by the International Accounting Standards Board ("IASB"); and
- prepare the consolidated non statutory financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the consolidated non statutory financial statements. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at: /www.ardholdings-sa.com/.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated non statutory financial statements comply with Luxembourg Law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

The Group's activities expose it to a variety of financial risks: capital risk, interest rate risk, currency exchange risk, commodity price risk, credit risk and liquidity risk.

Capital Structure and Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to its shareholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' capital. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources.

The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayment and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

The Ardagh Group's long term liquidity needs primarily relate to the servicing of our debt obligations. We expect to satisfy our future long term liquidity needs through a combination of cash flow generated from operations and, where appropriate, to refinance our debt obligations in advance of their respective maturity dates as we have successfully done in the past and during the second quarter of 2020. The Ardagh Group generates substantial cash flow from our operations on an annual basis. Cash and cash equivalents were increased during the second quarter and the Ardagh Group also enhanced its capital structure by refinancing certain debt obligations, resulting in the Ardagh Group having no Senior Secured Notes or Senior Notes maturing before 2025. The Group had $1,298 million in cash and cash equivalents and restricted cash as of December 31, 2020, as well as available but undrawn liquidity of $600 million under its credit facilities.

Additionally, financial instruments, including derivative financial instruments, are used to hedge exposure to interest rate, currency exchange risk and commodity price risk.

One of the Group's key metrics has been the ratio of consolidated external net debt as a multiple of Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. As at December 31, 2020 the ratio for the Group was 6.9x (2019: 6.4x).

Interest Rate Risk

The Board's policy, in the management of interest rate risk, is to strike the right balance between the Group's fixed and floating rate financial instruments, which occasionally includes the use of cross currency interest rate swaps "CCIRS". The balance struck by the Board is dependent on prevailing interest rate markets at any point in time.

At December 31, 2020, the Group's external borrowings were 92.2% (2019: 91.4%) fixed, with a weighted average interest rate of 4.7% (2019: 4.9%). The weighted average interest rate for the Group for the year ended December 31, 2020 was 4.4% (2019: 4.5%).

Holding all other variables constant, including levels of the Group's external indebtedness, at December 31, 2020 a one percentage point increase in variable interest rates would increase interest payable by approximately $11 million (2019: $11 million).

Currency Exchange Risk

The Group presents its consolidated financial information in U.S. dollar. The functional currency of the Company is the euro.

The Group operates in 12 countries, across three continents and its main currency exposure in the year to December 31, 2020, from the euro functional currency, was in relation to the U.S. dollar, British pound, Swedish krona, Polish zloty, Danish krone and Brazilian real. Currency exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

As a result of the consolidated financial statements being presented in U.S dollar, the Group's results are also impacted by fluctuations in the U.S. dollar exchange rate versus the euro.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings and swaps denominated in the Group's principal foreign currencies.

Fluctuations in the value of these currencies with respect to the euro functional currency may have a significant impact on the Group's financial condition and results of operations. The Group believes that a strengthening of the euro exchange rate (the functional currency) by 1% against all other foreign currencies from the December 31, 2020 rate would decrease shareholders' equity by approximately $11 million (2019: $7 million decrease).

Commodity Price Risk

The Group is exposed to changes in prices of our main raw materials, primarily aluminum and energy. Production costs in our Metal Beverage Packaging division are exposed to changes in prices of our main raw materials, primarily aluminum. Aluminum ingot is traded daily as a commodity on the London Metal Exchange, which has historically been subject to significant price volatility. Because aluminum is priced in U.S. dollars, fluctuations in the U.S. dollar/ euro rate also affect the euro cost of aluminum ingot. The price and foreign currency risk on the aluminum purchases in Metal Beverage Packaging Europe and Metal Beverage Packaging Americas are hedged by entering into swaps under which we pay fixed euro and U.S. dollar prices, respectively. Furthermore, the relative price of oil and its by products may materially impact our business, affecting our transport, lacquer and ink costs.

Where we do not have pass through contracts in relation to the underlying metal raw material cost the Group uses derivative agreements to manage this risk. The Group depends on an active liquid market and available credit lines with counterparty banks to cover this risk. The use of derivative contracts to manage our risk is dependent on robust hedging procedures. Increasing raw material costs over time has the potential, if we are unable to pass on price increases, to reduce sales volume and could therefore have a significant impact on our financial condition. The Group is also exposed to possible interruptions of supply of aluminum and steel or other raw materials and any inability to purchase raw materials could negatively impact our operations.

Production costs in our Glass Packaging division are sensitive to the price of energy. Our main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on our production costs. In terms of gas, which represents 50% of our energy costs, there is a continuous de coupling between the cost of gas and oil, whereby now only significant changes in the price of oil have an impact on the price of gas. The volatility in gas pricing is driven by shale gas development (United States only), the availability of liquefied natural gas in Europe, as both Europe and Asia compete for shipments, and storage levels. Volatility in the price of electricity is caused by the German Renewable Energy policy, the phasing out of nuclear generating capacity, fluctuations in the price of gas and coal and the influence of carbon dioxide costs on electricity prices.

As a result of the volatility of gas and electricity prices, the Group has either included energy pass through clauses in our sales contracts or developed an active hedging strategy to fix a significant proportion of our energy costs through contractual arrangements directly with our suppliers and/or banks, where there is no energy clause in the sales contract.

Where pass through contracts do not exist, the Group policy is to purchase gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of our anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. The Group does not net settle, nor do we sell within a short period of time after taking delivery. The Group avails of the own use exemption and, therefore, these contracts are treated as executory contracts.

The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices. As at December 31, 2020, we have 89% and 61% of our energy risk covered for 2020 and 2021, respectively.

Credit Risk

Credit risk arises from derivative contracts, cash and deposits held with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognized and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of "BBB+" from at least two credit rating agencies are accepted, where possible. The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Risk of default is controlled within a policy framework of dealing with high quality institutions and by limiting the amount of credit exposure to any one bank or institution.

Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on going basis, by experienced people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilization of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended December 31, 2020, the Group's ten largest customers accounted for approximately 45% of total revenues (2019: 47%). There is no recent history of default with these customers.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, money market funds and bank time deposits with appropriate maturities to provide sufficient headroom as determined by the below mentioned forecasts.

Liquidity Risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations and from the normal liquidity cycle of the business throughout the course of a year. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes to manage liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans.

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Board of Directors of ARD Finance S.A.

Opinion on the Non-Statutory Financial Statements

We have audited the accompanying consolidated statement of financial position of ARD Finance S.A. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, including the related notes (collectively referred to as the "non-statutory consolidated financial statements"). In our opinion, the non-statutory consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinion

These non-statutory consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's non-statutory consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit, which include the Code of Ethics issued by Chartered Accountants Ireland ("CAI").

We conducted our audits of these non-statutory consolidated financial statements in accordance with the auditing standards of the PCAOB and in accordance with the ethical requirements of the Code of Ethics issued by CAI. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-statutory consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the non-statutory consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the non-statutory consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the non-statutory consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body in accordance with our engagement letter dated December 16, 2020 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the non-statutory consolidated financial statements that was communicated or required to be communicated to the board of directors and that (i) relates to accounts or disclosures that are material to the non-statutory consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment for the Glass Packaging North America Cash Generating Unit

As described in Notes 2 and Note 8 to the non-statutory consolidated financial statements, the Company's consolidated goodwill balance was $1,682 million at December 31, 2020. The goodwill associated with the Glass Packaging North America Cash Generating Unit ("CGU") was $560 million and the recoverable amount was $86 million in excess of this. The Company performs its impairment test of goodwill annually following approval of the annual budget or whenever indicators suggest that impairment may have occurred. If an impairment indicator exists for a CGU, the Company uses a fair value less costs of disposal ("FVLCD") model in order to establish the recoverable amount being the higher of the Value in Use ("VIU") model and fair value less costs of disposal ("FVLCD"). At December 31, 2020, management has determined the recoverable amount of the Glass Packaging North America CGU by assessing the FVLCD of the underlying assets using a market approach, on the basis that this gave a higher recoverable amount than an assessment based on Value in Use. Management's FVLCD calculations for the Glass Packaging North America CGU included significant assumptions relating to projected revenue volumes, cost savings, the effects of future restructuring as part of estimating the projected adjusted EBITDA from a market participant's perspective. The market participant projected adjusted EBITDA was then multiplied by a multiple based on comparable companies.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment for the Glass Packaging North America CGU is a critical audit matter are first, that there was significant judgment exercised by management when developing the recoverable amount of the CGU and second, the limited excess of recoverable amount in the impairment model. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's FVLCD calculations and significant assumptions, including projected revenue volumes, cost savings, the effects of future restructuring as part of estimating the projected adjusted EBITDA from a market participant's perspective, and the EBITDA multiple used in the impairment test. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the non-statutory consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over management's budgeting process used in the valuation of the Glass Packaging North America CGU and over the FVLCD model. These procedures also included, among others, testing management's process for developing the recoverable amount; testing the completeness, accuracy, and relevance of the model, the underlying data used in the calculations and management's disclosures; and evaluating the significant estimates used by management, including the projected revenue volumes, cost savings, the effects of future restructuring as part of estimating the projected adjusted EBITDA from a market participant's perspective, and the EBITDA multiple applied in the impairment calculation. Evaluating management's estimates involved (i) performing a retrospective comparison of forecasted results to actual past performance , (ii) comparing significant estimates to external market and industry data, and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the EBITDA multiple.

/s/ PricewaterhouseCoopers
Dublin, Ireland
April 7th 2021

We have served as the Company's auditor since at least 1968. We have not been able to determine the specific year we began serving as auditor of the Company or its predecessors.

Consolidated Financial Statements

ARD FINANCE S.A.
CONSOLIDATED INCOME STATEMENT

		Year ended December 31, 2020			Year ended December 31, 2019		
	Note	Before exceptional items $'m	Exceptional Items $'m	Total $'m	Before exceptional items $'m	Exceptional Items $'m	Total $'m
			Note 4			Note 4	
Revenue	3	6,731	—	6,731	6,660	—	6,660
Cost of sales		(5,679)	(19)	(5,698)	(5,595)	(2)	(5,597)
Gross profit		**1,052**	**(19)**	**1,033**	**1,065**	**(2)**	**1,063**
Sales, general and administration expenses		(350)	(31)	(381)	(311)	(51)	(362)
Intangible amortization and impairment	8	(235)	(8)	(243)	(233)	—	(233)
Operating profit		**467**	**(58)**	**409**	**521**	**(53)**	**468**
Net finance expense	5	(375)	(74)	(449)	(602)	(259)	(861)
Share of post-tax loss in equity accounted joint venture	11	(33)	(15)	(48)	(10)	(39)	(49)
Loss before tax		**59**	**(147)**	**(88)**	**(91)**	**(351)**	**(442)**
Income tax charge	6	(63)	53	(10)	(41)	(3)	(44)
Loss from continuing operations		**(4)**	**(94)**	**(98)**	**(132)**	**(354)**	**(486)**
Profit from discontinued operation	25	–	22	22	215	1,527	1,742
(Loss)/profit for the year		**(4)**	**(72)**	**(76)**	**83**	**1,173**	**1,256**
(Loss)/profit attributable to:							
Equity holders				(79)			1,141
Non-controlling interests				3			115
(Loss)/profit for the year				**(76)**			**1,256**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2020 $'m	2019 $'m
(Loss)/profit for the year		**(76)**	**1,256**
Other comprehensive (expense)/income:			
Items that may subsequently be reclassified to income statement			
Foreign currency translation adjustments:			
—Arising in the year		(174)	87
		(174)	**87**
Effective portion of changes in fair value of cash flow hedges:			
—New fair value adjustments into reserve		(24)	54
—Movement out of reserve to income statement		53	(10)
—Movement in deferred tax		(7)	1
		22	**45**
Loss recognized on cost of hedging:			
—New fair value adjustments into reserve		—	(8)
—Movement out of reserve		—	(12)
		—	**(20)**
Share of other comprehensive income in equity accounted joint venture	11	**26**	**5**
Items that will not be reclassified to income statement			
—Re-measurement of employee benefit obligations	20	(68)	(140)
—Deferred tax movement on employee benefit obligations		24	32
		(44)	**(108)**
Share of other comprehensive income in equity accounted joint venture	11	**3**	**2**
Total other comprehensive (expense)/income for the year		**(167)**	**11**
Total comprehensive (expense)/income for the year		**(243)**	**1,267**
Attributable to:			
Equity holders		(242)	1,146
Non-controlling interests		(1)	121
Total comprehensive (expense)/income for the year		**(243)**	**1,267**
Attributable to equity holders:			
Continuing operations		(265)	(474)
Discontinued operation		22	1,741
Total comprehensive (expense)/income for the year		**(243)**	**1,267**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At December 31,	
	Note	2020 $'m	2019 $'m
Non-current assets			
Intangible assets	8	2,756	2,884
Property, plant and equipment	9	2,945	2,677
Derivative financial instruments	19	9	4
Deferred tax assets	12	245	204
Investment in material joint venture	11	390	375
Related party loan receivable	23	322	322
Other non-current assets	10	73	68
		6,740	**6,534**
Current assets			
Inventories	13	923	964
Trade and other receivables	14	869	734
Contract assets	15	139	151
Derivative financial instruments	19	37	3
Related party loan receivable	23	10	20
Cash and cash equivalents	16	1,298	663
		3,276	**2,535**
TOTAL ASSETS		**10,016**	**9,069**
Equity attributable to owners of the parent			
Issued capital	17	—	—
Other reserves		151	242
Retained earnings		(2,478)	(2,320)
		(2,327)	**(2,078)**
Non-controlling interests		(21)	(9)
TOTAL EQUITY		**(2,348)**	**(2,087)**
Non-current liabilities			
Borrowings	19	8,823	7,761
Lease obligations	19	283	291
Employee benefit obligations	20	811	716
Derivative financial instruments	19	26	44
Deferred tax liabilities	12	369	344
Provisions	21	55	29
		10,367	**9,185**
Current liabilities			
Borrowings	19	14	22
Lease obligations	19	83	73
Interest payable		43	74
Derivative financial instruments	19	104	17
Trade and other payables	22	1,583	1,634
Income tax payable		115	97
Provisions	21	55	54
		1,997	**1,971**
TOTAL LIABILITIES		**12,364**	**11,156**
TOTAL EQUITY and LIABILITIES		**10,016**	**9,069**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owner of the parent								
	Share capital $'m	Capital contribution $'m	Foreign currency translation reserve $'m	Cash flow hedge reserve $'m	Cost of hedging reserve $'m	Retained earnings $'m	Total $'m	Non-controlling interests $'m	Total equity $'m
	Note 17								
At January 1, 2019 [(i)]	**—**	**—**	**123**	**(72)**	**31**	**(3,248)**	**(3,166)**	**(120)**	**(3,286)**
Profit for the year	—	—	—	—	—	1,141	1,141	115	1,256
Other comprehensive income/(expense)	—	—	92	45	(20)	(107)	10	6	16
Hedging losses transferred to cost of inventory	—	—	—	16	—	—	16	—	16
Recycle to income statement on disposal of subsidiary (Note 25)	—	—	27	—	—	—	27		27
Dividends paid (Note 17)	—	—	—	—	—	(106)	(106)	(10)	(116)
At December 31, 2019	**—**	**—**	**242**	**(11)**	**11**	**(2,320)**	**(2,078)**	**(9)**	**(2,087)**
At January 1, 2020	**—**	**—**	**242**	**(11)**	**11**	**(2,320)**	**(2,078)**	**(9)**	**(2,087)**
(Loss)/profit for the year	—	—	—	—	—	(79)	(79)	3	(76)
Other comprehensive (expense)/income	—	—	(154)	27	1	(37)	(163)	(4)	(167)
Hedging losses transferred to cost of inventory	—	—	—	25	—	—	25	—	25
Capital contribution received from parent company	—	10	—	—	—	—	10	—	10
Dividends paid (Note 17)	—	—	—	—	—	(42)	(42)	—	(42)
Dividends by subsidiary to non-controlling interest (Note 17)	—	—	—	—	—	—	—	(11)	(11)
At December 31, 2020	**—**	**10**	**88**	**41**	**12**	**(2,478)**	**(2,327)**	**(21)**	**(2,348)**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

(i) Retained earnings at January 1, 2019 have been re-presented by $46 million reflecting the impact of the adoption of IFRS 16 ‘Leases’. Please refer to Note 2 for further details in respect of the impact of this recently adopted accounting standard.

ARD FINANCE S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2020 $'m	2019 $'m
Cash flows from operating activities			
Cash generated from continuing operations	24	1,037	1,179
Interest paid		(447)	(562)
Interest received [(i)]		18	5
Income tax paid		(49)	(64)
Net cash from operating activities - continuing operations		**559**	**558**
Net cash from operating activities - discontinued operation [(ii)]		–	141
Net cash from operating activities		**559**	**699**
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment		(532)	(498)
Purchase of intangible assets		(12)	(10)
Proceeds from disposal of property, plant and equipment		1	3
Other non current asset investing cash flows		(3)	—
Loan issued to related party	23	(25)	—
Loan repaid by related party	23	42	—
Investing cash flows used in continuing operations		**(529)**	**(505)**
Proceeds from disposal of discontinued operation, net of cash disposed of		32	2,539
Investing cash flows used in discontinued operation		–	(107)
Net cash (used in)/from investing activities		**(497)**	**1,927**
Cash flows from/(used in) financing activities			
Proceeds from borrowings	19	4,068	4,042
Repayment of borrowings	19	(3,261)	(5,792)
Early redemption premium paid		(61)	(223)
Deferred debt issue costs paid		(41)	(28)
Lease payments		(93)	(78)
Dividends paid by subsidiary to non-controlling interest	17	(11)	(10)
Dividends paid to parent company	17	(42)	(106)
Capital contribution received from parent company		10	—
Loan to related party		—	(322)
Consideration received on extinguishment of derivative financial instruments	19	—	9
Financing cash flows from/(used in) continuing operations		**569**	**(2,508)**
Financing cash flows from discontinued operation		–	–
Net cash inflow/(outflow) from financing activities		**569**	**(2,508)**
Net increase in cash and cash equivalents		**631**	**118**
Cash and cash equivalents at the beginning of the year	16	663	565
Exchange gain/(loss) on cash and cash equivalents		4	(20)
Cash and cash equivalents at the end of the year	16	**1,298**	**663**

The accompanying notes to the consolidated financial statements are an integral part of these consolidated financial statements.

(i) Interest received for the year ended December 31, 2020, includes related party interest received of $14 million.

(ii) Operating cash flows for discontinued operation for the year ended December 31, 2019, include interest and income tax payments of $6 million and $15 million respectively.

Notes to the Consolidated Financial Statements

1. General information

ARD Finance S.A. (the "Company") was incorporated in Luxembourg on May 6, 2011. The Company's registered office is 56, rue Charles Martel, L-2134, Luxembourg, Luxembourg.

The Company is a holding company whose assets as of December 31, 2020 consist mainly of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange.

Ardagh Group S.A. ("Ardagh") and its subsidiaries (together, the "Ardagh Group") is a leading supplier of sustainable innovative, value-added rigid packaging solutions. The Ardagh Group's products include metal beverage cans, as well as glass containers primarily for beverage and food markets. End-use categories include beer, hard seltzers, wine, spirits, carbonated soft drinks, energy drinks, juices and water, as well as food and pharmaceuticals. Ardagh also holds a stake of approximately 42% in Trivium Packaging B.V. ("Trivium"), a leading supplier of metal packaging in the form of cans and aerosol containers, serving a broad range of end-use categories, principally including food, seafood, pet food and nutrition, as well as beauty and personal care. The Company and those of its subsidiaries who are above Ardagh Group S.A. in the corporate structure are referred to as the "ARD Finance Group".

All of the business of the group of companies controlled by this company (the "Group") is conducted by Ardagh and its subsidiaries. All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 (the "Toggle Notes", as described in Note 19) are liabilities of the Ardagh Group.

These consolidated financial statements reflect the consolidation of the legal entities forming the Group for the periods presented. The principal operating legal entities forming the Group are listed in Note 26.

Any description of the business of the Group is a description of the business of the Ardagh Group.

The principal accounting policies that have been applied to the consolidated financial statements are described in Note 2.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with, and are in compliance with, International Financial Reporting Standards ("IFRS") and related interpretations as adopted by the International Accounting Standards Board ("IASB"). IFRS is comprised of standards and interpretations approved by the IASB and IFRS and interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently approved by the IASB and remain in effect. References to IFRS hereafter should be construed as references to IFRS as adopted by the IASB.

The consolidated financial statements, are presented in U.S. dollar, rounded to the nearest million and have been prepared under the historical cost convention except for the following:

- derivative financial instruments are stated at fair value; and
- employee benefit obligations are measured at the present value of the future estimated cash flows related to benefits earned and pension assets valued at fair value.

The preparation of consolidated financial information in conformity with IFRS requires the use of critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the process of applying Group accounting policies. These estimates, assumptions and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. However, actual outcomes may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in the critical accounting estimates, assumptions and judgments.

The non-statutory consolidated financial statements for the Group were authorized for issue by the board of directors of ARD Finance S.A. (the "Board") on April 6, 2021.

Going concern

At the date that the audited non-statutory consolidated financial statements were approved for issue by the board of directors, the Board has formed the judgment that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these audited consolidated financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Board has taken into account all available information about a period, extending to at least, April 6, 2022. In particular, the Board has considered the impact of COVID-19 and measures to prevent its spread being imposed by Governments in the countries in which the Group, its suppliers and its customers operate as previously referred to. In arriving at its conclusion, the Board has taken account of the Group's current and anticipated trading performance, together with current and anticipated levels of cash and net debt and the availability of committed borrowing facilities and as a result it is the Board's judgment that it is appropriate to prepare the audited consolidated financial statements using the going concern basis.

Recently adopted accounting standards and changes in accounting policies

The impact of new standards, amendments to existing standards and interpretations issued and effective for annual periods beginning on or after January 1, 2020 have been assessed by the Board as not having had a material impact on the Group.

Recent accounting pronouncements

The Board's assessment of the impact of new standards, which are not yet effective and which have not been early adopted by the Group, on the consolidated financial statements and disclosures is on-going.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date on which control ceases. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is the consideration given in exchange for control of the identifiable assets, liabilities and contingent liabilities of the acquired legal entities. Acquisition related costs are expensed and included as exceptional items within sales, general and administration expenses. The acquired net assets are initially measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. Any goodwill and fair value adjustments are recorded as assets and liabilities of the acquired legal entity in the currency of the primary economic environment in which the legal entity operates (the "functional currency"). If the cost of acquisition is less than the fair value of the Group's share of the net assets of the legal entity acquired, the difference is recognized directly in the consolidated income statement. The Group considers obligations of the acquiree in a business combination that arise as a result of the change in control, to be cash flows arising from obtaining control of the controlled entity, and classifies these obligations as investing activities in the consolidated statement of cash flows.

(ii) Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary which is not attributable to the Group. Non-controlling interests are presented separately in the consolidated financial statements. Changes in ownership of a subsidiary which do not result in a change in control are treated as equity transactions.

(iii) Transactions eliminated on consolidation

Transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

(i) Functional and presentation currency

The functional currency of the Company is euro. The consolidated financial statements are presented in U.S. dollar which is the Group's presentation currency.

(ii) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the consolidated income statement, except: (i) differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity ("net investment hedges"), which are taken to other comprehensive income until the disposal of the net investment, at which time they are recognized in the consolidated income statement; and (ii) differences on certain derivative financial instruments discussed under "Derivative financial instruments" below.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into euro at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to euro at average exchange rates for the year. Foreign exchange differences arising on retranslation and settlement of such transactions are recognized in other comprehensive income. Gains or losses accumulated in other comprehensive income are recycled to the consolidated income statement when the foreign operation is disposed of.

Non-monetary items measured at fair value in foreign currency are translated using the exchange rates as at the date when the fair value is determined.

Business combinations and goodwill

All business combinations are accounted for by applying the acquisition method of accounting. This involves measuring the cost of the business combination and allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities assumed. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in sales, general and administration expenses.

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.

Any contingent consideration is recognized at fair value at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to those groups of cash generating units ("CGUs") that are expected to benefit from the business combination in which the goodwill arose for the purpose of assessing impairment. Goodwill is tested annually for impairment or whenever indicators suggest that impairment may have occurred.

Where goodwill has been allocated to a 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.

Joint ventures

The Group participates in a number of joint ventures where control is shared with one or more other parties. The Group's investment and share of results of joint ventures are shown within single line items in the consolidated statement of financial position and consolidated income statement respectively. The Group uses the equity method of accounting to account for its joint ventures. See note 11 "Investment in material joint venture" to the consolidated financial statements.

Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of the business, geographical area of operations or is material to revenue or operating profit and has been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the earliest period presented. Cash flows relating to discontinued operations are presented as a separate line item within each of the operating, investing and financing cash flow.

Intangible assets

Intangible assets are initially recognized at cost.

Intangible assets acquired as part of a business combination are capitalized separately from goodwill if the intangible asset is separable or arises from contractual or other legal rights. They are initially recognized at cost which, for intangible assets arising in a business combination, is their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The carrying values of intangible assets with finite useful lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortization of intangible assets is calculated to write off the book value of finite lived intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value as follows:

Computer software	2 -7 years
Customer relationships	5 -15 years
Technology	5 -15 years

(i) Computer software

Computer software development costs are recognized as assets. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

(ii) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful economic life and are carried at cost less accumulated amortization.

(iii) Technology

Technology based intangibles acquired in a business combination are recognized at fair value at the acquisition date and reflect the Group's ability to add value through accumulated technological expertise surrounding product and process development.

(iv) Research and development costs

Research costs are expensed as incurred. Development costs relating to new products are capitalized if the new product is technically and commercially feasible. All other development costs are expensed as incurred.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, except for land which is shown at cost less impairment. Spare parts which form an integral part of plant and machinery and which have an estimated useful economic life greater than one year are capitalized. Spare parts which do not form an integral part of plant and machinery and which have an estimated useful economic life less than one year are included as consumables within inventory and expensed when utilized.

Where components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Effective January 1, 2019 on adoption of IFRS 16

At the lease commencement date or the effective date of a lease modification, the Group recognizes a lease liability as the present value of expected future lease payments, discounted at the Group's incremental borrowing rate unless the rate implicit in the lease is readily determinable, excluding any amounts which are variable based on the usage of the underlying asset and a right-of-use asset generally at the same amount plus any directly attributable costs. The incremental borrowing rate is the discount rate the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group combines lease and non-lease components and accounts for them as a single lease component with the exception of the dunnage asset class. Extension options or periods after termination options are considered by management if it is reasonably certain that the lease will be extended or not terminated.

Effective prior to adoption of IFRS 16 on January 1, 2019

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight line basis over the period of the lease.

(iii) Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing the component of such an item when that cost is incurred, if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When a component is replaced the old component is de recognized in the period. All other costs are recognized in the consolidated income statement as an expense as incurred. When a major overhaul is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria above are met.

(iv) Depreciation

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	30 - 40 years
Plant and machinery	3 - 40 years
Molds	2 - 3 years
Office equipment and vehicles	3 - 10 years

Assets' useful lives and residual values are adjusted if appropriate, at each balance sheet date.

Impairment of non-financial assets

Assets that have an indefinite useful economic life are not subject to amortization and are tested annually for impairment or whenever indicators suggest that impairment may have occurred. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets excluding goodwill and long lived intangible assets, are grouped at the lowest levels at which cash flows are separately identifiable. Goodwill and long lived intangible assets are allocated to groups of CGUs. The groupings represent the lowest level at which the related assets are monitored for internal management purposes.

Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The recoverable amount of other assets is the greater of their value in use and fair value less costs to sell. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their current location and condition. In the case of finished goods and work-in-progress, cost includes direct materials, direct labor and attributable overheads based on normal operating capacity.

Net realizable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Spare parts which are deemed to be of a consumable nature, are included within inventories and expensed when utilized.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(i) Trade and other receivables

Trade and other receivables are recognized initially at the transaction price and are, thereafter measured at amortized cost using the effective interest rate method less any provision for impairment, in accordance with the Group's held to collect business model. The Group uses estimates based on expected credit losses and current information in determining the level of debts for which an allowance for impairment is required. For all other trade receivables, the Group uses an allowance matrix to measure the expected credit loss, based on historical actual credit loss experiences, adjusted for forward-looking information.

(ii) Securitized assets

The Group has entered into securitization transactions involving certain of its trade receivables. The securitized assets are recognized on the consolidated statement of financial position, until all of the rights to the cash flows from those assets have expired or have been fully transferred outside the Group, or until substantially all of the related risks, rewards and control of the related assets have been transferred to a third party.

The Group has also entered into a Global Asset Based Loan Facility ("ABL") involving certain of its trade receivables and inventory. The lenders under the ABL have security over those receivables, inventory and the bank accounts where the associated cash flows are received. The risks, rewards and control of these assets are still retained by the Group and are, therefore, recognized on the statement of financial position.

(iii) Contract assets

Contract assets represent revenue required to be accelerated or recognized over time based on production completed in accordance with the Group's revenue recognition policy (as set out below). A provision for impairment of a contract asset will be recognized when there is evidence that the revenue recognized will not be recoverable. The provision is measured based on an allowance matrix to measure the expected credit loss, based on historical actual credit loss experiences, adjusted for forward-looking information.

(iv) Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits held with banks and restricted cash. Cash and cash equivalents are carried at amortized cost.

Short term bank deposits of greater than three months' maturity which do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at amortized cost.

Restricted cash comprises cash held by the Group but which is ring-fenced or used as security for specific financing arrangements, and to which the Group does not have unfettered access. Restricted cash is measured at amortized cost.

(v) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Group's consolidated income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(vi) Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 19. The full fair value of a hedging derivative is classified as a non current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income, allocated between cash flow hedge gains or losses and cost of hedging gains or losses. For cash flow hedges which subsequently result in the recognition of a non-financial asset, the amounts accumulated in the cash flow hedge reserve are reclassified to the asset in order to adjust its carrying value. Amounts accumulated in the cash flow hedge reserve and cost of hedging reserve, or as adjustments to carrying value of non-financial assets, are recycled to the consolidated income statement in the periods when the hedged item will affect profit or loss.

The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognized in the consolidated income statement when the forecast cash flow arises. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

(ii) Net investment hedges

Derivative financial instruments are classified as net investment hedges when they hedge changes in the Group's net investments in its subsidiaries due to exposure to foreign currency. Net investment hedges are accounted for in a similar manner to cash flow hedges. The gain or loss relating to the ineffective portion of a net investment hedge is recognized immediately in the consolidated income statement within finance income or expense.

(iii) Fair value hedges

Derivative financial instruments are classified as fair value hedges when they hedge the Group's exposure to changes in the fair value of a recognized asset or liability. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Group's consolidated income statement, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. Changes in the fair value of derivatives relating to the cost of hedging are recognized in other comprehensive income.

The gain or loss relating to the effective portion of derivatives with fair value hedge accounting is recognized in the consolidated income statement within "net finance expense". The gain or loss relating to the ineffective portion is also recognized in the consolidated income statement within "net finance expense". If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to profit or loss over the period to maturity.

When a hedging instrument expires or is sold, or when a fair value hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing at that time remains in equity and is recognized in the consolidated income statement when the forecast cash flow arises. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Fair value measurement

The Group measures financial instruments such as derivatives and pension assets at fair value at each balance sheet date. Fair value related disclosures for financial instruments and pension assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 19 and 20)
- Quantitative disclosures of fair value measurement hierarchy (Note 19)
- Financial instruments (including those carried at amortized cost) (Note 19)

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Employee benefits

(i) Defined benefit pension plans

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs and past service credits are recognized immediately in the consolidated income statement.

(ii) Other long-term employee benefits

The Group's obligation in respect of other long term employee benefit plans represents the amount of future benefit that employees have earned in return for service in the current and prior periods for post retirement medical schemes, partial retirement contracts and long service awards. These are included in the category of employee benefit obligations on the consolidated statement of financial position. The obligation is computed on the basis of the projected unit credit method and is discounted to present value using a discount rate equating to the market yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and estimated term of the obligations. Actuarial gains and losses are recognized in full in the Group's consolidated statement of comprehensive income in the period in which they arise.

(iii) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expense when they are due.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Revenue recognition

Our products include metal and glass containers primarily for food and beverage markets with consumer-driven demand. In addition to metal containers, within the Metal Beverage Europe and Metal Beverage Americas reportable segments, the Group manufactures and supplies a wide range of can ends. Containers and ends are usually distinct items and can be sold separately from each other. A significant portion of our sales volumes are supplied under contracts which include input cost pass-through provisions.

The Group usually enters into framework agreements with its customers, which establish the terms under which individual orders to purchase goods or services may be placed. As the framework agreements do not identify each party's rights regarding the goods or services to be transferred, they do not create enforceable rights and obligations on a stand-alone basis. Therefore, the Group has concluded that only individual purchase orders create enforceable rights and obligations and meet the definition of a contract. The individual purchase orders have, in general, a duration of one year or less and, as such, the Group does not disclose any information about remaining performance obligations under these contracts. The Group's payment terms are in line with customary business practice, which can vary by customer and region. The Group has availed of the practical expedient from considering the existence of a significant financing component as, based on past experience, we expect that, at contract inception, the period between when a promised good is transferred to the customer and when the customer pays for that good will be one year or less.

Revenue is recognized when control of a good or service has transferred to the customer. For certain contracts in the Metal Beverage Europe and Metal Beverage Americas reportable segments, the Group manufactures products for customers that have no alternative use and for which the Group has an enforceable right to payment for production completed to date. The Group has concluded that it has such enforceable right to payment plus a reasonable margin once it receives an individual purchase order. Therefore, for such products that have no alternative use and where an enforceable right to payment exists, the Group will recognize revenue over time based on the units produced output method such that a portion of revenue, net of any related estimated rebates and cash discounts, excluding sales or value added tax, will be recognized prior to the dispatch of goods as the Group satisfies the contractual performance obligations for those contracts. For all other contracts, the Group will continue to recognize revenue primarily on dispatch of the goods, net of any related customer rebates and cash discounts, excluding sales and value added taxes.

The Business often sells products with rebates and cash discounts based on cumulative sales over a period. Such rebate and cash discount consideration is only recognised when it is highly probable that it will not be subsequently reversed and is recognised using the most likely amount depending on the individual contractual terms.

Exceptional items

The Group's consolidated income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence to provide additional information. Such items include, where significant, restructuring, redundancy and other costs relating to permanent capacity realignment or footprint reorganization, directly attributable acquisition costs and acquisition integration costs, and other transaction-related costs, profit or loss on disposal or termination of operations, start-up costs incurred in relation to and associated with plant builds, significant new line investments or furnaces, major litigation costs and settlements and impairments of non-current assets. In this regard the determination of "significant" as included in our definition uses qualitative and quantitative factors. Judgment is used by the Group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group's consolidated income statement, and related notes as exceptional items. Management considers columnar presentation to be appropriate in the consolidated income statement as it provides useful additional information and is consistent with the way that financial performance is measured by management and presented to the Board. Exceptional restructuring costs are classified as restructuring provisions and all other exceptional costs when outstanding at the balance sheet date are classified as exceptional items payable.

Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets, ineffective portions of derivative instruments designated as hedging instruments and gains on derivative instruments that are not designated as hedging instruments and are recognized in profit or loss.

Finance expense comprises interest expense on borrowings (including amortization of deferred debt issuance costs), interest cost on leases, certain net foreign currency translation related to financing, net interest cost on net pension plan liabilities, losses on extinguishment of borrowings, ineffective portions of derivative instruments designated as hedging instruments, losses on derivative instruments that are not designated as hedging instruments and are recognized in profit or loss, and other finance expense.

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of manufacturing plants that require a substantial period of time to build that would have been avoided if the expenditure on the qualifying asset had not been made.

Costs related to the issuance of new debt are deferred and amortized within finance expense over the expected terms of the related debt agreements by using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are generally not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of

the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Segment reporting

The board of directors in addition to certain members of the board of directors of Ardagh Group S.A. has been identified as the Chief Operating Decision Maker (“CODM”) for the Group.

Operating segments are identified on the basis of the internal reporting regularly provided to the Board in order to allocate resources to the segment and assess its performance.

Critical accounting estimates, assumptions and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and other long-lived assets

In accordance with IAS 36 “Impairment of assets” (“IAS 36”), the Group tests whether goodwill and other long-lived assets have suffered any impairment in accordance with the accounting policies stated. The determination of the recoverable amounts of goodwill requires the use of estimates as outlined in Note 8. The Group’s judgments relating to the impairment of goodwill and other long-lived assets are included in Notes 8 and 9.

(ii) Lease term upon adoption of IFRS 16

Upon adoption of IFRS 16, several lease agreements included renewal and termination options. As part of the recognition of such leases, the Group assessed all facts and circumstances that created an economic incentive to exercise a renewal option, or not exercise a termination option. Renewal options (or periods after termination options) were only included in the lease term if the conclusion was that the lease was reasonably certain to be renewed (or not terminated).

(iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions and judgment is therefore required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit matters based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Measurement of employee benefit obligations

The Group follows guidance of IAS 19(R) to determine the present value of its obligations to current and past employees in respect of defined benefit pension obligations, other long term employee benefits, and other end of service employee benefits which are subject to similar fluctuations in value in the long term. The Group values its liabilities, with the assistance of professional actuaries, to ensure consistency in the quality of the key assumptions underlying the valuations. The critical assumptions and estimates applied are discussed in detail in Note 20.

(v) Exceptional items

The consolidated income statement and segment analysis separately identify results before exceptional items. Exceptional items are those that in our judgment need to be disclosed by virtue of their size, nature or incidence.

The Group believes that this presentation provides additional analysis as it highlights exceptional items. The determination of “significant” as included in our definition uses qualitative and quantitative factors which remain consistent from period to period. Management uses judgment in assessing the particular items, which by virtue of their scale and nature, are disclosed in the consolidated income statement and related notes as exceptional items. Management considers the consolidated income statement presentation of exceptional items to be appropriate as it provides useful additional information and is consistent with the way that financial information is measured by management and presented to the Board. In that regard, management believes it to be consistent with paragraph 85 of IAS 1 “Presentation of financial statements” (“IAS 1”), which permits the inclusion of line items and subtotals that improve the understanding of performance.

(vi) Business combinations and goodwill

Goodwill only arises in business combinations. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management’s judgment. Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

3. Segment analysis

The Ardagh Group's operating and reportable segments, which are set out below, reflect the basis on which the Ardagh Group's performance is reviewed by management and regularly presented to the Board and certain members of the board of directors of Ardagh Group S.A., which has been identified as the Chief Operating Decision Maker ("CODM") for the Group.

- Metal Beverage Packaging Europe
- Metal Beverage Packaging Americas
- Glass Packaging Europe
- Glass Packaging North America.

Performance of the business is assessed based on Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. Other items are not allocated to segments, as these are reviewed by the CODM on a group-wide basis. Segmental revenues are derived from sales to external customers. Inter-segment revenue and revenue with joint ventures are not material.

Reconciliation of loss for the year to Adjusted EBITDA

	Year ended December 31,	
	2020	**2019**
	$'m	**$'m**
Loss from continuing operations	(98)	(486)
Income tax charge (Note 6)	10	44
Net finance expense (Note 5)	449	861
Depreciation and amortization (Notes 8, 9)	688	652
Exceptional operating items (Note 4)	58	53
Share of post-tax loss in equity accounted joint venture (Note 11)	48	49
Adjusted EBITDA	**1,155**	**1,173**

Segment results for the year ended December 31, 2020 are:

	Metal Beverage Packaging Europe $'m	**Metal Beverage Packaging Americas $'m**	**Glass Packaging Europe $'m**	**Glass Packaging North America $'m**	**Group $'m**
Revenue	1,599	1,852	1,640	1,640	**6,731**
Adjusted EBITDA	249	296	369	241	**1,155**
Capital expenditure	101	167	145	130	**543**
Segment assets (excluding Investment in material joint venture and related party loan receivable)	2,403	1,808	2,834	2,249	**9,294**

Segment results for the year ended December 31, 2019 are:

	Metal Beverage Packaging Europe $'m	**Metal Beverage Packaging Americas $'m**	**Glass Packaging Europe $'m**	**Glass Packaging North America $'m**	**Group $'m**
Revenue	1,556	1,816	1,613	1,675	**6,660**
Adjusted EBITDA	253	250	391	279	**1,173**
Capital expenditure	95	110	163	137	**505**
Segment assets (excluding Investment in material joint venture and related party loan receivable)	2,360	1,725	2,026	2,241	**8,352**

No customer accounted for greater than 10% of total revenue of the Group in 2020 (2019: one).

Capital expenditure is the sum of purchases of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the consolidated statement of cash flows.

Segment assets consist of intangible assets, property, plant and equipment, derivative financial instrument assets, deferred tax assets, other non current assets, inventories, contract assets, trade and other receivables and cash and cash equivalents. The accounting policies of the segments are the same as those in the consolidated financial statements of the Group as set out in Note 2. Segment assets at December 31, 2020, in Glass Packaging Europe, include the Group's increased cash and cash equivalents holdings. Please refer to Note 17 for more details.

Total revenue from the Group in countries which account for more than 10% of total revenue, in the current or prior years presented, are as follows:

	Year ended December 31,	
	2020	2019
Revenue	$'m	$'m
United States	3,011	2,974
United Kingdom	782	736

The revenue above is attributed to countries on a destination basis.

Non-current assets, excluding derivative financial instruments, taxes, pensions, investment in material joint venture and goodwill arising on acquisitions in countries which account for more than 10% of non-current assets are the U.S. 41% (2019: 40%), Germany 14% (2019: 13%) and the United Kingdom 12% (2019: 12%).

The Company is domiciled in Luxembourg. During the year the Group had revenues of $2 million (2019: $2 million) with customers in Luxembourg. Non current assets located in Luxembourg were $nil (2019: $nil).

Within each reportable segment our respective packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics, as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing, we do not consider that they constitute separate product lines and therefore additional disclosures relating to product lines is not necessary.

The following illustrates the disaggregation of revenue by destination for the year ended December 31, 2020:

	Europe $'m	North America $'m	Rest of the World $'m	Total $'m
Metal Beverage Packaging Europe	1,581	3	15	1,599
Metal Beverage Packaging Americas	1	1,499	352	1,852
Glass Packaging Europe	1,568	12	60	1,640
Glass Packaging North America	2	1,637	1	1,640
Group	**3,152**	**3,151**	**428**	**6,731**

The following illustrates the disaggregation of revenue by destination for the year ended December 31, 2019:

	Europe $'m	North America $'m	Rest of the World $'m	Total $'m
Metal Beverage Packaging Europe	1,541	5	10	1,556
Metal Beverage Packaging Americas	2	1,419	395	1,816
Glass Packaging Europe	1,554	7	52	1,613
Glass Packaging North America	—	1,674	1	1,675
Group	**3,097**	**3,105**	**458**	**6,660**

The following illustrates the disaggregation of revenue based on the timing of transfer of goods and services:

	Year ended December 31,	
	2020	2019
	$'m	$'m
Over time	2,610	2,543
Point in time	4,121	4,117
Group	**6,731**	**6,660**

4. Exceptional items

	Year ended December 31,	
	2020	2019
	$'m	$'m
Start-up related costs	7	13
Impairment - property, plant and equipment	6	5
Past service charge/(credit)	5	(37)
Restructuring and other costs	1	6
Legal matter	—	15
Exceptional items - cost of sales	**19**	**2**
Transaction-related and other costs	25	51
Restructuring and other costs	6	—
Exceptional items - SGA expenses	**31**	**51**
Impairment - other intangible assets	8	—
Exceptional items - impairment of intangible assets	**8**	**—**
Debt refinancing and settlement costs	74	256
Loss on derivative financial instruments	—	3
Exceptional items - finance expense	**74**	**259**
Share of exceptional items in material joint venture	15	39
Exceptional items from continuing operations	**147**	**351**
Exceptional income tax (credit)/charge	(53)	3
Exceptional items from continuing operations, net of tax	**94**	**354**
Exceptional items from discontinued operation, net of tax	(22)	(1,527)
Total exceptional charge/(credit), net of tax	**72**	**(1,173)**

Exceptional items are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence.

2020

Exceptional items of $72 million have been recognized for the year ending December 31, 2020, primarily comprising:

- $13 million related to the Group's capacity realignment and investment programs, including start-up related costs in Metal Beverage Packaging North America ($7 million) and property, plant and equipment impairment charges in Glass Packaging North America ($6 million).
- $5 million pension costs recognized in Glass Packaging North America following the finalization of amendments to the pension scheme initiated in 2019.
- $25 million transaction-related and other costs primarily comprised of costs relating to acquisition and other transactions, including professional advisory fees, and other costs related to transformation initiatives.
- $7 million restructuring and other costs.
- $8 million impairment of other intangible assets, following a review of the Group's digital infrastructure and future investment plans.
- $74 million debt refinancing and settlement costs related to the redemption of notes in May and June 2020 as described in Note 19, including premium payable on the early redemption of the notes of $61 million, accelerated amortization of deferred finance costs, and interest charges from the call date to date of redemption.
- $15 million charge from the share of exceptional items in the Trivium joint venture.
- $53 million from tax credits including $15 million relating to U.S. tax reform and $13 million from debt refinancing and settlement costs incurred in the period as described in Note 6.
- $22 million credit in relation to the disposal of Food & Specialty Metal Packaging business including the finalization of the completion accounts process.

2019

Exceptional items of $1,173 million (credit) have been recognized for the year ending December 31, 2019, primarily comprising:

- $15 million related to a provision for a court award and related interest, net of the tax adjusted indemnity receivable in respect of a U.S. glass business legal matter.
- $24 million related to the Group's capacity realignment programs, including start-up related costs ($13 million), restructuring costs ($6 million), property, plant and equipment impairment charges ($5 million). These costs were incurred in Glass Packaging North America ($15 million), Glass Packaging Europe ($5 million), Metal Beverage Packaging America ($2 million) and Metal Beverage Packaging Europe ($2 million).
- $37 million pension service credit recognized in Glass Packaging North America following amendments to a pension scheme.
- $51 million transaction-related costs, primarily comprising costs relating to the combination of the Food & Specialty Metal Packaging business with the business of Exal Corporation to form Trivium.
- $256 million debt refinancing and settlement costs related to the redemption of notes in August and November 2019 as described in Note 19, and includes premium payable on the early redemption of the notes of $223 million, accelerated amortization of deferred finance costs, interest charges from the call date to date of redemption and $3 million exceptional loss on the termination of derivative financial instruments.
- $39 million charge from the share of exceptional items in the Trivium joint venture.
- $3 million from tax charge, as described in Note 6.
- $1,527 million from discontinued operation, net of tax, primarily related to the gain, net of directly attributable disposal costs, on the disposal of Food & Specialty Metal Packaging business.

5. Finance income and expense

	Year ended December 31,	
	2020	**2019**
	$'m	**$'m**
Senior Secured Toggle Notes, Senior Secured Notes and Senior Notes	392	485
Other interest expense	43	40
Related party interest income	(22)	(2)
Net interest expense	**413**	**523**
Net pension interest cost (Note 20)	14	18
Foreign currency translation (gain)/loss	(42)	57
(Gain)/loss on derivative financial instruments	(3)	9
Other finance income	(7)	(5)
Finance expense before exceptional items	**375**	**602**
Exceptional finance expense (Note 4)	74	259
Net finance expense	**449**	**861**

During the year ended December 31, 2020, the Group recognized $19 million (2019: $19 million) related to lease liabilities within other interest expense and interest paid in cash used in operating activities.

6. Income tax

	Year ended December 31,	
	2020 $'m	2019 $'m
Current tax:		
Current tax for the year	78	70
Adjustments in respect of prior years	(64)	7
Total current tax	**14**	**77**
Deferred tax:		
Deferred tax for the year	(36)	(31)
Adjustments in respect of prior years	32	(2)
Total deferred tax	**(4)**	**(33)**
Income tax charge	**10**	**44**

Adjustments in respect of prior years includes tax credits relating to the carry back of net operating losses in the United States as a result of the enactment from March 27, 2020 of the Coronavirus Aid, Relief and Economic Security ("CARES") Act, additional tax relief on finance expense, and the availability of tax credits relating to a historic divestment.

Reconciliation of income tax charge and the loss before tax multiplied by the Group's domestic tax rate for 2020 and 2019 is as follows:

	Year ended December 31,	
	2020 $'m	2019 $'m
Loss before tax	**(88)**	**(442)**
Loss before tax multiplied by the standard rate of Luxembourg corporation tax: 24.94% (2019: 24.94%)	(22)	(110)
Tax losses for which no deferred income tax asset was recognized	3	69
Re-measurement of deferred taxes	—	(2)
Adjustment in respect of prior years	(32)	5
Income subject to state and other local income taxes	5	11
Income taxed at rates other than standard tax rates	5	7
Non-deductible items	38	61
Other	13	3
Income tax charge	**10**	**44**

The total income tax charge outlined above for each year includes a tax credit of $53 million in 2020 (2019 tax charge of $3 million) in respect of exceptional items, being the tax effect of the items set out in Note 4. The $53 million exceptional income tax credit recognized in the year ended December 31, 2020 includes a credit of $15 million relating to tax benefits arising from the CARES Act.

Non-deductible items principally relate to non-deductible interest expense in Ireland. Income taxed at non-standard rates takes account of foreign tax rate differences (versus the Luxembourg standard 24.94% rate) on earnings.

The tax charge associated with discontinued operation is recognized separately in the results of discontinued operation. See Note 25 for further details.

7. Employee costs

	Year ended December 31,	
	2020 $'m	2019 $'m
Wages and salaries	1,089	1,048
Social security costs	157	155
Defined benefit plan pension costs/(credit) (Note 20)	23	(23)
Defined contribution plan pension costs (Note 20)	47	40
Group employee costs	**1,316**	**1,220**

	At December 31,	
Employees	**2020**	**2019**
Production	14,528	14,463
Administration	1,916	1,878
Group	**16,444**	**16,341**

8. Intangible assets

	Goodwill $'m	Customer relationships $'m	Technology and other $'m	Software $'m	Total $'m
Cost					
At January 1, 2019	1,970	2,300	255	110	**4,635**
Additions	—	—	12	13	**25**
Disposal of Food & Specialty	(328)	(203)	(103)	(44)	**(678)**
Disposal	—	—	—	(1)	**(1)**
Transfers	—	—	(11)	11	**—**
Exchange	(18)	(14)	(3)	(2)	**(37)**
At December 31, 2019	**1,624**	**2,083**	**150**	**87**	**3,944**
Amortization					
At January 1, 2019		(817)	(153)	(64)	**(1,034)**
Charge for the year		(214)	(27)	(8)	**(249)**
Disposal of Food & Specialty		146	60	6	**212**
Disposal		—	—	1	**1**
Exchange		5	3	2	**10**
At December 31, 2019		**(880)**	**(117)**	**(63)**	**(1,060)**
Net book value					
At December 31, 2019	**1,624**	**1,203**	**33**	**24**	**2,884**
Cost					
At January 1, 2020	1,624	2,083	150	87	**3,944**
Additions	—	—	10	2	**12**
Impairment (Note 4)	—	—	(6)	(2)	**(8)**
Transfers	—	—	(6)	6	**—**
Exchange	58	73	2	12	**145**
At December 31, 2020	**1,682**	**2,156**	**150**	**105**	**4,093**
Amortization					
At January 1, 2020		(880)	(117)	(63)	**(1,060)**
Charge for the year		(206)	(22)	(7)	**(235)**
Exchange		(33)	(3)	(6)	**(42)**
At December 31, 2020		**(1,119)**	**(142)**	**(76)**	**(1,337)**
Net book value					
At December 31, 2020	**1,682**	**1,037**	**8**	**29**	**2,756**

Amortization expense of $235 million (2019: $233 million) has been charged to the consolidated income statement of the Group in respect of continuing operations. An amortization expense of $nil (2019: $16 million) has been charged to the consolidated income statement of the Group in respect of the discontinued operation.

Impairment

The board of directors of Ardagh Group S.A has considered the carrying value of the Ardagh Group's intangible assets (excluding goodwill) and assessed for indicators of impairment as at December 31, 2020 in accordance with IAS 36. In the year ended December 31, 2020 an impairment charge of $8 million (2019: $nil) has been recognized, which relates to the impairment of certain technology and software assets as further described in Note 4.

Goodwill

Allocation of goodwill

Goodwill has been allocated to groups of CGUs for the purpose of impairment testing. The groupings represent the lowest level at which the related goodwill is monitored for internal management purposes. Goodwill acquired through business combination activity is allocated to CGUs that are expected to benefit from synergies arising from that combination.

The lowest level within the Ardagh Group at which the goodwill is monitored for internal management purposes and consequently the CGUs to which goodwill is allocated is set out below. On this basis the Ardagh Group's CGUs are identified as follows.

	At December 31,	
	2020	2019
	$'m	$'m
Metal Beverage Packaging Europe	618	566
Metal Beverage Packaging Americas	437	437
Glass Packaging Europe	67	61
Glass Packaging North America	560	560
Total Goodwill	**1,682**	**1,624**

Impairment tests for goodwill

The Ardagh Group performs its impairment test of goodwill annually following approval of the annual budget or whenever indicators suggest that impairment may have occurred.

Recoverable amount and carrying amount

The Ardagh Group uses the value in use ("VIU") model for the purposes of goodwill impairment testing, as this reflects the Ardagh Group's intention to hold and operate the assets. However, if an impairment indicator exists for a CGU, the Ardagh Group also uses the fair value less costs of disposal ("FVLCD") model in order to establish the recoverable amount being the higher of the VIU model and FVLCD model when compared to the carrying value of the CGU.

Impairment test for all CGU's other than for Glass Packaging North America in 2020

For the 2020 and 2019 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The recoverable amount of the Glass Packaging North America CGU has been determined based on the value-in-use calculation for the 2019 reporting period.

The VIU model used the 2021 budget approved by the board of directors of Ardagh Group S.A. and a three-year forecast for 2022 to 2024 (2019 two-year forecast period). The budget and forecast results were then extended for a further one year period (2019: two-year period) making certain assumptions, including the profile between long-term depreciation and capital expenditure in addition to how the changes in input cost will impact customer pricing, in line with historic practice and contractual terms.

Cash flows considered in the VIU model included the cash inflows and outflows related to the continuing use of the assets over their remaining useful lives, expected earnings, required maintenance capital expenditure, depreciation and working capital.

The discount rate applied to cash flows in the VIU model was estimated using our weighted average cost of capital as determined by the Capital Asset Pricing Model with regard to the risks associated with the cash flows being considered (country, market and specific risks of the asset).

The modelled cash flows take into account the Ardagh Group's established history of earnings, cash flow generation and the nature of the markets in which we operate, where product obsolescence is low. The key assumptions employed in modelling estimates of future cash flows are subjective and include projected Adjusted EBITDA, discount rates and growth rates, replacement capital expenditure requirements, rates of customer retention and the ability to maintain margin through the pass through of input cost inflation.

The terminal value assumed long-term growth based on a combination of factors including long-term inflation in addition to industry and market specific factors. The range of growth rates applied by management in respect of the terminal values applicable to all groups of CGU's were 1.0% - 1.5% (2019: 1.0% - 1.5%).

A sensitivity analysis was performed reflecting potential variations in terminal growth rate and discount rate assumptions. In all cases the recoverable values calculated were in excess of the carrying values of the CGUs. The variation applied to terminal value growth rates and discount rates was a 50 basis points decrease and increase respectively and represents a reasonably possible change to the key assumptions of the VIU model. Further, a reasonably possible change to the operating cash flows would not reduce the recoverable amounts below the carrying value of the CGUs.

Impairment test for Glass Packaging North America in 2020

Management has determined the recoverable amount of the Glass Packaging North America CGU by assessing the fair value less cost of disposal (FVLCD) of the underlying assets using a market approach, on the basis that this gave a higher recoverable amount than an assessment based on Value in Use. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The key assumptions applied in the FVLCD calculation for the Glass Packaging North America CGU are, by their nature, subjective and include, FY21 projected revenue volumes, cost savings and the effects of future restructuring as part of estimating the projected adjusted EBITDA from a market participant's perspective. The market participant projected adjusted EBITDA was then multiplied by a multiple of 6.5x, based on comparable companies and also based on market transactions, which was then adjusted for selling costs. The recoverable amount was then compared to the carrying value of the Glass Packaging North America CGU, resulting in an excess of the recoverable amount on the carrying value goodwill allocated to Glass Packaging North America in the year ended December 31, 2020.

A sensitivity analysis was performed on the FVLCD calculation by increasing and decreasing the market participant projected adjusted EBITDA by 5% and also, the multiple which was applied to the market participant projected adjusted EBITDA by 25 basis points respectively. The results of the sensitivity analysis did not result in an impairment charge.

The additional disclosures required under IAS 36 in relation to significant goodwill amounts arising in the groups of CGUs are as follows:

	Metal Beverage Packaging Europe $'m/%	Metal Beverage Packaging Americas $'m/%	Glass Packaging Europe $'m/%	Glass Packaging North America $'m/%
2020				
Carrying amount of goodwill	618	437	67	560
Excess of recoverable amount	1,950	1,732	4,244	86
Pre-tax discount rate applied	5.1	7.9	6.5	N/A
2019				
Carrying amount of goodwill	566	437	61	560
Excess of recoverable amount	2,109	1,581	3,842	158
Pre-tax discount rate applied	5.1	8.5	6.5	7.2

9. Property, plant and equipment

	Land and buildings $'m	Plant and machinery $'m	Office equipment, vehicles and other $'m	Total $'m
Cost				
At January 1, 2019, as reported	1,044	4,298	94	**5,436**
Impact of adoption of IFRS 16 on January 1, 2019 (Note 2)	193	78	19	**290**
At January 1, 2019	**1,237**	**4,376**	**113**	**5,726**
Additions	148	528	60	**736**
Disposals	(21)	(194)	(8)	**(223)**
Disposal of Food & Specialty	(337)	(1,443)	(39)	**(1,819)**
Impairment (Note 4)	—	(5)	—	**(5)**
Exchange	(9)	(26)	—	**(35)**
At December 31, 2019	**1,018**	**3,236**	**126**	**4,380**
Depreciation				
At January 1, 2019	(264)	(1,750)	(34)	**(2,048)**
Charge for the year	(75)	(363)	(36)	**(474)**
Disposals	6	190	8	**204**
Disposal of Food & Specialty	55	530	21	**606**
Exchange	2	7	—	**9**
At December 31, 2019	**(276)**	**(1,386)**	**(41)**	**(1,703)**
Net book value				
At December 31, 2019	**742**	**1,850**	**85**	**2,677**
Cost				
At January 1, 2020	1,018	3,236	126	**4,380**
Additions	69	507	51	**627**
Impairment (Note 4)	—	(6)	—	**(6)**
Disposals	(2)	(234)	(11)	**(247)**
Exchange	55	116	5	**176**
At December 31, 2020	**1,140**	**3,619**	**171**	**4,930**
Depreciation				
At January 1, 2020	(276)	(1,386)	(41)	**(1,703)**
Charge for the year	(89)	(330)	(34)	**(453)**
Disposals	1	234	11	**246**
Exchange	(19)	(53)	(3)	**(75)**
At December 31, 2020	**(383)**	**(1,535)**	**(67)**	**(1,985)**
Net book value				
At December 31, 2020	**757**	**2,084**	**104**	**2,945**

Depreciation expense of $438 million (2019: $408 million) has been charged in cost of sales and $15 million (2019: $11 million) in sales, general and administration expenses in respect of the continuing operations of the Group. Depreciation expense of $nil (2019: $53 million) has been charged in cost of sales and $nil (2019: $2 million) in sales, general and administration expenses in respect of the discontinued operation of the Group.

Construction in progress at December 31, 2020 was $304 million (2019: $173 million).

Included in property, plant and equipment is an amount for land of $196 million (2019: $185 million).

Substantially all of the Group's property, plant and equipment is pledged as security under the terms and conditions of the Group's financing arrangements. No interest was capitalized in the year (2019: $nil).

Impairment

The board of directors of Ardagh Group S.A has considered the carrying value of the Ardagh Group's property, plant and equipment and assessed the indicators of impairment as at December 31, 2020 in accordance with IAS 36. In the year ended December 31, 2020 an impairment charge of $6 million (2019: $5 million) has been recognized, which relates to the impairment of plant and machinery in Glass Packaging North America. Please refer to Note 4.

Right of Use assets – Net Book Value, depreciation and variable lease expense

The following right-of-use assets were included in property, plant and equipment:

Net book value	Land and buildings $'m	Plant and machinery $'m	Office equipment, vehicles and other $'m	Total $'m
At December 31, 2020	181	63	75	**319**
At December 31, 2019	178	71	66	**315**

The increase in the net carrying amount of the right-of use assets at December 31, 2020 is primarily the result of total additions to the right-of-use assets during the year ended December 31, 2020 of $87 million and exchange gains, offset by a depreciation charge of $93 million (Land and buildings: $55 million, Plant and machinery: $23 million, Office equipment, vehicles and other: $15 million).

The increase in net carrying amount of the right-of use assets at December 31, 2019 is primarily the result of existing finance leases as at December 31, 2018 of $29 million, the impact of adoption of IFRS 16 on January 1, 2019 of $290 million, total additions to the right-of-use assets during the year ended December 31, 2019 of $169 million, offset by an amount of $74 million de-recognized on the disposal of Food & Specialty and a depreciation charge of $76 million (Land and buildings: $41 million, Plant and machinery: $21 million, Office equipment, vehicles and other: $14 million).

During 2020, the continuing operations of the Group incurred variable lease expense of $64 million (2019: $67 million), primarily related to warehouse leases.

Capital commitments

The following capital commitments in relation to property, plant and equipment were authorized by management, but have not been provided for in the consolidated financial statements:

	At December 31,	
	2020 $'m	2019 $'m
Contracted for	148	77
Not contracted for	227	82
	375	**159**

10. Other non-current assets

At December 31, 2020, other non current assets of $73 million (2019: $68 million) includes the receivable for the tax adjusted indemnity in respect of a U.S. glass business legal matter.

Other non-current assets also include $8 million (2019: $6 million) primarily relating to certain of the Group's investment in its joint ventures, excluding the investment in Trivium, which is further discussed in Note 11.

11. Investment in material joint venture

Investment in material joint venture is comprised of the Group's approximate 42% investment in Trivium, which is incorporated in the Netherlands, with corporate offices in Amsterdam. The remaining approximate 58% is held by Ontario Teachers' Pension Plan Board. As the Group jointly controls both the financial and operating policy decisions of Trivium, the investment is accounted for under the equity method. The shareholders of Trivium have entered into a Shareholders Agreement, dated October 31, 2019, which governs their relationship as owners of Trivium, including in respect of the governance of Trivium and its subsidiaries, their ability to transfer their shares in Trivium and other customary matters.

The following table provides aggregated financial information for Trivium as it relates to the amounts recognized by Ardagh in the income statement, statement of comprehensive income and statement of financial position.

	Period ended December 31,	
	2020 $'m	2019 $'m
Investment in joint venture	390	375
Loss for the period	(48)	(49)
Other comprehensive income	29	7
Total comprehensive loss	**(19)**	**(42)**

Summarized financial information, as of the date these consolidated financial statements were authorized for issue, for Trivium for the twelve months ended and as at December 31, 2020 and for the two months ended and as at December 31, 2019, is set out below.

	Period ended December 31,	
	2020 (i)	**2019** (ii)
	$'m	**$'m**
Revenue	2,656	351
Expenses	(2,617)	(408)
Operating profit/(loss)	**39**	**(57)**
Net finance expense	(158)	(56)
Loss before tax	**(119)**	**(113)**
Income tax credit/(expense)	5	(1)
Loss after tax	**(114)**	**(114)**

(i) The income statement for the period ended December 31, 2020 includes exceptional items of $35 million, in accordance with Ardagh accounting policy, of which $2 million is in respect of exceptional interest income, and $160 million of non-exceptional interest expense. Also included is depreciation and amortization of $285 million (inclusive of a measurement period adjustment of $19 million) and income tax credit of $5 million (inclusive of a measurement period adjustment of $6 million).

(ii) The income statement for the two-month period ended December 31, 2019 includes $92 million in relation to exceptional items of which $31 million is in respect of exceptional interest expense. Also included is $25 million of non-exceptional interest expense.

	At December 31,	
	2020	**2019**
	$'m	**$'m**
Non-current assets	4,644	4,109
Current assets (iii)	891	924
Total assets	**5,535**	**5,033**
Total equity	**839**	**875**
Non-current liabilities (iv)	3,892	3,444
Current liabilities (v)	804	714
Total liabilities	**4,696**	**4,158**
Total equity and liabilities	**5,535**	**5,033**

(iii) Includes cash and cash equivalents of $0.2 billion.

(iv) Includes non-current financial liabilities (excluding trade and other payables and provisions) of $3.8 billion.

(v) Includes current financial liabilities (excluding trade and other payables and provisions) of $0.1 billion.

As at December 31, 2020, Trivium had net debt of $2.9 billion (2019: $2.8 billion).

The reconciliation of summarized financial information presented to the carrying amount of the Group's interest in Trivium is set out below.

	2020	**2019**
	$'m	**$'m**
Group's interest in net assets of joint venture at January 1, 2020/ November 1, 2019 (vi)	375	412
Share of total comprehensive loss	(19)	(42)
Exchange	34	5
Carrying amount of interest in joint venture - December 31	**390**	**375**

(vi) The Group used a comparable market multiples approach as adjusted for debt in order to assess the fair value of its 42% initial equity investment in Trivium of $412 million.

In respect of the Ardagh Group's equity accounted investment in Trivium, management has considered the carrying amount of the investment and concluded that it is fully recoverable as at December 31, 2020.

During the year ended December 31, 2020, Trivium management has updated the provisional fair values and useful lives for property, plant and equipment and intangible assets acquired upon formation of Trivium on October 31, 2019, resulting in measurement period adjustments that require recognition by Ardagh. As a result, the reported share of post-tax loss in equity accounted joint venture for the year ended December 31, 2020, includes adjustments for the two months ended December 31, 2019 related to depreciation and amortization, net of tax, arising from the revised fair values and useful lives determined for property, plant and equipment and intangible assets acquired. The impacts of these adjustments, on the reported share of post-tax loss in equity accounted joint venture is $6 million for the year ended December 31, 2020.

The Ardagh Group is party to a Mutual Services Agreement ("MSA") with Trivium, pursuant to which the Ardagh Group and Trivium provide services to each other. The services generally relate to administrative support in respect of treasury activities, tax reporting, procurement and logistics, R&D and certain IT services. The MSA provides for the sharing of certain facilities leased by the Ardagh Group in connection with the provision of services, with appropriate segregation in place between the Ardagh Group's entities and Trivium.

The Ardagh Group recognized net income of $19 million in respect of the MSA in the year ended December 31, 2020 respectively (December 31, 2019: $3 million).

At December 31, 2020, the Ardagh Group had no significant related party balances outstanding with Trivium reflected within trade and other receivables and trade and other payables.

At December 31, 2019, as previously reported, the Ardagh Group had related party balances outstanding with Trivium reflected within trade and other receivables of $40 million and trade and other payables of $9 million.

In May 2020, the Ardagh Group, as lender, entered into a credit facility (the "Trivium Credit Facility") with Trivium, as borrower. The amount under the Trivium Credit Facility is $57 million, which stepped down to $36 million on December 15, 2020. The Trivium Credit Facility matures on April 30, 2021, with an option to extend to October 31, 2021. At December 31, 2020, the amount outstanding under the Trivium Credit Facility was $nil.

12. Deferred income tax

The movement in deferred tax assets and liabilities during the year was as follows:

	Assets $'m	**Liabilities $'m**	**Total $'m**
At January 1, 2019	**432**	**(721)**	**(289)**
Impact of adopting IFRS 16	14	(1)	13
Credited to the income statement (Note 6)	17	16	33
Charged to the income statement (Discontinued operation)	(12)	(1)	(13)
Credited to other comprehensive income	30	3	33
Exchange	1	3	4
Disposal of Food & Specialty	(76)	155	79
At December 31, 2019	**406**	**(546)**	**(140)**
(Charged)/credited to the income statement (Note 6)	(22)	26	4
Credited/(charged) to other comprehensive income	23	(6)	17
Exchange	13	(18)	(5)
At December 31, 2020	**420**	**(544)**	**(124)**

The components of deferred income tax assets and liabilities are as follows:

	At December 31,	
	2020	2019
	$'m	$'m
Tax losses	47	40
Employee benefit obligations	168	142
Depreciation timing differences	83	84
Provisions	72	74
Other	50	66
	420	**406**
Available for offset	(175)	(202)
Deferred tax assets	**245**	**204**
Intangible assets	(265)	(295)
Accelerated depreciation and other fair value adjustments	(239)	(206)
Other	(40)	(45)
	(544)	**(546)**
Available for offset	175	202
Deferred tax liabilities	**(369)**	**(344)**

The tax credit recognized in the consolidated income statement is analyzed as follows:

	Year ended December 31,	
	2020	2019
	$'m	$'m
Tax losses	4	(4)
Employee benefit obligations	(2)	(11)
Depreciation timing differences	(5)	21
Provisions	(3)	(2)
Other deferred tax assets	(16)	1
Intangible assets	40	19
Accelerated depreciation and other fair value adjustments	(27)	(12)
Other deferred tax liabilities	13	8
	4	**20**

Deferred tax assets are only recognized on tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable based on management's forecasts. The Group did not recognize deferred tax assets of $108 million (2019: $146 million) in respect of tax losses amounting to $433 million (2019: $581 million) that can be carried forward against future taxable income due to uncertainty regarding their utilization.

No provision has been made for temporary differences applicable to investments in subsidiaries as the Group is in a position to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Given that exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of jurisdictions in which it operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognized would not be material.

13. Inventories

	At December 31,	
	2020	2019
	$'m	$'m
Raw materials and consumables	303	299
Mold parts	52	50
Work-in-progress	13	19
Finished goods	555	596
	923	**964**

Certain inventories held by the Ardagh Group have been pledged as security under the Group's Global Asset Based Loan Facility (Note 19). The amount recognized as a write down in inventories or as a reversal of a write down in the year ended December 31, 2020 was not material (2019: not material).

At December 31, 2020, the hedging loss included in the carrying value of inventories, which will be recognized in the income statement when the related finished goods have been sold, is not material.

14. Trade and other receivables

	At December 31,	
	2020 $'m	2019 $'m
Trade receivables	632	516
Other receivables and prepayments	237	218
	869	**734**

The fair values of trade and other receivables approximate the amounts shown above.

Movements on the provision for impairment of trade receivables are as follows:

	2020 $'m	2019 $'m
At January 1,	**6**	**17**
Provision for receivables impairment	5	7
Receivables written off during the year as uncollectible	(1)	—
Disposal of Food & Specialty	—	(18)
Exchange	1	—
At December 31,	**11**	**6**

The majority of the provision above relates to balances which are more than six months past due. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above.

Provisions against specific balances

Significant balances are assessed for evidence of increased credit risk. Examples of factors considered are high probability of bankruptcy, breaches of contract or major concession being sought by the customer. Instances of significant single customer related bad debts are rare and there is no significant concentration of risk associated with particular customers.

Providing against the remaining population of customers

The Group monitors actual historical credit losses and adjusts for forward-looking information to measure the level of expected losses. Adverse changes in the payment status of customers of the Group, or national or local economic conditions that correlate with defaults on receivables owing to the Group, may also provide a basis for an increase in the level of provision above historic loss experience.

As of December 31, 2020, trade receivables of $19 million (2019: $34 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	At December 31,	
	2020 $'m	2019 $'m
Up to three months past due	14	28
Three to six months past due	4	1
Over six months past due	1	5
	19	**34**

15. Contract assets

The following table provides information about significant changes in contract assets:

	2020 $'m	2019 $'m
At January 1,	**151**	**160**
Transfers from contract assets recognized at beginning of year to receivables	(148)	(155)
Increases as a result of new contract assets recognized during the year	133	175
Decrease due to disposal of Food & Specialty	—	(32)
Other (including exchange)	3	3
At December 31,	**139**	**151**

16. Cash and cash equivalents

	At December 31,	
	2020	**2019**
	$'m	**$'m**
Cash at bank and in hand	413	647
Short term bank deposits	879	11
Restricted cash	6	5
	1,298	**663**

17. Issued capital and reserves

Issued and fully paid shares:

	Number of shares (millions)	**$'m**
Ordinary shares (par value €0.01)	10.3	—
At December 31, 2020 and at December 31, 2019	**10.3**	**—**

There were no transactions in shares of the Company during the year ended December 31, 2020. During the year ended December 31, 2020, the Group paid dividends of $53 million (2019: $116 million).

18. Financial risk factors

The Group's activities expose it to a variety of financial risks: capital risk, interest rate risk, currency exchange risk, commodity price risk, credit risk and liquidity risk.

Capital structure and risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns to its shareholders. The Group funds its operations primarily from the following sources of capital: borrowings, cash flow and shareholders' capital. The Group aims to achieve a capital structure that results in an appropriate cost of capital to accommodate material investments or acquisitions, while providing flexibility in short and medium term funding. The Group also aims to maintain a strong balance sheet and to provide continuity of financing by having a range of maturities and borrowing from a variety of sources.

The Group's overall treasury objectives are to ensure sufficient funds are available for the Group to carry out its strategy and to manage certain financial risks to which the Group is exposed, details of which are provided below.

Financial risks are managed on the advice of Group Treasury and senior management. The Group does not permit the use of treasury instruments for speculative purposes, under any circumstances. Group Treasury regularly reviews the level of cash and debt facilities required to fund the Group's activities, plans for repayment and refinancing of debt, and identifies an appropriate amount of headroom to provide a reserve against unexpected funding requirements.

The Ardagh Group's long term liquidity needs primarily relate to the servicing of our debt obligations. We expect to satisfy our future long term liquidity needs through a combination of cash flow generated from operations and, where appropriate, to refinance our debt obligations in advance of their respective maturity dates as we have successfully done in the past and during the second quarter of 2020. The Ardagh Group generates substantial cash flow from our operations on an annual basis. Cash and cash equivalents were increased during the second quarter and the Ardagh Group also enhanced its capital structure by refinancing certain debt obligations, resulting in the Ardagh Group having no Senior Secured Notes or Senior Notes maturing before 2025. The Group had $1,298 million in cash and cash equivalents and restricted cash as of December 31, 2020, as well as available but undrawn liquidity of $600 million under its credit facilities.

Additionally, financial instruments, including derivative financial instruments, are used to hedge exposure to interest rate, currency exchange risk and commodity price risk.

One of the Group's key metrics has been the ratio of consolidated external net debt as a multiple of Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. As at December 31, 2020 the ratio for the Group was 6.9x (2019: 6.4x).

Interest rate risk

The Board's policy, in the management of interest rate risk, is to strike the right balance between the Group's fixed and floating rate financial instruments, which occasionally includes the use of CCIRS. The balance struck by the Board is dependent on prevailing interest rate markets at any point in time.

At December 31, 2020, the Group's external borrowings were 92.2% (2019: 91.4%) fixed, with a weighted average interest rate of 4.7% (2019: 4.9%). The weighted average interest rate for the Group for the year ended December 31, 2020 was 4.4% (2019: 4.5%).

Holding all other variables constant, including levels of the Group's external indebtedness, at December 31, 2020 a one percentage point increase in variable interest rates would increase interest payable by approximately $11 million (2019: $11 million).

Currency exchange risk

The Group presents its consolidated financial information in U.S. dollar. The functional currency of the Company is the euro.

The Group operates in 12 countries, across three continents and its main currency exposure in the year to December 31, 2020, from the euro functional currency, was in relation to the U.S. dollar, British pound, Swedish krona, Polish zloty, Danish krone and Brazilian real. Currency exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

As a result of the consolidated financial statements being presented in U.S dollar, the Group's results are also impacted by fluctuations in the U.S. dollar exchange rate versus the euro.

The Group has a limited level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings and swaps denominated in the Group's principal foreign currencies.

Fluctuations in the value of these currencies with respect to the euro functional currency may have a significant impact on the Group's financial condition and results of operations. The Group believes that a strengthening of the euro exchange rate (the functional currency) by 1% against all other foreign currencies from the December 31, 2020 rate would decrease shareholders' equity by approximately $11 million (2019: $7 million decrease).

Commodity price risk

The Group is exposed to changes in prices of our main raw materials, primarily aluminum and energy. Production costs in our Metal Beverage Packaging division are exposed to changes in prices of our main raw materials, primarily aluminum. Aluminum ingot is traded daily as a commodity on the London Metal Exchange, which has historically been subject to significant price volatility. Because aluminum is priced in U.S. dollars, fluctuations in the U.S. dollar/ euro rate also affect the euro cost of aluminum ingot. The price and foreign currency risk on the aluminum purchases in Metal Beverage Packaging Europe and Metal Beverage Packaging Americas are hedged by entering into swaps under which we pay fixed euro and U.S. dollar prices, respectively. Furthermore, the relative price of oil and its by products may materially impact our business, affecting our transport, lacquer and ink costs.

Where we do not have pass through contracts in relation to the underlying metal raw material cost the Group uses derivative agreements to manage this risk. The Group depends on an active liquid market and available credit lines with counterparty banks to cover this risk. The use of derivative contracts to manage our risk is dependent on robust hedging procedures. Increasing raw material costs over time has the potential, if we are unable to pass on price increases, to reduce sales volume and could therefore have a significant impact on our financial condition. The Group is also exposed to possible interruptions of supply of aluminum and steel or other raw materials and any inability to purchase raw materials could negatively impact our operations.

Production costs in our Glass Packaging division are sensitive to the price of energy. Our main energy exposure is to the cost of gas and electricity. These energy costs have experienced significant volatility in recent years with a corresponding effect on our production costs. In terms of gas, which represents 50% of our energy costs, there is a continuous de coupling between the cost of gas and oil, whereby now only significant changes in the price of oil have an impact on the price of gas. The volatility in gas pricing is driven by shale gas development (United States only), the availability of liquefied natural gas in Europe, as both Europe and Asia compete for shipments, and storage levels. Volatility in the price of electricity is caused by the German Renewable Energy policy, the phasing out of nuclear generating capacity, fluctuations in the price of gas and coal and the influence of carbon dioxide costs on electricity prices.

As a result of the volatility of gas and electricity prices, the Group has either included energy pass through clauses in our sales contracts or developed an active hedging strategy to fix a significant proportion of our energy costs through contractual arrangements directly with our suppliers and/or banks, where there is no energy clause in the sales contract.

Where pass through contracts do not exist, the Group policy is to purchase gas and electricity by entering into forward price fixing arrangements with suppliers for the bulk of our anticipated requirements for the year ahead. Such contracts are used exclusively to obtain delivery of our anticipated energy supplies. The Group does not net settle, nor do we sell within a short period of time after taking delivery. The Group avails of the own use exemption and, therefore, these contracts are treated as executory contracts.

The Group typically builds up these contractual positions in tranches of approximately 10% of the anticipated volumes. Any gas and electricity which is not purchased under forward price fixing arrangements is purchased under index tracking contracts or at spot prices.

Credit risk

Credit risk arises from derivative contracts, cash and deposits held with banks and financial institutions, as well as credit exposures to the Group's customers, including outstanding receivables. Group policy is to place excess liquidity on deposit, only with recognized and reputable financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of "BBB+" from at least two credit rating agencies are accepted, where possible. The credit ratings of banks and financial institutions are monitored to ensure compliance with Group policy. Risk of default is controlled within a policy framework of dealing with high quality institutions and by limiting the amount of credit exposure to any one bank or institution.

Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on going basis, by experienced people within the Group. The Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. Provisions are made, where deemed necessary, and the utilization of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset. For the year ended December 31, 2020, the Group's ten largest customers accounted for approximately 45% of total revenues (2019: 47%). There is no recent history of default with these customers.

Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, money market funds and bank time deposits with appropriate maturities to provide sufficient headroom as determined by the below mentioned forecasts.

Liquidity risk

The Group is exposed to liquidity risk which arises primarily from the maturing of short term and long term debt obligations and from the normal liquidity cycle of the business throughout the course of a year. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due.

To effectively manage liquidity risk, the Group:

- has committed borrowing facilities that it can access to meet liquidity needs;
- maintains cash balances and liquid investments with highly-rated counterparties;
- limits the maturity of cash balances;
- borrows the bulk of its debt needs under long term fixed rate debt securities; and
- has internal control processes to manage liquidity risk.

Cash flow forecasting is performed in the operating entities of the Group and is aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans.

19. Financial assets and liabilities

The Group's net debt was as follows:

	At December 31,	
	2020 $'m	2019 $'m
Loan notes	8,825	7,766
Other borrowings	378	381
Net borrowings	**9,203**	**8,147**
Cash and cash equivalents	(1,298)	(663)
Derivative financial instruments used to hedge foreign currency and interest rate risk	105	32
Net debt	**8,010**	**7,516**

The Group's net borrowings of $9,203 million (2019: $8,147 million) are classified as non-current liabilities of $9,106 million (2019: $8,052 million) and current liabilities of $97 million (2019: $95 million) in the consolidated statement of financial position at December 31, 2020.

At December 31, 2020, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	—
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,227	—
Liabilities guaranteed by the Ardagh Group							
5.250% Senior Secured Notes	USD	700	30-Apr-25	Bullet	700	700	–
4.125% Senior Secured Notes	USD	1,215	15-Aug-26	Bullet	1,215	1,215	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	539	–
2.125% Senior Secured Notes	EUR	790	15-Aug-26	Bullet	790	969	–
6.000% Senior Notes	USD	800	15-Feb-25	Bullet	800	826	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	546	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
5.250% Senior Notes	USD	1,000	15-Aug-27	Bullet	1,000	1,000	–
Global Asset Based Loan Facility	USD	599	07-Dec-22	Revolving	–	–	599
Lease obligations	Various	—		Amortising	–	366	–
Other borrowings/credit lines	Various	—	Rolling	Amortising	–	14	1
Total borrowings / undrawn facilities						**9,332**	**600**
Deferred debt issue costs and bond discounts/bond premium						(129)	–
Net borrowings / undrawn facilities						**9,203**	**600**
Cash and cash equivalents						(1,298)	1,298
Derivative financial instruments used to hedge foreign currency and interest rate risk						105	–
Net debt / available liquidity						**8,010**	**1,898**

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to Group borrowings.

A number of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in certain areas such as incurrence of additional indebtedness (primarily maximum borrowings to Adjusted EBITDA and a minimum Adjusted EBITDA to interest expense), payment of dividends and incurrence of liens. The Global Asset Based Loan Facility is subject to a fixed charge coverage ratio covenant if 90% or more of the facility is drawn. The facility also includes cash dominion, representations, warranties, events of default and other covenants that are generally of a nature customary for such facilities.

At December 31, 2019, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	—
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,123	—
Liabilities guaranteed by the Ardagh Group							
2.750% Senior Secured Notes	EUR	741	15-Mar-24	Bullet	741	832	–
4.250% Senior Secured Notes	USD	695	15-Sep-22	Bullet	695	695	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	493	–
4.125% Senior Secured Notes	USD	500	15-Aug-26	Bullet	500	500	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	528	–
6.000% Senior Notes	USD	1,700	15-Feb-25	Bullet	1,700	1,708	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
Global Asset Based Loan Facility	USD	663	07-Dec-22	Revolving	–	–	663
Lease obligations	Various	–		Amortizing	–	364	–
Other borrowings/credit lines	EUR/USD	–	Rolling	Amortizing	–	22	1
Total borrowings / undrawn facilities						**8,195**	**664**
Deferred debt issue costs and bond premium						(48)	–
Net borrowings / undrawn facilities						**8,147**	**664**
Cash and cash equivalents						(663)	663
Derivative financial instruments used to hedge foreign currency and interest rate risk						32	–
Net debt / available liquidity						**7,516**	**1,327**

The following table summarizes movement in the Group's net debt:

	2020 $'m	2019 $'m
Net increase in cash and cash equivalents per consolidated statement of cash flows	(635)	(98)
Increase/(decrease) in net borrowings and derivative financial instruments	1,129	(1,539)
Increase/(decrease) in net debt	494	(1,637)
Net debt at January 1,	7,516	9,153
Net debt at December 31,	**8,010**	**7,516**

The increase in net borrowings and derivative financial instruments primarily includes proceeds from borrowings of $4.1 billion (2019: $4.0 billion), repayments of borrowings of $3.3 billion (2019: $5.8 billion), a fair value loss on derivative financial instruments used to hedge foreign currency and interest rate risk of $0.1 billion (2019: gain of $0.1 billion), foreign exchange loss on borrowings of $0.2 billion (2019: loss of $0.1 billion), movements in lease obligations of $nil (2019: $0.3 billion), partly offset by an increase to cash and cash equivalents of $0.6 billion (2019: increase of $0.1 billion).

The maturity profile of the Group's Senior Secured Toggle Notes, Senior Secured Notes and Senior Notes is as follows:

	At December 31,	
	2020 $'m	2019 $'m
Within one year or on demand	—	—
Between one and three years	—	695
Between three and five years	1,526	832
Greater than five years	7,426	6,282
Total Senior Secured Toggle Notes, Senior Secured Notes and Senior Notes	**8,952**	**7,809**

The maturity profile of the Group's total borrowings is as follows:

	At December 31,	
	2020 $'m	2019 $'m
Within one year or on demand	97	95
Between one and three years	113	802
Between three and five years	1,588	900
Greater than five years	7,534	6,398
Total borrowings	**9,332**	**8,195**
Deferred debt issue costs and bond discounts/bond premium	(129)	(48)
Net Borrowings	**9,203**	**8,147**

The maturity profile of the contractual undiscounted cash flows related to the Group's lease liabilities is as follows:

	2020 $'m	2019 $'m
Not later than one year	99	88
Later than one year and not later than five years	212	219
Later than five years	152	159
	463	**466**

The table below analyzes the Group's financial liabilities (including interest payable) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

At December 31, 2020	Borrowings $'m	Derivative financial instruments $'m	Trade and other payables $'m
Within one year or on demand	537	104	1,453
Between one and three years	983	26	—
Between three and five years	2,382	—	—
Greater than five years	8,027	—	—

At December 31, 2019	Borrowings $'m	Derivative financial instruments $'m	Trade and other payables $'m
Within one year or on demand	493	17	1,525
Between one and three years	1,587	9	—
Between three and five years	1,604	35	—
Greater than five years	7,004	—	—

The carrying amount and fair value of the Group's borrowings excluding lease obligations are as follows:

At December 31, 2020	Carrying value Amount drawn $'m	 Deferred debt issue costs and premium $'m	 Total $'m	Fair value $'m
Loan notes	8,952	(127)	8,825	9,225
Global Asset Based Loan Facility and other borrowings	14	(2)	12	14
	8,966	**(129)**	**8,837**	**9,239**

At December 31, 2019	Carrying value Amount drawn $'m	 Deferred debt issue costs and premium $'m	 Total $'m	Fair valu e $'m
Loan notes	7,809	(43)	7,766	8,046
Global Asset Based Loan Facility and other borrowings	22	(5)	17	22
	7,831	**(48)**	**7,783**	**8,068**

Financing activity

2020 – Ardagh Group

On April 8, 2020, the Ardagh Group issued $500 million 5.250% Senior Secured Notes due 2025 and on April 9, 2020, the Ardagh Group issued $200 million add-on 5.250% Senior Secured Notes due 2025. Net proceeds from the issuance of the notes were used to redeem in full a $300 million term loan credit facility on April 8, 2020 and for general corporate purposes.

On June 2, 2020, the Ardagh Group issued $1,000 million 5.250% Senior Notes due 2027. The notes are non-fungible mirror notes to the $800 million 5.250% Senior Notes due 2027, issued in August 2019. The net proceeds from the issuance of the notes were used to repurchase, by means of a tender and consent offer, approximately $900 million of the $1,700 million 6.000% Senior Notes due 2025, together with applicable redemption premium and accrued interest.

On June 4, 2020, the Ardagh Group issued $715 million add-on 4.125% Senior Secured Notes due 2026. The notes are an add-on to the $500 million 4.125% Senior Secured Notes due 2026, issued in August 2019. Proceeds from the issuance of the notes, net of expenses, were used to redeem in full the $695 million 4.250% Senior Secured Notes due 2022, together with applicable redemption premium and accrued interest.

On June 10, 2020, the Ardagh Group issued €790 million 2.125% Senior Secured Notes due 2026. The notes are non-fungible mirror notes to the 2.125% Senior Secured Notes due 2026, issued in August 2019. Proceeds from the issuance of the notes, net of expenses, were used to redeem in full the €741 million 2.750% Senior Secured Notes due 2024, together with applicable redemption premium and accrued interest.

On October 23, 2020, the Ardagh Group launched a consent solicitation for consents from holders of the £400m 4.750% Senior Notes due 2027, to approve certain amendments to the Notes indentures. On November 4, 2020, the Ardagh Group obtained majority consents in connection with this consent solicitation.

Lease obligations at December 31, 2020, of $366 million primarily reflect $86 million of new lease liabilities and $9 million of unfavorable foreign currency movements, partly offset by $93 million of principal repayments in the year ended December 31, 2020.

At December 31, 2020 the Ardagh Group had $599 million available under the Global Asset Based Loan Facility.

2019 – ARD Finance Group

On November 20, 2019, the Group issued $1,130 million 6.500% / 7.250% Senior Secured Toggle Notes due 2027 and €1,000 million 5.000% / 5.750% Senior Secured Toggle Notes due 2027. The net proceeds from the issuance and sale of the Notes were used to redeem on November 21, 2019 the €845 million 6.625% / 7.375% Senior Secured Toggle Notes

due 2023 and $770 million 7.125% / 7.875% Senior Secured Toggle Notes due 2023 and to pay applicable redemption premiums and accrued interest in accordance with their terms.

2019 – Ardagh Group

On August 12, 2019, the Ardagh Group issued €440 million 2.125% Senior Secured Notes due 2026, $500 million 4.125% Senior Secured Notes due 2026, and $800 million 5.250% Senior Notes due 2027. The net proceeds from the issuance of these notes were used to redeem on August 13, 2019 the $1,650 million 7.250% Senior Notes due 2024 and to pay applicable redemption premiums and accrued interest in accordance with their terms

Following the completion of the combination of its Food & Specialty business with the business of Exal, on October 31, 2019, the Ardagh Group issued tender offers, at par, in respect of its $715 million 4.250% Senior Secured Notes due 2022, €750 million 2.750% Senior Secured Notes due 2024, €440 million 2.125% Senior Secured Notes due 2026 and $500 million 4.125% Senior Secured Notes due 2026. Following the expiration of the offer on November 28, 2019 notice was given to repurchase the following amounts, $20 million of the $715 million 4.250% Senior Secured Notes due 2022, €9 million of the €750 million 2.750% Senior Secured Notes due 2024, and €1 million of the €440 million 2.125% Senior Secured Notes due 2026. On December 2, 2019, in accordance with the terms of the offer, the redemptions were completed.

On November 14, 2019, the Ardagh Group redeemed $1,000 million 4.625% Senior Secured Notes due 2023 and €440 million 4.125% Senior Secured Notes due 2023, and paid the applicable redemption premiums and accrued interest in accordance with their terms.

On November 29, 2019, the Ardagh Group redeemed €750 million 6.750% Senior Notes due 2024 and paid the applicable redemption premium and accrued interest in accordance with their terms.

Lease obligations of $364 million primarily reflect increases related to $349 million lease liabilities due to initial adoption of IFRS 16 as of January 1, 2019, as well as $169 million of new lease liabilities, partly offset by $84 million of lease liabilities divested at October 31, 2019, $78 million of principal repayments in continuing operations and $14 million of principal repayments in discontinued operation in the year ended December 31, 2019.

As at December 31, 2019, the Ardagh Group had $663 million available under the Global Asset Based Loan Facility. During 2019, the Group reduced the facility size from $850 million to $700 million as a result of the disposal of the Food & Specialty Metal Packaging business.

Effective interest rates

The effective interest rates of borrowings at the reporting date are as follows:

	2020			2019		
	USD	**EUR**	**GBP**	**USD**	**EUR**	**GBP**
6.500%/ 7.250% Senior Secured Toggle Notes due 2027	6.81 %	—	—	6.81 %	—	—
5.000%/ 5.750% Senior Secured Toggle Notes due 2027	—	5.39 %	—	—	5.39 %	—
5.250% Senior Secured Notes due 2025	5.32 %	—	—	—	—	—
4.125% Senior Secured Notes due 2026	4.32 %	—	—	4.37 %	—	—
2.125% Senior Secured Notes due 2026	—	2.33 %	—	—	2.33 %	—
2.125% Senior Secured Notes due 2026	—	3.29 %	—	—	—	—
6.000% Senior Notes due 2025	5.97 %	—	—	6.14 %	—	—
4.750% Senior Notes due 2027	—	—	4.99 %	—	—	4.99 %
5.250% Senior Notes due 2027	5.50 %	—	—	5.50 %	—	—
5.250% Senior Notes due 2027	6.42 %	—	—	—	—	—
2.750% Senior Secured Notes due 2024	—	—	—	—	2.92 %	—
4.250% Senior Secured Notes due 2022	—	—	—	4.52 %	—	—
	Various Currencies					
Lease obligations		5.27 %		—	4.77 %	—

The carrying amounts of the Group's net borrowings are denominated in the following currencies:

	At December 31,	
	2020	2019
	$'m	$'m
Euro	2,767	2,524
U.S. dollar	5,811	5,033
British pound	583	559
Other	42	31
	9,203	**8,147**

The Group has the following undrawn borrowing facilities:

	At December 31,	
	2020	2019
	$'m	$'m
Expiring within one year	1	1
Expiring beyond one year	599	663
	600	**664**

Fair value methodology

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Fair values are calculated as follows:

(i) Senior secured toggle, senior secured and senior notes - The fair value of debt securities in issue is based on valuation techniques in which all significant inputs are based on observable market data and represent Level 2 inputs. In the year ended December 31, 2019 the classification for all senior secured and senior notes was changed from Level 1 to Level 2 based on management's assessment that quoted prices in the market for such debt securities are not regularly available.

(ii) Global Asset Based Loan facility and other borrowings - The estimated value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity and represents Level 2 inputs.

(iii) CCIRS - The fair values of the CCIRS are based on quoted market prices and represent Level 2 inputs.

(iv) Commodity and foreign exchange derivatives - The fair value of these derivatives are based on quoted market prices and represent Level 2 inputs.

Derivative financial instruments

	Assets		Liabilities	
	Fair values $'m	Contractual or notional amounts $'m	Fair values $'m	Contractual or notional amounts $'m
Fair value derivatives				
Metal forward contracts	29	233	6	113
Cross currency interest rate swaps	10	233	115	1,300
Forward foreign exchange contracts	6	367	9	326
NYMEX gas swaps	1	12	—	10
At December 31, 2020	**46**	**845**	**130**	**1,749**

	Assets		Liabilities	
	Fair values $'m	Contractual or notional amounts $'m	Fair values $'m	Contractual or notional amounts $'m
Fair value derivatives				
Metal forward contracts	4	100	10	252
Cross currency interest rate swaps	3	600	35	913
Forward foreign exchange contracts	—	34	13	351
NYMEX gas swaps	—	3	3	24
At December 31, 2019	**7**	**737**	**61**	**1,540**

Derivative instruments with a fair value of $9 million (2019: $4 million) are classified as non-current assets and $37 million (2019: $3 million) as current assets in the consolidated statement of financial position at December 31, 2020. Derivative instruments with a fair value of $26 million (2019: $44 million) are classified as non-current liabilities and $104 million (2019: $17 million) as current liabilities in the consolidated statement of financial position at December 31, 2020.

With the exception of interest on the CCIRS, all cash payments in relation to derivative instruments are paid or received when they mature. Bi-annual and quarterly interest cash payments and receipts are made and received in relation to the CCIRS.

The Ardagh Group mitigates the counterparty risk for derivatives by contracting with major financial institutions which have high credit ratings.

Cross currency interest rate swaps

2020

The Ardagh Group hedges certain of its external borrowings and interest payable thereon using CCIRS, with a net liability at December 31, 2020 of $105 million (December 31, 2019: $32 million net liability).

2019

The Ardagh Group hedges certain of its external borrowings and interest payable thereon using CCIRS, with a net liability at December 31, 2019 of $32 million.

On February 15, 2019 the Ardagh Group's $200 million U.S dollar to euro CCIRS matured. The fair value of these swaps at maturity was $14 million and the cash settlement of these swaps was $14 million. The Ardagh Group entered into a new $200 million U.S dollar to euro CCIRS on March 1, 2019.

On August 12, 2019, the Ardagh Group terminated a number of CCIRS. The total fair value of these swaps at termination was $17 million and the cash receipt on these swaps was $23 million. The Ardagh Group entered into a new $500 million U.S dollar to euro CCIRS on August 12, 2019.

Net investment hedge in foreign operations

The Ardagh Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Ardagh Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Hedges of net investments in foreign operations are accounted for whereby any gain or loss on the hedging instruments relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to an ineffective portion is recognized immediately in the consolidated income statement within finance income or expense respectively. Gains and losses accumulated in other comprehensive income are recycled to the consolidated income statement when the foreign operation is disposed of. The amount that has been recognized in the consolidated income statement due to ineffectiveness is $1 million (2019: $1 million).

Metal forward contracts

The Ardagh Group hedges a substantial portion of its anticipated metal purchases. Excluding conversion and freight costs, the physical metal deliveries are priced based on the applicable indices agreed with the suppliers for the relevant month.

Fair values have been based on quoted market prices and are valued using Level 2 valuation inputs. The fair value of these contracts when initiated is $nil; no premium is paid or received.

Forward foreign exchange contracts

The Ardagh Group operates in a number of currencies and, accordingly, hedges a portion of its currency transaction risk. The fair values are based on Level 2 valuation techniques and observable inputs including the contract prices. The fair value of these contracts when initiated is $nil; no premium is paid or received.

NYMEX gas swaps

The Ardagh Group hedges a portion of its Glass Packaging North America anticipated energy purchases on the New York Mercantile Exchange (“NYMEX”).

Fair values have been based on NYMEX-quoted market prices and Level 2 valuation inputs have been applied. The fair value of these contracts when initiated is $nil; no premium is paid or received.

20. Employee benefit obligations

The Ardagh Group operates defined benefit or defined contribution pension schemes in most of its countries of operation and the assets are held in separately administered funds. The principal funded defined benefit schemes, which are funded by contributions to separately administered funds, are in the United States and the United Kingdom.

Other defined benefit schemes are unfunded and the provision is recognized in the consolidated statement of financial position. The principal unfunded schemes are in Germany.

The contribution rates to the funded plans are agreed with the Trustee boards, plan actuaries and the local pension regulators periodically. The contributions paid in 2020 were those recommended by the actuaries.

In addition, the Ardagh Group has other employee benefit obligations in certain territories.

Total employee obligations recognized in the consolidated statement of financial position of $811 million (2019: $716 million) includes other employee benefit obligations of $117 million (2019: $101 million).

The employee obligations and assets of the defined benefit schemes included in the consolidated statement of financial position are analyzed below:

	U.S.		**Germany**		**UK**		**Other**		**Total**	
	2020 $'m	**2019 $'m**	**2020 $'m**	**2019 $'m**	**2020 $'m**	**2019 $'m**	**2020 $'m**	**2019 $'m**	**2020 $'m**	**2019 $'m**
Obligations	(1,403)	(1,318)	(194)	(176)	(892)	(830)	(29)	(25)	**(2,518)**	**(2,349)**
Assets	1,151	1,139	—	—	663	585	10	10	**1,824**	**1,734**
Net obligations	**(252)**	**(179)**	**(194)**	**(176)**	**(229)**	**(245)**	**(19)**	**(15)**	**(694)**	**(615)**

Defined benefit pension schemes

The amounts recognized in the consolidated income statement are:

	Year ended December 31,	
	2020 $'m	**2019 $'m**
Current service cost and administration costs:		
Cost of sales - current service cost (Note 7)	(27)	(28)
Cost of sales - past service credit/(charge) (Note 7)	8	54
SGA - current service cost (Note 7)	(4)	(3)
	(23)	23
Finance expense (Note 5)	(14)	(18)
	(37)	**5**
Discontinued operation	—	1
	(37)	**6**

The amounts recognized in the consolidated statement of comprehensive income are:

	Year ended December 31,	
	2020	**2019**
	$'m	**$'m**
Re-measurement of defined benefit obligation:		
Actuarial gain/(loss) arising from changes in demographic assumptions	38	(4)
Actuarial loss arising from changes in financial assumptions	(250)	(272)
Actuarial gain/(loss) arising from changes in experience	9	(23)
	(203)	**(299)**
Re-measurement of plan assets:		
Actual return less expected return on plan assets	147	203
Actuarial loss for the year on defined benefit pension schemes	**(56)**	**(96)**
Actuarial loss on other long term and end of service employee benefits	(12)	(6)
	(68)	**(102)**
Discontinued operation	—	(38)
	(68)	**(140)**

The actual return on plan assets was a gain of $191 million in 2020 (2019: $271 million gain).

Movement in the defined benefit obligations and assets:

	At December 31,			
	Obligations		Assets	
	2020	**2019**	**2020**	**2019**
	$'m	**$'m**	**$'m**	**$'m**
At January 1,	(2,349)	(2,503)	1,734	1,673
Interest income	—	—	44	54
Current service cost	(25)	(28)	—	—
Past service credit - net	3	62	—	—
Interest cost	(56)	(72)	—	—
Administration expenses paid from plan assets	—	—	(1)	(1)
Re-measurements	(203)	(351)	147	217
Obligations/(assets) extinguished on reclassification	32	—	(32)	—
Employer contributions	—	—	40	47
Benefits paid	130	151	(130)	(151)
Disposal of Food & Specialty	—	408	—	(123)
Exchange	(50)	(16)	22	18
At December 31,	**(2,518)**	**(2,349)**	**1,824**	**1,734**

The defined benefit obligations above include $203 million (2019: $182 million) of unfunded obligations. Interest income and interest cost above does not include interest cost of $2 million (2019: $3 million) relating to other employee benefit obligations. Current service costs above do not include current service costs of $6 million (2019: $7 million) relating to other employee benefit obligations.

During the year ended December 31, 2019, as part of the 2019 Collective Bargaining Agreement, Glass Packaging North America successfully negotiated a process involving the hourly defined benefit pension plan, moving to a future service only plan. This resulted in the recognition of an exceptional gain of $37 million within the income statement for the year ended December 31, 2019. During the year ended December 31, 2020, the Ardagh Group recognized an exceptional expense of $5 million in relation to the final step of the pension plan actions taken in the prior year.

There was also an $8 million past service credit recognized in October 2019 in respect of the second step in the redesign of the pension scheme in Germany with the first step being in the year ended December 2018 where the Ardagh Group elected to re-design one of its pension schemes in Germany, moving from a defined benefit pension scheme to a contribution orientated system.

During the year ended December 31, 2019, the net defined benefit obligations above also include a movement of $17 million relating to the disposed Food & Specialty Metal Packaging business which had a net defined obligation of $285 million at October 31, 2019. The above movements include $3 million current service costs, $8 million of a past service credit, $4 million net interest expense, $38 million of remeasurement losses and $14 million of benefits paid relating to the Food & Specialty Metal Packaging business.

During the year ended December 31, 2019, the Ardagh Group elected to re-design the pension plans in Metal Beverage Packaging Germany, moving from a current defined benefit scheme into a contribution orientated scheme. This resulted in the recognition of a past service credit of $17 million in the year within the income statement. During the year ended December 31, 2020, the Ardagh Group recognized an $8 million past service credit in respect of the second step of this redesign.

Plan assets comprise:

	At December 31,			
	2020 $'m	**2020 %**	**2019 $'m**	**2019 %**
Equities / multi strategy	1,121	61	1,107	65
Target return funds	256	14	267	15
Bonds	229	13	178	10
Cash/other	218	12	182	10
	1,824	**100**	**1,734**	**100**

The pension assets do not include any of the Company's ordinary shares,securities or other Ardagh Group assets.

Investment strategy

The choice of investments takes account of the expected maturity of the future benefit payments. The plans invest in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The asset classes include national and international equities, fixed income government and non-government securities and real estate, as well as cash.

Characteristics and associated risks

Glass Packaging North America and Metal Beverage Packaging Americas sponsor a defined benefit pension plan which is subject to Federal law ("ERISA"), reflecting regulations issued by the Internal Revenue Service ("IRS") and the U.S. Department of Labor.

The Glass Packaging North America plan covers both hourly and salaried employees. The plan benefits are determined using a formula which reflects an employee's years of service and either their final average salary or a dollar per month benefit level. The plan is governed by a Fiduciary Benefits Committee ("the Committee") which is appointed by the Company and contains only employees of Ardagh Group. The Committee is responsible for the investment of the plan's assets, which are held in a trust for the benefit of employees, retirees and their beneficiaries, and which can only be used to pay plan benefits and expenses.

The defined benefit pension plan is subject to IRS funding requirements with actuaries calculating the minimum and maximum allowable contributions each year. The defined benefit pension plan currently has no cash contribution requirement due to the existence of a credit balance following a contribution of approximately $200 million made in 2014 in connection with the acquisition of Verallia North America. The Pension Benefit Guaranty Corporation ("PBGC") protects the pension benefits of employees and retirees when a plan sponsor becomes insolvent and can no longer meet its obligation. All plan sponsors pay annual PBGC premiums that have two components: a fixed rate based on participant count and a variable rate which is determined based on the amount by which the plan is underfunded.

The Metal Beverage Packaging Americas plan covers hourly employees only. Plan benefits are determined using a formula which reflects the employees' years of service and is based on a final average pay formula.

The Ardagh Group operates a number of defined benefit pension schemes in Germany. The pension plans in Germany operate under the framework of German Company Pension Law (BetrAVG) and general regulations based on German labor law. The entitlements of the plan members depend on years of service and final salary. Furthermore, the plans provide lifelong pensions. No separate assets are held in trust, i.e. the plans are unfunded defined benefit plans. During the years ended December 31, 2019 and 2018, the Group elected to re-design its pension scheme in Germany, moving to a contribution orientated scheme.

The U.K. pension plans are trust based U.K. funded final salary defined benefit schemes providing pensions and lump sum benefits to members and dependents. There is one pension plan in place relating to Metal Beverage Packaging Europe. It is closed to new entrants and was closed to future accrual effective December 31, 2018. For this plan, pensions are calculated based on service to retirement, with members' benefits based on final career earnings. There are two pension plans in place in Glass Packaging Europe. The pension plans relating to Glass Packaging Europe have been closed to

future accrual from March 31, 2013 and September 30, 2015 respectively. The U.K. pension plans are each governed by a board of trustees, which includes members who are independent of the Company. The trustees are responsible for managing the operation, funding and investment strategy. The U.K. pension plans are subject to the U.K. regulatory framework, the requirements of the Pensions Regulator and are subject to a statutory funding objective.

Assumptions and sensitivities

The principal pension assumptions used in the preparation of the financial statements take account of the different economic circumstances in the countries of operations and the different characteristics of the respective plans, including the duration of the obligations.

The ranges of the principal assumptions applied in estimating defined benefit obligations were:

	U.S.		Germany		UK	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Rates of inflation	2.50	2.50	1.50	1.50	2.75	2.90
Rates of increase in salaries	3.00	3.00	2.50	2.50	2.25	2.00
Discount rates	2.55	3.40	0.84 - 1.08	1.20 - 1.48	1.45 - 1.50	2.10 - 2.15

Assumptions regarding future mortality experience are based on actuarial advice in accordance with published statistics and experience.

These assumptions translate into the following average life expectancy in years for a pensioner retiring at age 65. The mortality assumptions for the countries with the most significant defined benefit plans are set out below:

	U.S.		Germany		UK	
	2020 Years	2019 Years	2020 Years	2019 Years	2020 Years	2019 Years
Life expectancy, current pensioners	22	21	22	22	20	21
Life expectancy, future pensioners	23	23	25	24	22	22

If the discount rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would increase by an estimated $204 million (2019: $186 million). If the discount rate were to increase by 50 basis points, the carrying amount of the pension obligations would decrease by an estimated $182 million (2019: $166 million).

If the inflation rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would decrease by an estimated $65 million (2019: $56 million). If the inflation rate were to increase by 50 basis points, the carrying amount of the pension obligations would increase by an estimated $68 million (2019: $63 million).

If the salary increase rate were to decrease by 50 basis points from management estimates, the carrying amount of the pension obligations would decrease by an estimated $67 million (2019: $61 million). If the salary increase rate were to increase by 50 basis points, the carrying amount of the pension obligations would increase by an estimated $71 million (2019: $69 million).

The impact of increasing the life expectancy by one year would result in an increase in the Ardagh Group’s liability of $80 million at December 31, 2020 (2019: $68 million), holding all other assumptions constant.

The Ardagh Group’s best estimate of contributions expected to be paid to defined benefit plans in 2021 is $27 million (2020: $30 million).

The principal defined benefit schemes are described briefly below:

	Metal Beverage Packaging			Glass Packaging		
	Europe UK	Europe Germany	North America	Europe UK	Europe Germany	North America
Nature of the schemes	**Funded**	**Unfunded**	**Funded**	**Funded**	**Unfunded**	**Funded**
2020						
Active members	—	856	829	—	922	3,462
Deferred members	808	195	58	1,240	682	2,631
Pensioners including dependents	475	121	59	815	779	6,689
Weighted average duration (years)	20	20	21	21	19	12
2019						
Active members	—	893	822	—	977	3,827
Deferred members	808	198	44	1,240	689	2,638
Pensioners including dependents	475	117	41	815	783	6,571
Weighted average duration (years)	19	21	20	21	17	12

The expected total benefit payments over the next five years are:

	2021 $'m	2022 $'m	2023 $'m	2024 $'m	2025 $'m	Subsequent five years $'m
Benefits	133	130	132	135	137	654

The Ardagh Group also has defined contribution plans; the contribution expense associated with these plans for 2020 was $47 million (2019: $40 million). The Group's best estimate of the contributions expected to be paid to these plans in 2021 is $50 million (2020: $44 million).

Other employee benefits

	At December 31,	
	2020 $'m	2019 $'m
End of service employee benefits	3	2
Post-employment benefits	114	99
	117	**101**

End of service employee benefits principally comprise amounts due to be paid to employees leaving the Ardagh Group's service in Poland and Italy.

Post-employment benefit obligations comprise amounts due to be paid under post retirement medical schemes in Glass Packaging North America and Metal Beverage Packaging Americas, partial retirement contracts in Germany and other obligations to pay benefits primarily related to long service awards.

21. Provisions

	At December 31,	
	2020 $'m	2019 $'m
Current	55	54
Non-current	55	29
	110	**83**

	Restructuring $'m	Other provisions $'m	Total provisions $'m
At January 1, 2019	**20**	**106**	**126**
Provided	16	91	107
Released	(1)	(18)	(19)
Paid	(21)	(89)	(110)
Disposal of Food & Specialty	(9)	(11)	(20)
Exchange	—	(1)	(1)
At December 31, 2019	**5**	**78**	**83**
Provided	1	49	50
Released	(1)	(8)	(9)
Paid	(1)	(15)	(16)
Exchange	—	2	2
At December 31, 2020	**4**	**106**	**110**

The restructuring provision relates to redundancy and other restructuring costs. Other provisions relate to probable environmental claims, customer quality claims, tax deferrals arising from the CARES Act and specifically in Glass Packaging North America, workers' compensation provisions. In addition to the aforementioned, provisions also include non-current amounts in respect of annual, long-term (three-year), cash bonus incentive programs for senior management of the Ardagh Group, of approximately $17 million. Current amounts in respect of long term incentive programs are included in trade and other payables.

The provisions classified as current are expected to be paid in the next twelve months. The majority of the restructuring provision is expected to be paid in 2021. The remaining balance represents longer term provisions for which the timing of the related payments is subject to uncertainty.

22. Trade and other payables

	At December 31,	
	2020 $'m	2019 $'m
Trade payables	1,137	1,166
Other payables and accruals	275	288
Other tax and social security payable	130	109
Payables and accruals for exceptional items	41	71
	1,583	**1,634**

The fair values of trade and other payables approximate the amounts shown above.

Other payables and accruals mainly comprise accruals for operating expenses, deferred income and value added tax payable.

23. Related party balances

At December 31, 2020, ARD Finance S.A. had related party loan receivable balances of $332 million (2019: $342 million) with ARD Securities Finance Sarl. During the year ended December 31, 2019, $322 million of proceeds from the issuance of the $1,130 million 6.500% / 7.250% Senior Secured Toggle Notes due in 2027 were lent by ARD Finance S.A. to ARD Securities Finance Sarl, on terms which mirrored the 2027 USD Senior Secured Toggle Notes ("2027 6.51% USD Mirror Toggle Notes").

During the year ended December 31, 2020, ARD Finance S.A. issued loans of $25m to ARD Securities Finance Sarl. During the year ended December 31, 2020, ARD Securities Finance Sarl repaid loans of $42m to ARD Finance S.A..

24. Cash generated from operating activities

	Year ended December 31,	
	2020	2019
	$'m	$'m
Loss from continuing operations	**(98)**	**(486)**
Income tax charge (Note 6)	10	44
Net finance expense (Note 5)	449	861
Depreciation and amortization (Notes 8, 9)	688	652
Exceptional operating items (Note 4)	58	53
Share of post-tax loss in equity accounted joint venture (Note 11)	48	49
Movement in working capital	(31)	105
Transaction-related, start-up and other exceptional costs paid	(86)	(87)
Exceptional restructuring paid	(1)	(12)
Cash generated from continuing operations	**1,037**	**1,179**

25. Business combinations and disposals

On October 31, 2019, the Ardagh Group completed the combination of Food & Specialty Metal Packaging business with the business of Exal to form Trivium. Consequently, Food & Specialty Metal Packaging business has been accounted for as a discontinued operation in the year ended December 31, 2020 and 2019 and the previous year has been represented accordingly below.

Results of discontinued operation

	Year ended December 31,	
	2020	2019
	$'m	$'m
Revenue	–	2,003
Expenses	–	(1,769)
Profit before tax	**–**	**234**
Income tax charge	–	(19)
Profit from discontinued operation after tax	**–**	**215**
Gain on disposal of discontinued operation, net of costs of disposal and tax	22	1,527
Profit from discontinued operation	**22**	**1,742**
Total comprehensive income from discontinued operation	22	1,741

In 2019, the Ardagh Group recognized a significant gain on the transaction on closing, which is detailed below. During the year ended December 31, 2020, the Ardagh Group recognized a credit of $22 million, primarily as a result of a gain arising from the remeasurement of consideration for the disposal.

The cash consideration and the net assets disposed in the transaction were as follows:

	Year ended December 31,
	2019
	$'m
Cash consideration	2,573
42% equity investment in Trivium	412
	2,985
Non-current assets	1,717
Current assets	805
Total assets	**2,522**
Non-current liabilities	542
Current liabilities	555
Total liabilities	**1,097**
Net assets disposed	**(1,425)**
Cumulative foreign currency translation adjustments	(27)
Gain on disposal of discontinued operation	**1,533**

The net cash flow relating to the disposal is summarized below:

	2020 $'m	2019 $'m
Cash consideration	32	2,573
Cash and cash equivalents disposed	–	(18)
Net proceeds from disposal *	**32**	**2,555**

* Please refer to the proceeds from disposal of discontinued operation, net of cash disposed of, as presented on the consolidated statement of cashflows.

26. Related party information

(i) Interests of Paul Coulson

As of April 6, 2021, the approval date of these financial statements, a company owned by Paul Coulson owns approximately 25% of the issued share capital of ARD Holdings S.A., the ultimate parent company. Through its non-controlling interest in the Yeoman group of companies, this company has an interest in a further approximate 34% of the issued share capital of ARD Holdings S.A..

(ii) Yeoman Capital S.A

At December 31, 2020, Yeoman Capital S.A. owned approximately 34% of the ordinary shares of ARD Holdings S.A..

(iii) Common directorships

Two of the ARD Finance S.A. directors (Paul Coulson and Hermanus Troskie) also serve as directors in the Yeoman group of companies. All of the existing directors of ARD Finance S.A. are members of the board of directors of ARD Holdings S.A..

(iv) Joint ventures

The Group's interests held in joint ventures are related parties and these are set out in further detail in notes 10 and 11. Transactions with joint ventures were not material for any of the years presented.

(v) Key management compensation

Key management are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management is comprised of the members who served on the board of directors of Ardagh Group S.A. and the Ardagh Group's executive leadership team during the reporting period. The amount outstanding at year end was $8 million (2019: $5 million).

	Year ended December 31,	
	2020 $'m	2019 $'m
Salaries and other short-term employee benefits	18	14
Post-employment benefits	1	—
	19	**14**
Other compensation	1	6
	20	**20**

(vi) Pension schemes

The Ardagh Group's pension schemes are related parties. For details of all transactions during the year, please see Note 20.

(vii) Related party balances

With the exception of the balances outlined in (i) to (vi) above and the balance in Note 23, there are no additional material balances outstanding with related parties at December 31, 2020.

(viii) Related party transactions

During the year ended December 31, 2020, the Company paid dividends of $42 million (2019: $106 million) to ARD Securities Finance Sarl, its parent company.

(ix) Toggle / PIK Notes

In November 2019, ARD Finance S.A. issued the Toggle Notes to, among other things, refinance certain toggle notes issued by it in September 2016 (the "September 2016 Toggle Notes") and certain PIK notes issued by ARD Securities Finance Sarl in January 2018 ("January 2018 PIK Notes"). Certain directors of Ardagh Group S.A. that held September 2016 Toggle Notes and January 2018 PIK Notes prior to the refinancing acquired and hold Toggle Notes issued in the refinancing.

(x) Subsidiaries

The following table provides information relating to the Ardagh Group’s principal operating subsidiaries, all of which are wholly owned, at December 31, 2020.

Company	Country of incorporation	Activity
Ardagh Metal Beverage Manufacturing Austria GmbH	Austria	Metal Beverage Packaging
Ardagh Metal Beverage Trading Austria GmbH	Austria	Metal Beverage Packaging
Latas Indústria de Embalagens de Alumínio do Brasil Ltda.	Brazil	Metal Beverage Packaging
Ardagh Indústria de Embalagens de Metálicas do Brasil Ltda.	Brazil	Metal Beverage Packaging
Ardagh Glass Holmegaard A/S	Denmark	Glass Packaging
Ardagh Metal Beverage Trading France SAS	France	Metal Beverage Packaging
Ardagh Metal Beverage France SAS	France	Metal Beverage Packaging
Ardagh Glass GmbH	Germany	Glass Packaging
Heye International GmbH	Germany	Glass Engineering
Ardagh Metal Beverage Trading Germany GmbH	Germany	Metal Beverage Packaging
Ardagh Metal Beverage Germany GmbH	Germany	Metal Beverage Packaging
Ardagh Glass Sales Limited	Ireland	Glass Packaging
Ardagh Glass Italy S.r.l.	Italy	Glass Packaging
Ardagh Glass Dongen B.V.	Netherlands	Glass Packaging
Ardagh Glass Moerdijk B.V.	Netherlands	Glass Packaging
Ardagh Metal Beverage Trading Netherlands B.V.	Netherlands	Metal Beverage Packaging
Ardagh Metal Beverage Netherlands B.V.	Netherlands	Metal Beverage Packaging
Ardagh Glass S.A.	Poland	Glass Packaging
Ardagh Metal Beverage Trading Poland Sp. z o.o	Poland	Metal Beverage Packaging
Ardagh Metal Beverage Poland Sp. z o.o	Poland	Metal Beverage Packaging
Ardagh Metal Beverage Trading Spain SL	Spain	Metal Beverage Packaging
Ardagh Metal Beverage Spain SL	Spain	Metal Beverage Packaging
Ardagh Glass Limmared AB	Sweden	Glass Packaging
Ardagh Metal Beverage Europe GmbH	Switzerland	Metal Beverage Packaging
Ardagh Glass Limited	United Kingdom	Glass Packaging
Ardagh Metal Beverage Trading UK Limited	United Kingdom	Metal Beverage Packaging
Ardagh Metal Beverage UK Limited	United Kingdom	Metal Beverage Packaging
Ardagh Metal Beverage USA Inc.	United States	Metal Beverage Packaging
Ardagh Glass Inc.	United States	Glass Packaging
Ardagh Glass Packaging Inc. *	United States	Glass Packaging

*Ardagh Glass Packaging Inc. is the Group’s subsidiary which has acquired the Longhorn glass manufacturing facility located in Houston, Texas on March 15, 2021.

27. Contingencies

Environmental issues

The Ardagh Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of metal packaging and surface treatment using solvents;
- the operation of installations for manufacturing of container glass;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination;
- the design, characteristics, collection and recycling of its packaging products; and
- the manufacturing, sale and servicing of machinery and equipment for the container glass and metal packaging industry.

The Ardagh Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amounts accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Ardagh Group arising under environmental laws are pending.

Legal matters

In 2015, the German competition authority (the Federal Cartel Office) initiated an investigation of the practices in Germany of metal packaging manufacturers, including the Ardagh Group's Food & Specialty Metal Packaging business which was sold to Trivium. In 2018, the European Commission took over this investigation and the German investigation is, as a result, at an end. Ardagh Group S.A has agreed to provide an indemnity in respect of certain losses that Trivium might incur in connection with this investigation. The European Commission's investigation is ongoing, and there is, at this stage no certainty as to the extent of any charge which may arise. Accordingly, no provision or indemnification liability has been recognized.

With the exception of the above legal matters, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, are expected to have a material adverse effect on its business, financial condition, results of operations or cash flows.

28. Other information

COVID-19

The COVID-19 global pandemic and measures to prevent its spread, including restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events, has impacted our business in a number of ways including as a result of the impact of reduced global economic activity which resulted in lower demand for some of our customers' products and, therefore, certain of the products we manufacture.

During the year ended December 31, 2020 our glass business, in particular, was affected, and experienced reductions in customer demand and therefore revenue as a direct consequence of the various global lockdowns and the related impact to "on-premise" sales. The impact was particularly evident in the second quarter of the year. Gradual relaxation of governmental measures to prevent the spread of the virus, in the second half of the year ended December 31, 2020 resulted in a sequential improvement in customer demand for our glass packaging products.

COVID-19 may continue to have an adverse affect on our business and operations, including potential disruptions to our supply chain and workforce. Although our production has not been significantly impacted to date, our plants may be required to curtail or cease production in order to respond to any future measures which may arise in order to prevent the spread of COVID-19. In addition, the pandemic may in the future impact on capital markets which could impact our cost of borrowing. During the year ended December 31, 2020, incremental COVID-19 related costs, including safety and cleaning costs, were incurred throughout the Ardagh Group.

The ultimate significance of the disruptions arising as a result of COVID-19, including the extent of their adverse impact on our financial and operational results, will be determined by the duration of the ongoing pandemic, its severity in the markets that we serve and the nature and efficacy of government and other regulatory responses, protective measures and vaccination programs and the related impact on macroeconomic activity and consumer behavior.

Our response to the COVID-19 pandemic across our business operations can be summarized as follows, in addition to our assessment of Going Concern and availability liquidity as outlined in Note 2 and Note 18, respectively:

Business Continuity

The Ardagh Group is a leading supplier of consumer packaging solutions, comprising metal beverage cans and glass containers, primarily for the beverage and food end markets in Europe, North America and Brazil. In the markets it operates in, the Ardagh Group is an essential provider of packaging to the beverage and food supply chain. The Ardagh Group's people are deemed "Essential Critical Infrastructure Workers" under the guidance of the U.S. Department of Homeland Security, as are its customers. Where other governments issued guidance, the Ardagh Group received equivalent designations in all other countries where it operates. The Ardagh Group have and will continue to manage its capacity in response to the evolution of demand for the products it manufactures.

Employee health and safety

The health and safety of the Ardagh Group's 16,400 employees and their families and communities, as well as its contractors, suppliers and customers has been its highest priority since the outbreak of COVID-19. The Ardagh Group established a Group-wide task force to ensure an effective and consistent response across its business. Regular updates have been issued and a dedicated intranet site established to facilitate effective communication of recommendations, policies and procedures. Communication with all stakeholders has been a core element in its response. Measures continue to evolve in line with best practice and with recommendations by national health authorities and the World Health Organization. Initiatives introduced to date have included: enhanced hygiene procedures in all locations, including temperature screening and increased cleaning in its production facilities; increased investment in personal protective equipment; adapting work practices and routines to ensure social distancing; establishing procedures for self-isolation; travel advisories including restrictions on all non-essential travel, prior to broader restrictions on any travel; restrictions on

visitors to its production facilities or by employees to external facilities; actively encouraging and ultimately requiring remote working for non-operational personnel, and enhancing its IT capability to facilitate increased remote working.

29. Events after the reporting period

Combination of Ardagh Metal Packaging with Gores Holdings V

On February 22, 2021, the Ardagh Group entered into a business combination agreement with Gores Holdings V Inc., a special purpose acquisition company sponsored by an affiliate of The Gores Group ("Gores Holdings V") for the purpose of effecting a merger, acquisition, or similar business combination, under which Gores Holdings V will combine with Ardagh Group's metal packaging business that will be held by an Ardagh Group wholly owned subsidiary, Ardagh Metal Packaging S.A. ("Ardagh Metal Packaging" or "AMP") to create an independent, pure-play beverage can business, public company. AMP also announced its intention to apply to list its shares on the NYSE.

AMP will hold Ardagh Group's metal packaging business, which is a leading supplier of beverage cans globally, with a particular focus on the Americas and Europe. Headquartered, in Luxembourg, the business supplies sustainable and infinitely-recyclable metal packaging to a diversified customer base of leading global, regional and national beverage producers. Ardagh's metal packaging business operates 23 production facilities in Europe and the Americas, employs approximately 4,900 people and recorded revenues of $3.5 billion in 2020. AMP will be a global leader in the supply of sustainable and infinitely-recyclable beverage cans that has a leading presence in the Americas and Europe and is the second-largest beverage can producer in Europe and the third-largest in North America and Brazil.

Additional investors have committed to participate in the proposed business combination by purchasing 60 million shares of AMP for an aggregate purchase price of $600 million in a private placement at $10.00. In connection with the transactions, on March 12, 2021, two affiliates of the Ardagh Group (the "Co-Issuers") issued green bonds of $2.8 billion equivalent, consisting of €450 million 2.000% Senior Secured Notes due 2028, $600 million 3.250% Senior Secured Notes due 2028, €500 million 3.000% Senior Notes due 2029 and $1,050 million 4.000% Senior Notes due 2029 (the "AMP Bond Issuance"). Assuming no share redemptions by the public stockholders of Gores Holdings V, approximately $525 million in cash held in Gores Holdings V's trust account, together with the $600 million in private placement proceeds and approximately $2.3 billion of the new debt raised by AMP, will be used to pay up to $3.4 billion in cash to the Ardagh Group, as well as to pay transaction expenses with the remainder of the AMP Bond Issuance used for general corporate purposes. Upon closing of the transactions, assuming no redemptions by Gores Holdings V's public stockholders, the Ardagh Group will retain an equity interest in AMP of approximately 80%, the investors in the private placement will hold approximately 10% and Gores Holdings V's stockholders and its sponsor will hold approximately 10%. The Ardagh Group intends to remain a committed, long-term majority shareholder of AMP. The cash proceeds from the transactions will be used to reduce net debt at the Ardagh Group.

The proposed business combination, which has been approved by the boards of directors of both Ardagh Group S.A. and Gores Holdings V, is expected to close in the second quarter of 2021, subject to receipt of Gores Holdings V stockholder approval, approval of AMP's shares for listing on the NYSE, the satisfaction of the condition to the Ardagh Group's obligations that it receives at least $3 billion in cash from the transactions and the satisfaction or waiver of other customary closing conditions.

Prior to the closing of the business combination, the Ardagh Group effected on and or about April 1, 2021 a series of transactions that resulted in (a) the equity interests of Ardagh Packaging Holdings Limited, an Irish subsidiary of the Ardagh Group, and certain other subsidiaries of the Ardagh Group that are engaged in the metal beverage can business (the "AMP Business") being directly or indirectly owned by Ardagh Metal Packaging (all such entities collectively, the "AMP Entities") and (b) any assets and liabilities relating to the business of the Ardagh Group (other than the AMP Business) that are held by the AMP Entities being transferred to subsidiaries of the Ardagh Group that are not AMP Entities, and assets and liabilities relating to the AMP Business that are held by subsidiaries of the Ardagh Group (other than the AMP Entities) being transferred to the AMP Entities (such transactions, collectively, the "AMP Transfer"). On completion of the AMP Transfer on April 1, 2021, $2.3 billion of the AMP Bond Issuance was paid to Ardagh Group S.A. on the release of the proceeds of the AMP Bond Issuance from escrow.

In connection with the AMP Bond Issuance, the Company and Ardagh Group S.A. have designated the Co-Issuers and the AMP entities as unrestricted subsidiaries under its existing bond indentures and the ABL Facility.

Dividend declared and other events subsequent to the reporting period

On February 15, 2021, the Ardagh Group approved a cash dividend of $0.15 per common share.

On March 30, 2021, the board approved an interim dividend of $15.2 million payable to ARD Securities Finance Sarl.

On April 1, 2021, the Company made a special equity reserve contribution of $7.8 million to its subsidiary ARD Group Finance Holding S.A..