

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark one)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended

March 31, 2023

or

- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-9576



O-I GLASS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-2781933
(IRS Employer
Identification No.)

One Michael Owens Way , Perrysburg , Ohio
(Address of principal executive offices)

43551
(Zip Code)

Registrant's telephone number, including area code: (567) 336-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$.01 par value	OI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
The number of shares of common stock, par value \$.01, of O-I Glass, Inc. outstanding as of March 31, 2023 was 155,274,200 .

Item 1. Financial Statements.

The Condensed Consolidated Financial Statements of O-I Glass, Inc. (the “Company”) presented herein are unaudited but, in the opinion of management, reflect all adjustments necessary to present fairly such information for the periods and at the dates indicated. All adjustments are of a normal recurring nature. Because the following unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Article 10 of Regulation S-X, they do not contain all information and footnotes normally contained in annual consolidated financial statements; accordingly, they should be read in conjunction with the Consolidated Financial Statements and notes thereto appearing in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

The term “Company,” as used herein and unless otherwise stated or indicated by context, refers to Owens-Illinois, Inc. (“O-I”) prior to the Corporate Modernization (as discussed in Note 10) and to O-I Glass, Inc. (“O-I Glass”) after the Corporate Modernization.

O-I GLASS, INC.
CONDENSED CONSOLIDATED RESULTS OF OPERATIONS
(Dollars in millions, except per share amounts)
(Unaudited)

	Three months ended	
	March 31,	
	2023	2022
Net sales	\$ 1,831	\$ 1,692
Cost of goods sold	(1,347)	(1,388)
Gross profit	484	304
Selling and administrative expense	(147)	(119)
Research, development and engineering expense	(19)	(23)
Interest expense, net	(68)	(66)
Equity earnings	30	23
Other income (expense), net	(10)	51
Earnings before income taxes	270	170
Provision for income taxes	(60)	(48)
Net earnings	210	122
Net earnings attributable to non-controlling interests	(4)	(34)
Net earnings attributable to the Company	<u>\$ 206</u>	<u>\$ 88</u>
Basic earnings per share:		
Net earnings attributable to the Company	\$ 1.33	\$ 0.56
Weighted average shares outstanding (thousands)	<u>154,696</u>	<u>155,849</u>
Diluted earnings per share:		
Net earnings attributable to the Company	\$ 1.29	\$ 0.55
Weighted average diluted shares outstanding (thousands)	<u>159,094</u>	<u>158,798</u>

See accompanying notes.

O-I GLASS, INC.
CONDENSED CONSOLIDATED COMPREHENSIVE INCOME
(Dollars in millions)
(Unaudited)

	Three months ended	
	March 31,	
	2023	2022
Net earnings	\$ 210	\$ 122
Other comprehensive income (loss):		
Foreign currency translation adjustments	161	135
Pension and other postretirement benefit adjustments, net of tax	(3)	18
Change in fair value of derivative instruments, net of tax	(21)	3
Other comprehensive income	137	156
Total comprehensive income	347	278
Comprehensive income attributable to non-controlling interests	(7)	(39)
Comprehensive income attributable to the Company	<u>\$ 340</u>	<u>\$ 239</u>

See accompanying notes.

O-I GLASS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(Unaudited)

	March 31, 2023	December 31, 2022	March 31, 2022
Assets			
Current assets:			
Cash and cash equivalents	\$ 480	\$ 773	\$ 519
Trade receivables, net of allowance of \$ 32 million, \$ 28 million, and \$ 30 million at March 31, 2023, December 31, 2022 and March 31, 2022	997	760	900
Inventories	1,019	848	837
Prepaid expenses and other current assets	256	222	234
Total current assets	2,752	2,603	2,490
Property, plant and equipment, net	3,062	2,962	2,833
Goodwill	1,867	1,813	1,863
Intangibles, net	267	262	283
Other assets	1,477	1,421	1,408
Total assets	<u>\$ 9,425</u>	<u>\$ 9,061</u>	<u>\$ 8,877</u>
Liabilities and share owners' equity			
Current liabilities:			
Accounts payable	\$ 1,304	\$ 1,355	\$ 1,169
Short-term loans and long-term debt due within one year	345	345	67
Other liabilities	606	657	514
Total current liabilities	2,255	2,357	1,750
Long-term debt	4,422	4,371	4,621
Paddock support agreement liability			625
Other long-term liabilities	861	805	779
Share owners' equity	1,887	1,528	1,102
Total liabilities and share owners' equity	<u>\$ 9,425</u>	<u>\$ 9,061</u>	<u>\$ 8,877</u>

See accompanying notes.

O-I GLASS, INC.
CONDENSED CONSOLIDATED CASH FLOWS
(Dollars in millions)
(Unaudited)

	Three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net earnings	\$ 210	\$ 122
Non-cash charges		
Depreciation and amortization	118	116
Pension expense	7	8
Gain on sale of divested business		(55)
Cash payments		
Pension contributions	(6)	(6)
Cash paid for restructuring activities	(6)	(4)
Change in components of working capital	(536)	(259)
Other, net (a)	20	5
Cash utilized in operating activities	(193)	(73)
Cash flows from investing activities:		
Cash payments for property, plant and equipment	(95)	(96)
Contributions and advances to joint ventures	(3)	
Cash proceeds on disposal of other businesses and misc. assets		96
Net cash payments for hedging activity		(2)
Cash utilized in investing activities	(98)	(2)
Cash flows from financing activities:		
Changes in borrowings, net	(5)	(112)
Payment of finance fees		(20)
Shares repurchased	(10)	(10)
Net cash payments for hedging activity		(7)
Issuance of common stock and other	(1)	(3)
Cash utilized in financing activities	(16)	(152)
Effect of exchange rate fluctuations on cash	14	21
Change in cash	(293)	(206)
Cash at beginning of period	773	725
Cash at end of period	\$ 480	\$ 519

(a) Other, net includes other non-cash charges plus other changes in non-current assets and liabilities.

See accompanying notes.

O-I GLASS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Tabular data dollars in millions, except per share amounts

1. Segment Information

The Company has two reportable segments and two operating segments based on its geographic locations: the Americas and Europe. These two segments are aligned with the Company's internal approach to managing, reporting, and evaluating performance of its global glass operations. Certain assets and activities not directly related to one of the segments or to glass manufacturing are reported with Retained corporate costs and other. These include licensing, equipment manufacturing, global engineering, certain equity investments and the remaining businesses in the Asia Pacific region that do not meet the criteria of an individually reportable segment after the sale of the Company's Australia and New Zealand businesses in 2020. Retained corporate costs and other also includes certain headquarters administrative and facilities costs and certain incentive compensation and other benefit plan costs that are global in nature and are not allocable to the reportable segments.

The Company's measure of profit for its reportable segments is segment operating profit, which consists of consolidated earnings before interest income, interest expense, and provision (benefit) for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations and other adjustments, as well as certain retained corporate costs. The Company's management, including the chief operating decision maker (defined as our chief executive officer), uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit for reportable segments includes an allocation of some corporate expenses based on both a percentage of sales and direct billings based on the costs of specific services provided. Segment operating profit is not a recognized term under accounting principles generally accepted in the United States ("U.S. GAAP") and, therefore, does not purport to be an alternative to earnings before income taxes. Further, the Company's measure of segment operating profit may not be comparable to similarly titled measures of other companies.

Financial information for the three months ended March 31, 2023 and 2022 regarding the Company's reportable segments is as follows:

	Three months ended March 31,	
	2023	2022
Net sales:		
Americas	\$ 1,000	\$ 940
Europe	799	708
Reportable segment totals	1,799	1,648
Other	32	44
Net sales	<u>\$ 1,831</u>	<u>\$ 1,692</u>

	Three months ended March 31,	
	2023	2022
Earnings before income taxes	\$ 270	\$ 170
Items excluded from segment operating profit:		
Retained corporate costs and other	60	50
Gain on sale of divested business		(55)
Interest expense, net	68	66
Segment operating profit	<u>\$ 398</u>	<u>\$ 231</u>
Americas	\$ 176	\$ 129
Europe	222	102
Reportable segment totals	<u>\$ 398</u>	<u>\$ 231</u>

Financial information regarding the Company's total assets is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Total assets:			
Americas	\$ 5,341	\$ 5,109	\$ 5,097
Europe	3,639	3,392	3,378
Reportable segment totals	8,980	8,501	8,475
Other	445	560	402
Consolidated totals	<u>\$ 9,425</u>	<u>\$ 9,061</u>	<u>\$ 8,877</u>

2. Revenue

Revenue is recognized at a point in time when obligations under the terms of the Company's contracts and related purchase orders with its customers are satisfied. This occurs with the transfer of control of glass containers, which primarily takes place when products are shipped from the Company's manufacturing or warehousing facilities to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimated provisions for rebates, discounts, returns and allowances. Amounts billed to customers related to shipping and handling or other pass-through items are included in net sales in the Condensed Consolidated Results of Operations. Sales, value-added, and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. The Company's payment terms are based on customary business practices and can vary by customer type. The term between invoicing and when payment is due is not significant. Also, the Company elected to account for shipping and handling costs as a fulfillment cost at the time of shipment.

For the three-month periods ended March 31, 2023 and March 31, 2022, the Company had no material bad debt expense, and there were no material contract assets, contract liabilities or deferred contract costs recorded on the Condensed Consolidated Balance Sheets.

The following tables for the three months ended March 31, 2023 and 2022 disaggregate the Company's revenue by customer end use:

	Three months ended March 31, 2023		
	Americas	Europe	Total
Alcoholic beverages (beer, wine, spirits)	\$ 609	\$ 604	\$ 1,213
Food and other	218	126	344
Non-alcoholic beverages	173	69	242
Reportable segment totals	<u>\$ 1,000</u>	<u>\$ 799</u>	<u>\$ 1,799</u>
Other			32
Net sales			<u>\$ 1,831</u>

	Three months ended March 31, 2022		
	Americas	Europe	Total
Alcoholic beverages (beer, wine, spirits)	\$ 575	\$ 536	\$ 1,111
Food and other	214	110	324
Non-alcoholic beverages	151	62	213
Reportable segment totals	<u>\$ 940</u>	<u>\$ 708</u>	<u>\$ 1,648</u>
Other			44
Net sales			<u>\$ 1,692</u>

3. Credit Losses

The Company is exposed to credit losses primarily through its sales of glass containers to customers. The Company's trade receivables from customers are due within one year or less. The Company assesses each customer's ability to pay for the glass containers it sells to them by conducting a credit review. The credit review considers the expected billing exposure and timing for payment and the customer's established credit rating or the Company's assessment of the customer's creditworthiness, based on an analysis of their financial statements when a credit rating is not available. The Company also considers contract terms and conditions, country and political risk, and business strategy in its evaluation. A credit limit is established for each customer based on the outcome of this review. The Company may require collateralized asset support or a prepayment to mitigate credit risk. The Company monitors its ongoing credit exposure through the active review of customer balances against contract terms and due dates, including timely account reconciliation, dispute resolution and payment confirmation. The Company may employ collection agencies and legal counsel to pursue the recovery of defaulted receivables.

At March 31, 2023 and March 31, 2022, the Company reported \$ 997 million and \$ 900 million of accounts receivable, respectively, net of allowances of \$ 32 million and \$ 30 million, respectively. Changes in the allowance were not material for each of the three months ended March 31, 2023 and March 31, 2022.

4. Inventories

Major classes of inventory at March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 800	\$ 667	\$ 676
Raw materials	171	137	121
Operating supplies	48	44	40
	<u>\$ 1,019</u>	<u>\$ 848</u>	<u>\$ 837</u>

5. Derivative Instruments

The Company has certain derivative assets and liabilities, which consist of natural gas forwards and collars, foreign exchange option and forward contracts, interest rate swaps and cross-currency swaps. The valuation of these instruments is determined primarily using the income approach, including discounted cash flow analysis on the expected cash flows of each derivative. Natural gas prices, foreign exchange rates and interest rates are the significant inputs into the valuation models. The Company also evaluates counterparty risk in determining fair values. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. Estimates of the fair value of foreign currency and commodity derivative

instruments are determined using exchange traded prices and rates. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. These inputs are observable in active markets over the terms of the instruments the Company holds, and, accordingly, the Company classifies its derivative assets and liabilities as Level 2 in the hierarchy.

Commodity Forward Contracts and Collars Designated as Cash Flow Hedges

The Company has entered into commodity forward contracts and collars related to forecasted natural gas requirements, the objective of which are to limit the effects of fluctuations in future market prices of natural gas and the related volatility in cash flows.

An unrecognized loss of \$ 12 million at March 31, 2023 and an unrecognized loss of \$ 1 million at December 31, 2022 related to the commodity forward contracts and collars was included in Accumulated other comprehensive income ("Accumulated OCI"), and will be reclassified into earnings over the next 12 months..

Cash Flow Hedges of Foreign Exchange Risk

The Company has variable interest rate borrowings denominated in currencies other than the functional currency of the borrowing subsidiaries. As a result, the Company is exposed to fluctuations in the currency of the borrowing against the subsidiaries' functional currency. In addition, one of the Company's non-U.S. dollar-functional-currency subsidiaries purchases a raw material in the normal course of business for use in glass container production that is priced in U.S. dollars. Such purchases expose the Company to exchange rate fluctuations. The Company uses derivatives to manage these exposures and designates these derivatives as cash flow hedges of foreign exchange risk.

An unrecognized gain of \$ 0 million at March 31, 2023, an unrecognized gain of \$ 1 million at December 31, 2022 and an unrecognized gain of \$ 1 million at March 31, 2022, related to these cross-currency swaps, were included in Accumulated OCI, and will be reclassified into earnings within the next 12 months.

Fair Value Hedges of Foreign Exchange Risk

The Company has fixed and variable interest rate borrowings denominated in currencies other than the functional currency of the borrowing subsidiaries. As a result, the Company is exposed to fluctuations in the currency of the borrowing against the subsidiaries' functional currency. The Company uses derivatives to manage these exposures and designates these derivatives as fair value hedges of foreign exchange risk. Approximately \$ 19 million, \$ 16 million and \$ 5 million of the components were excluded from the assessment of effectiveness and are included in Accumulated OCI at March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

Interest Rate Swaps Designated as Fair Value Hedges

The Company enters into interest rate swaps in order to maintain a capital structure containing targeted amounts of fixed and floating-rate debt and manage interest rate risk. The Company's fixed-to-variable interest rate swaps are accounted for as fair value hedges. The relevant terms of the swap agreements match the corresponding terms of the notes, and therefore, there is no hedge ineffectiveness. The Company recorded the net of the fair market values of the swaps as a long-term liability and short-term asset, along with a corresponding net decrease in the carrying value of the hedged debt.

Net Investment Hedges

The Company is exposed to fluctuations in foreign exchange rates on investments it holds in non-U.S. subsidiaries and uses cross-currency swaps to partially hedge this exposure.

Foreign Exchange Derivative Contracts Not Designated as Hedging Instruments

The Company uses short-term forward exchange or option agreements to purchase foreign currencies at set rates in the future. These agreements are used to limit exposure to fluctuations in foreign currency exchange rates for significant planned purchases of fixed assets or commodities that are denominated in currencies other than the subsidiaries' functional currency. The Company also uses foreign exchange agreements to offset the foreign currency exchange rate

risk for receivables and payables, including intercompany receivables, payables, and loans, not denominated in, or indexed to, their functional currencies.

Balance Sheet Classification

The following table shows the amount and classification (as noted above) of the Company's derivatives at March 31, 2023, December 31, 2022 and March 31, 2022:

	Fair Value of Hedge Assets			Fair Value of Hedge Liabilities		
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Derivatives designated as hedging instruments:						
Commodity forward contracts and collars (a)	\$ —	\$ 3	\$ —	\$ 20	\$ 9	\$ —
Interest rate swaps - fair value hedges (b)				39	44	20
Cash flow hedges of foreign exchange risk (c)				2		1
Fair value hedges of foreign exchange risk (d)	5	7	12	78	62	5
Net investment hedges (e)	2	3	2	34	28	15
Total derivatives accounted for as hedges	<u>\$ 7</u>	<u>\$ 13</u>	<u>\$ 14</u>	<u>\$ 173</u>	<u>\$ 143</u>	<u>\$ 41</u>
Derivatives not designated as hedges:						
Foreign exchange derivative contracts (f)	8	5	6	2	2	—
Total derivatives	<u>\$ 15</u>	<u>\$ 18</u>	<u>\$ 20</u>	<u>\$ 175</u>	<u>\$ 145</u>	<u>\$ 41</u>
Current	\$ 15	\$ 15	\$ 14	\$ 36	\$ 32	\$ 2
Noncurrent		3	6	139	113	39
Total derivatives	<u>\$ 15</u>	<u>\$ 18</u>	<u>\$ 20</u>	<u>\$ 175</u>	<u>\$ 145</u>	<u>\$ 41</u>

(a) The notional amount of the commodity forward contracts and collars was approximately 49 million and 46 million British Thermal Units ("BTUs") at March 31, 2023 and December 31, 2022, respectively. The maximum maturity dates are in 2027 at March 31, 2023 and December 31, 2022.

(b) The notional amounts of the interest rate swaps designated as fair value hedges were € 725 million at March 31, 2023, December 31, 2022 and March 31, 2022. The maximum maturity dates are in 2024 at March 31, 2023, December 31, 2022 and March 31, 2022.

(c) The notional amounts of the cash flow hedges of foreign exchange risk were 710 million Mexican pesos at March 31, 2023, 0 Mexican pesos at December 31, 2022 and 764 million Mexican pesos at March 31, 2022. The maximum maturity dates are in 2023 at March 31, 2023 and in 2022 at March 31, 2022.

(d) The notional amounts of the fair value hedges of foreign exchange risk were \$ 844 million at March 31, 2023, \$ 844 million at December 31, 2022 and \$ 850 million at March 31, 2022. The maximum maturity dates are in 2030 at March 31, 2023, December 31, 2022 and March 31, 2022.

(e) The notional amounts of the net investment hedges were € 358 million at March 31, 2023, € 358 million at December 31, 2022 and € 311 million March 31, 2022. The maximum maturity dates are in 2026 at March 31, 2023, 2027 at December 31, 2022 and 2027 at March 31, 2022.

(f) The notional amounts of the foreign exchange derivative contracts were \$ 420 million, \$ 245 million and \$ 446 million at March 31, 2023, December 31, 2022 and March 31, 2022, respectively. The maximum maturity dates are in 2023 at March 31, 2023, in 2022 at December 31, 2022 and in March 31, 2022.

	Gain (Loss) Recognized in OCI (Effective Portion)		Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) (1)	
	Three months ended March 31,		Three months ended March 31,	
	2023	2022	2023	2022
Derivatives designated as hedging instruments:				
Cash Flow Hedges				
Commodity forward contracts and collars (a)	\$ (18)	\$	\$ (4)	\$
Cash flow hedges of foreign exchange risk (a)	(2)	13	1	14
Net Investment Hedges				
Net Investment Hedges (b)	(6)	3	1	1
	<u>\$ (26)</u>	<u>\$ 16</u>	<u>\$ (2)</u>	<u>\$ 15</u>

**Amount of Gain (Loss)
Recognized in Other income (expense),
net**

	Three months ended March 31,	
	2023	2022
Derivatives not designated as hedges:		
Foreign exchange derivative contracts	\$ (1)	\$ 2

(1) Gains and losses reclassified from Accumulated OCI and recognized in income are recorded to (a) cost of goods sold or (b) other income (expense), net.

6. Restructuring Accruals

Selected information related to the restructuring accruals for the three months ended March 31, 2023 and 2022 is as follows:

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at January 1, 2023	\$ 17	\$ —	\$ 10	\$ 27
Net cash paid, principally severance and other exit costs	(3)		(3)	(6)
Balance at March 31, 2023	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ 21</u>

	Employee Costs	Asset Impairment	Other Exit Costs	Total Restructuring
Balance at January 1, 2022	\$ 20	\$ —	\$ 11	\$ 31
Net cash paid, principally severance and related benefits	(3)		(1)	(4)
Balance at March 31, 2022	<u>\$ 17</u>	<u>\$ —</u>	<u>\$ 10</u>	<u>\$ 27</u>

When a decision is made to take restructuring actions, the Company manages and accounts for them programmatically apart from the ongoing operations of the business. Information related to major programs is presented separately, while minor initiatives are presented on a combined basis. As of March 31, 2023 and 2022, no major restructuring programs were in effect.

7. Pension Benefit Plans

The components of the net periodic pension cost for the three months ended March 31, 2023 and 2022 are as follows:

	U.S.		Non-U.S.	
	Three months ended March 31,		Three months ended March 31,	
	2023	2022	2023	2022
Service cost	\$ 2	\$ 3	\$ 2	\$ 2
Interest cost	11	9	9	6
Expected asset return	(14)	(15)	(7)	(11)
Amortization of actuarial loss	2	11	2	3
Net periodic pension cost	<u>\$ 1</u>	<u>\$ 8</u>	<u>\$ 6</u>	<u>\$ —</u>

The components of pension expense, other than the service cost component, are included in Other income (expense), net on the Condensed Consolidated Results of Operations.

8. Income Taxes

The Company calculates its interim tax provision using the estimated annual effective tax rate ("EAETR") methodology in accordance with ASC 740-270. The EAETR is applied to the year-to-date ordinary income, exclusive of discrete items. The tax effects of discrete items are then included to arrive at the total reported interim tax provision. The determination of the EAETR is based upon a number of estimates, including the estimated annual pretax ordinary income or loss in each tax jurisdiction in which the Company operates. The tax effects of discrete items are recognized in the tax provision in the quarter they occur, in accordance with U.S. GAAP. Depending on various factors, such as the item's significance in relation to total income and the rate of tax applicable in the jurisdiction to which it relates, discrete items in any quarter can materially impact the reported effective tax rate. The Company's annual effective tax rate may be affected by the mix of earnings in the U.S. and foreign jurisdictions, and factors such as changes in tax laws, tax rates or regulations, changes in business, changing interpretation of existing tax laws or regulations, the finalization of tax audits and reviews, as well as other factors. As such, there can be significant volatility in interim tax provisions. The annual effective tax rate differs from the statutory U.S. Federal tax rate of 21 % primarily because of varying non-U.S. tax rates and the impact of the U.S. valuation allowance.

The Company is currently under income tax examination in various tax jurisdictions in which it operates, including Brazil, Canada, Colombia, France, Germany, Indonesia, Italy, Mexico and Peru. The years under examination range from 2004 through 2021. The Company has received tax assessments in excess of established reserves. The Company is contesting these tax assessments, and will continue to do so, including pursuing all available remedies, such as appeals and litigation, if necessary. The Company believes that adequate provisions for all income tax uncertainties have been made. However, if tax assessments are settled against the Company at amounts in excess of established reserves, it could have a material impact on the Company's consolidated results of operations, financial position or cash flows.

9. Debt

The following table summarizes the long-term debt of the Company at March 31, 2023, December 31, 2022, and March 31, 2022:

	March 31, 2023	December 31, 2022	March 31, 2022
Secured Credit Agreement:			
Revolving Credit Facility:			
Revolving Loans	\$ —	\$ —	\$ 100
Term Loans:			
Term Loan A	1,426	1,426	946
Senior Notes:			
5.875 %, due 2023	250	249	547
3.125 %, due 2024 (€ 725 million)	754	731	793
6.375 %, due 2025	298	298	297
5.375 %, due 2025	299	299	298
2.875 %, due 2025 (€ 500 million)	542	529	553
6.625 %, due 2027	607	607	606
4.750 %, due 2030	396	396	395
Finance leases	147	132	108
Other	4	4	4
Total long-term debt	4,723	4,671	4,647
Less amounts due within one year	301	300	26
Long-term debt	<u>\$ 4,422</u>	<u>\$ 4,371</u>	<u>\$ 4,621</u>

The Company presents debt issuance costs in the Condensed Consolidated Balance Sheet as a deduction of the carrying amount of the related debt liability.

On March 25, 2022, certain of the Company's subsidiaries entered into a Credit Agreement and Syndicated Facility Agreement (the "Original Agreement"), which refinanced in full the previous credit agreement. The Original Agreement provided for up to \$ 2.8 billion of borrowings pursuant to term loans, revolving credit facilities and a delayed draw term loan facility. The delayed draw term loan facility allowed for a one-time borrowing of up to \$ 600 million, the proceeds of which were used, in addition to other consideration paid by the Company and/or its subsidiaries, to fund an asbestos settlement trust (the "Paddock Trust") established in connection with the confirmed plan of reorganization of Paddock Enterprises, LLC ("Paddock") proposed by Paddock, O-I Glass and certain other parties in Paddock's Chapter 11 case (see Note 10 for more information). On July 18, 2022, the Company drew down the \$ 600 million delayed draw term loan to fund, together with other consideration, the Paddock Trust.

On August 30, 2022, certain of the Company's subsidiaries entered into an Amendment No. 1 to its Credit Agreement and Syndicated Facility Agreement (the "Credit Agreement Amendment"), which amends the Original Agreement (as amended by the Credit Agreement Amendment, the "Credit Agreement"). The Credit Agreement Amendment provides for up to \$ 500 million of additional borrowings in the form of term loans. The proceeds of such term loans were used, together with cash, to retire the \$ 600 million delayed draw term loan. The term loans mature, and the revolving credit facilities terminate, in March 2027. The term loans borrowed under the Credit Agreement Amendment are secured by certain collateral of the Company and certain of its subsidiaries. In addition, the Credit Agreement Amendment makes modifications to certain loan documents, in order to give the Company increased flexibility to incur secured debt in the future.

The Company recorded approximately \$ 1 million of additional interest charges for third-party fees and the write-off of unamortized fees related to the Credit Agreement Amendment in the third quarter of 2022. The Company recorded approximately \$ 2 million of additional interest charges for third-party fees incurred in connection with the execution of the Original Agreement and the write-off of unamortized fees related to the previous credit agreement in the first quarter of 2022.

At March 31, 2023, the Credit Agreement includes a \$ 300 million revolving credit facility, a \$ 950 million multicurrency revolving credit facility and \$ 1,450 million in term loan A facilities (\$ 1,426 million outstanding balance at March 31, 2023, net of debt issuance costs). At March 31, 2023, the Company had unused credit of \$ 1.24 billion available under the Credit Agreement. The weighted average interest rate on borrowings outstanding under the Credit Agreement at March 31, 2023 was 6.33 %.

The Credit Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain indebtedness and liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Credit Agreement also contains one financial maintenance covenant, a Secured Leverage Ratio (as defined in the Credit Agreement), that requires the Company not to exceed a ratio of 2.50 x calculated by dividing consolidated Net Indebtedness that is then secured by Liens on property or assets of the Company and certain of its subsidiaries by Consolidated EBITDA, as each term is defined and as described in the Credit Agreement. The Secured Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Secured Leverage Ratio to exceed the specified maximum.

Failure to comply with these covenants and restrictions could result in an event of default under the Credit Agreement. In such an event, the Company could not request additional borrowings under the revolving facilities, and all amounts outstanding under the Credit Agreement, together with accrued interest, could then be declared immediately due and payable. Upon the occurrence and for the duration of a payment event of default, an additional default interest rate equal to 2.0 % per annum will apply to all overdue obligations under the Credit Agreement. If an event of default occurs under the Credit Agreement and the lenders cause all of the outstanding debt obligations under the Credit Agreement to become due and payable, this would result in a default under the indentures governing the Company's outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of March 31, 2023, the Company was in compliance with all covenants and restrictions in the Credit Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow additional funds under the Credit Agreement will not be adversely affected by the covenants and restrictions.

The Total Leverage Ratio (as defined in the Credit Agreement) determines pricing under the Credit Agreement. The interest rate on borrowings under the Credit Agreement is, at the Company's option, the Base Rate, Term SOFR or, for non-U.S. dollar borrowings only, the Eurocurrency Rate (each as defined in the Credit Agreement), plus an applicable margin. The applicable margin is linked to the Total Leverage Ratio. The margins range from 1.00 % to 2.25 % for Term SOFR loans and Eurocurrency Rate loans and from 0.00 % to 1.25 % for Base Rate loans. In addition, a commitment fee is payable on the unused revolving credit facility commitments ranging from 0.20 % to 0.35 % per annum linked to the Total Leverage Ratio.

Obligations under the Credit Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company's domestic subsidiaries and certain foreign subsidiaries. Such obligations are also secured by a pledge of intercompany debt and equity investments in certain of the Company's domestic subsidiaries and, in the case of foreign obligations, of stock of certain foreign subsidiaries. All obligations under the Credit Agreement are guaranteed by certain domestic subsidiaries of the Company, and certain foreign obligations under the Credit Agreement are guaranteed by certain foreign subsidiaries of the Company.

On February 10, 2022, the Company announced the commencement, by an indirect wholly owned subsidiary of the Company, of a tender offer to purchase for cash up to \$ 250.0 million aggregate purchase price of its outstanding (i) 5.875 % Senior Notes due 2023, (ii) 5.375 % Senior Notes due 2025, (iii) 6.375 % Senior Notes due 2025 and (iv) 6.625 % Senior Notes due 2027. On February 28, 2022, the Company repurchased \$ 150.0 million aggregate principal amount of the outstanding 5.875 % Senior Notes due 2023 and \$ 88.2 million aggregate principal amount of the outstanding 6.625 % Senior Notes due 2027. Following the repurchase, \$ 550.0 million and \$ 611.8 million aggregate principal amounts of the 5.875 % Senior Notes due 2023 and 6.625 % Senior Notes due 2027, respectively, remained outstanding. The repurchases were funded with cash on hand. The Company recorded approximately \$ 16 million of additional interest

charges for note repurchase premiums and the write-off of unamortized finance fees related to the senior note repurchases conducted in the first quarter of 2022.

In August 2022, the Company redeemed \$ 300 million aggregate principal amount of its 5.875 % Senior Notes due 2023. Following the redemption, \$ 250.0 million aggregate principal amount of the 5.875 % Senior Notes due 2023 remained outstanding. The redemption was funded with cash on hand. The Company recorded approximately \$ 7 million of additional interest charges for note repurchase premiums and the write-off of unamortized finance fees related to this redemption.

In order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt, the Company has entered into a series of interest rate swap agreements. These interest rate swap agreements were accounted for as fair value hedges (see Note 5 for more information).

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

The carrying amounts reported for certain long-term debt obligations subject to frequently redetermined interest rates approximate fair value. Fair values for the Company's significant fixed rate debt obligations are based on published market quotations, and are classified as Level 1 in the fair value hierarchy. Fair values at March 31, 2023 of the Company's significant fixed rate debt obligations are as follows:

	Principal Amount	Indicated Market Price	Fair Value
Senior Notes:			
5.875 %, due 2023	\$ 250	\$ 99.99	\$ 250
3.125 %, due 2024 (€ 725 million)	790	97.99	774
6.375 %, due 2025	300	100.75	302
5.375 %, due 2025	300	98.57	296
2.875 %, due 2025 (€ 500 million)	545	97.69	532
6.625 %, due 2027	612	99.85	611
4.750 % due 2030	400	91.66	367

10. Contingencies

Asbestos

From 1948 to 1958, one of the Company's former business units commercially produced and sold approximately \$ 40 million of a high-temperature, calcium-silicate based pipe and block insulation material containing asbestos. The Company sold its insulation business unit in April 1958. The Company historically received claims from individuals alleging bodily injury and death as a result of exposure to asbestos from this product.

On December 26 and 27, 2019, the Company implemented the Corporate Modernization, whereby O-I Glass became the new parent entity with Owens-Illinois Group, Inc. ("O-I Group") and Paddock as direct, wholly owned subsidiaries, with Paddock as the successor-by-merger to O-I (the "Corporate Modernization"). The Company's legacy asbestos-related liabilities remained within Paddock, with the Company's glass-making operations remaining under O-I Group. As part of the Corporate Modernization transactions, O-I Glass entered into a support agreement with Paddock that required O-I Glass to provide funding to Paddock for all permitted uses, subject to the terms of the support agreement. The key objectives of the Paddock support agreement were to ensure that Paddock retained the ability to fund the costs and expenses of managing the Chapter 11 process, and ultimately settle current and future asbestos-related liabilities through the establishment of a trust as described below and fund certain other liabilities.

On January 6, 2020 (the "Petition Date"), Paddock voluntarily filed for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") to equitably and finally resolve all of its current and future asbestos-related liabilities. O-I Glass and O-I Group were not included in the Chapter 11 filing. During the pendency of the Chapter 11 proceeding, the activities of Paddock became subject to review and oversight by the Bankruptcy Court. As a result, the Company no longer had exclusive control over Paddock's activities. Therefore, Paddock was deconsolidated as of the Petition Date, and its assets and liabilities were derecognized from the Company's Consolidated Financial Statements on a prospective basis. Simultaneously, the Company recognized a liability related to the Paddock support agreement as required under applicable accounting standards.

On April 26, 2021, the Company announced that (i) Paddock, (ii) the Official Committee of Asbestos Personal Injury Claimants (the "ACC"), appointed in the Paddock Chapter 11 case as the representative of current Paddock asbestos claimants, and (iii) the Legal Representative of Future Asbestos Claimants (the "FCR"), appointed in the Paddock Chapter 11 case as the representative of future Paddock asbestos claimants, had reached an agreement in principle, supported by O-I Glass, by accepting a proposal from Paddock's court-appointed mediators setting forth total consideration to fund a trust created under section 524(g) of the Bankruptcy Code upon the effective date of a plan of reorganization for Paddock (the "Effective Date").

On January 12, 2022, Paddock, O-I Glass, the FCR and the ACC jointly filed the Plan of Reorganization for Paddock Enterprises, LLC Under Chapter 11 of the Bankruptcy Code, dated January 12, 2022 (including any supplements and exhibits thereto, as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Plan"). Amended versions of the Plan were subsequently filed on February 14, 2022, April 1, 2022, and May 24, 2022. The Plan incorporates and implements the agreement in principle described herein. On May 26, 2022, the Bankruptcy Court entered an order confirming the Plan and recommending that the District Court affirm such confirmation. On June 22, 2022, the District Court entered an order affirming the confirmation order previously issued by the Bankruptcy Court. On July 8, 2022, the Effective Date of the Plan occurred.

Under the confirmed and effective Plan, the Paddock Trust was created pursuant to the provisions of section 524(g) of the Bankruptcy Code and was funded with \$ 610 million in total consideration ("Settlement Consideration"). In exchange for the Settlement Consideration, the Company, each of its current and former affiliates and certain other related parties (the "Company Protected Parties") received the benefit of a release from Paddock, and Paddock and the Company Protected Parties received the benefit of an injunction under section 524(g) of the Bankruptcy Code channeling current and future asbestos-related personal injury claims to the Paddock Trust and permanently enjoining the assertion of asbestos-related personal injury claims against Paddock and the Company Protected Parties. In addition, the Paddock Trust, Paddock and O-I Glass (on behalf of itself and the Company Protected Parties) entered into an agreement through which the Paddock Trust agreed to indemnify the Company Protected Parties against any attempts to evade the channeling injunction or to otherwise bring asbestos-related personal injury claims against any Company Protected Party after the Effective Date. As a result, the Plan provides for a full and final resolution of current and future asbestos-related personal injury claims, a full and final resolution of (and a release in favor of the Company and its affiliates for) all claims arising out of the Corporate Modernization and provides that upon the Effective Date (which occurred on July 8, 2022), all obligations owed under the support agreement would terminate. Consistent with the Plan, the support agreement was deemed rejected as of the Effective Date, and all obligations between the parties to the support agreement were terminated.

Pursuant to the Plan, Paddock issued a promissory note (the "Trust Note") in the principal amount of \$ 8.5 million to the Paddock Trust on the Effective Date, and the Company issued a pledge of the equity interests in reorganized Paddock to the Paddock Trust to secure the Trust Note. On July 18, 2022, the Company funded the Paddock Trust with \$ 601.5 million, comprising \$ 600 million borrowed under the Credit Agreement and \$ 1.5 million from cash. On July 20, 2022, Paddock redeemed the Trust Note by paying \$ 8.5 million in cash to the Paddock Trust, and the pledge of equity interests in reorganized Paddock was cancelled.

As a result of the funding of the Paddock Trust and the cancellation of the pledge of equity interests in reorganized Paddock, on July 20, 2022, the Company regained exclusive control over reorganized Paddock's activities. Therefore, at that date in the third quarter of 2022, reorganized Paddock was reconsolidated, and its remaining assets totaling \$ 18 million (including \$ 12 million of cash and cash equivalents) and liabilities totaling \$ 30 million were recognized in

the Company's Condensed Consolidated Financial Statements. The funding of the Paddock Trust and certain related expenses resulted in an operating cash outflow of \$ 621 million in the Company's Consolidated Cash Flows during 2022.

Other Matters

The Company has been identified by the U.S. Environmental Protection Agency ("EPA") or a comparable state or federal agency as a potentially responsible party ("PRP") at a number of sites in the U.S., including certain Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") (Superfund) sites, as well as sites previously owned or operated by the Company. As an identified PRP, the Company may have liability for investigation, remediation and monitoring of contamination, as well as associated penalties and natural resource damages, if any. The Company has not had monetary sanctions imposed nor has the Company been notified of any potential monetary sanctions at any of the sites.

The Company has recorded aggregate accruals of approximately \$ 25 million (undiscounted) as of March 31, 2023 for estimated future remediation costs and associated penalties at these sites. The majority of these accruals arise from the reconsolidation of Paddock in 2022. Although the Company believes its accruals are adequate to cover its portion of future remediation costs, there can be no assurance that the ultimate payments will not exceed the amount of the Company's accruals and will not have a material effect on its results of operations, financial position and cash flows. Any possible loss or range of potential loss that may be incurred in excess of the recorded accruals cannot be estimated.

Other litigation is pending against the Company, in some cases involving ordinary and routine claims incidental to the business of the Company and in others presenting allegations that are non-routine and involve compensatory, punitive or treble damage claims as well as other types of relief. The Company records a liability for such matters when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. Recorded amounts are reviewed and adjusted to reflect changes in the factors upon which the estimates are based, including additional information, negotiations, settlements and other events.

11. Share Owners' Equity

The activity in share owners' equity for the three months ended March 31, 2023 and 2022 is as follows:

	Share Owners' Equity of the Company						Total Share Owners' Equity
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	
Balance on January 1, 2023	\$ 2	\$ 3,079	(688)	\$ 885	\$ (1,861)	\$ 111	\$ 1,528
Issuance of common stock (0.4 million shares)		5					5
Reissuance of common stock (0.2 million shares)			4				4
Shares repurchased (0.5 million shares)		(10)					(10)
Stock compensation (0.5 million shares)		19					19
Net earnings				206		4	210
Other comprehensive income					134	3	137
Other			(6)				(6)
Balance on March 31, 2023	<u>\$ 2</u>	<u>\$ 3,093</u>	<u>\$ (690)</u>	<u>\$ 1,091</u>	<u>\$ (1,727)</u>	<u>\$ 118</u>	<u>\$ 1,887</u>

Share Owners' Equity of the Company							
	Common Stock	Capital in Excess of Par Value	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Share Owners' Equity
Balance on January 1, 2022	\$ 2	\$ 3,090	\$ (701)	\$ 301	\$ (1,972)	\$ 107	\$ 827
Reissuance of common stock (0.2 million shares)		(2)	5				3
Shares repurchased (0.8 million shares)		(10)					(10)
Stock compensation (0.4 million shares)		7					7
Net earnings				88		34	122
Other comprehensive income					151	5	156
Other			(3)				(3)
Balance on March 31, 2022	<u>\$ 2</u>	<u>\$ 3,085</u>	<u>\$ (699)</u>	<u>\$ 389</u>	<u>\$ (1,821)</u>	<u>\$ 146</u>	<u>\$ 1,102</u>

During the three months ended March 31, 2023, the Company purchased 532,478 shares of its common stock for approximately \$ 10 million. The share purchases were pursuant to a \$ 150 million anti-dilutive share repurchase program authorized by the Company's Board of Directors that is intended to offset stock-based compensation provided to the Company's directors, officers, and employees. Approximately \$ 60 million remained available for purchases under this program as of March 31, 2023.

The Company has 250,000,000 shares of common stock authorized with a par value of \$.01 per share. Shares outstanding are as follows:

	Shares Outstanding (in thousands)		
	March 31, 2023	December 31, 2022	March 31, 2022
Shares of common stock issued (including treasury shares)	186,417	185,568	187,617
Treasury shares	31,143	30,880	31,401

12. Accumulated Other Comprehensive Loss

The activity in accumulated other comprehensive loss for the three months ended March 31, 2023 and 2022 is as follows:

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on January 1, 2023	\$ (1,280)	\$ 4	\$ (585)	\$ (1,861)
Change before reclassifications	158	(19)	(1)	138
Amounts reclassified from accumulated other comprehensive loss		(2)(a)	4(b)	2
Translation effect			(6)	(6)
Other comprehensive income (loss) attributable to the Company	158	(21)	(3)	134
Balance on March 31, 2023	<u>\$ (1,122)</u>	<u>\$ (17)</u>	<u>\$ (588)</u>	<u>\$ (1,727)</u>

	Net Effect of Exchange Rate Fluctuations	Change in Certain Derivative Instruments	Employee Benefit Plans	Total Accumulated Other Comprehensive Loss
Balance on January 1, 2022	\$ (1,290)	\$ (21)	\$ (661)	\$ (1,972)
Change before reclassifications	130	18	(2)	146
Amounts reclassified from accumulated other comprehensive income (loss)		(15)(a)	14(b)	(1)
Translation effect			6	6
Other comprehensive income (loss) attributable to the Company	130	3	18	151
Balance on March 31, 2022	<u>\$ (1,160)</u>	<u>\$ (18)</u>	<u>\$ (643)</u>	<u>\$ (1,821)</u>

(a) Amount is recorded to Other income (expense), net and interest expense, net on the Condensed Consolidated Results of Operations (see Note 5 for additional information).

(b) Amount is included in the computation of net periodic pension cost (see Note 7 for additional information) and net post-retirement benefit cost.

13. Other Income (Expense), Net

Other income (expense), net for the three months ended March 31, 2023 and 2022 included the following:

	Three months ended March 31,	
	2023	2022
Gain on sale of divested business (see Note 16)	\$	\$ 55
Intangible amortization expense	(8)	(8)
Foreign currency exchange gain	1	
Royalty income	7	6
Other	(10)	(2)
Other income (expense), net	<u>\$ (10)</u>	<u>\$ 51</u>

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
Numerator:		
Net earnings attributable to the Company	\$ 206	\$ 88
Denominator (in thousands):		
Denominator for basic earnings per share-weighted average shares outstanding	154,696	155,849
Effect of dilutive securities:		
Stock options and other	4,398	2,949
Denominator for diluted earnings per share-adjusted weighted average shares outstanding	159,094	158,798
Basic earnings per share:		
Net earnings attributable to the Company	\$ 1.33	\$ 0.56
Diluted earnings per share:		
Net earnings attributable to the Company	\$ 1.29	\$ 0.55

The diluted earnings per share computation for the three months ended March 31, 2023 and 2022 excludes 222,946 and 1,576,542 weighted average shares of common stock, respectively, due to their antidilutive effect, which includes options to purchase, unvested restricted stock units and performance vested restricted share units. Options to purchase shares were excluded because the exercise prices of the options were greater than the average market price of the shares of common stock.

15. Supplemental Cash Flow Information

Income taxes paid in cash were as follows:

	Three months ended March 31,	
	2023	2022
U.S.	\$ 3	\$ 2
Non-U.S.	38	21
Total income taxes paid in cash	\$ 41	\$ 23

Interest paid, including note repurchase premiums, in cash for the three months ended March 31, 2023 and 2022 was \$ 68 million and \$ 64 million, respectively. Cash interest for the three months ended March 31, 2022 included \$ 12 million of note repurchase premiums.

The Company uses various factoring programs to sell certain trade receivables to financial institutions as part of managing its cash flows. At March 31, 2023, December 31, 2022 and March 31, 2022, the total amount of trade receivables sold by the Company was \$ 515 million, \$ 535 million, and \$ 461 million, respectively. These amounts included \$ 176 million, \$ 158 million, and \$ 155 million at March 31, 2023, December 31, 2022, and March 31, 2022, respectively, for trade receivable amounts factored under supply chain financing programs linked to commercial arrangements with key customers. The Company's use of its factoring programs resulted in a decrease in cash provided by operating activities of \$ 20 million for both March 31, 2023 and 2022. For the three months ended March 31, 2023 and 2022, the Company recorded expenses related to these factoring programs of approximately \$ 5 million and \$ 1 million, respectively.

In accordance with ASU 2022-04, "Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations," the Company has agreements with third-party administrators that allows participating vendors to track the Company's payments, and if voluntarily elected by the vendor, to sell payment obligations from the Company to financial institutions as part of a Supply Chain Financing ("SCF") Program. The Company's payment terms to the financial institutions, including the timing and amount of payments, are based on the

original supplier invoices. When participating vendors elect to sell one or more of the Company's payment obligations, the Company's rights and obligations to settle the payables on their contractual due date are not impacted. The Company has no economic or commercial interest in a vendor's decision to enter into these agreements and the financial institutions do not provide the Company with incentives, such as rebates or profit sharing under the SCF Program. The Company agrees on commercial terms with vendors for the goods and services procured, which are consistent with payment terms observed at other peer companies in the industry, and the terms are not impacted by the SCF Program. Such obligations are classified as accounts payable in its Condensed Consolidated Balance Sheet. The Company does not provide asset pledges, or other forms of guarantees, as security for the committed payment to the financial institutions. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company had approximately \$ 120 million, \$ 110 million, and \$ 99 million, respectively, of outstanding payment obligations to the financial institutions as part of the SCF Program.

16. Divestitures

In March 2022, the Company completed the sale of its Cristar TableTop S.A.S. business to Vidros Colombia S.A.S, an affiliate of Nadir Figueiredo S.A., a glass tableware producer based in Brazil. Gross proceeds received were approximately \$ 96 million and the related pretax gain recorded was approximately \$ 55 million (approximately \$ 16 million after tax and non-controlling interest) in the first quarter of 2022. The pretax gain was recorded to Other income (expense), net on the Condensed Consolidated Results of Operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's measure of profit for its reportable segments is segment operating profit, which consists of consolidated earnings before interest income, interest expense, and provision (benefit) for income taxes and excludes amounts related to certain items that management considers not representative of ongoing operations and other adjustments, as well as certain retained corporate costs. The segment data presented below is prepared in accordance with general accounting principles for segment reporting. The lines titled "reportable segment totals" in both net sales and segment operating profit represent non-GAAP measures. Management has included reportable segment totals below to facilitate the discussion and analysis of financial condition and results of operations and believes this information allows the Board of Directors, management, investors and analysts to better understand the Company's financial performance. The Company's management, including the chief operating decision maker (defined as its chief executive officer) uses segment operating profit, in combination with net sales and selected cash flow information, to evaluate performance and to allocate resources. Segment operating profit is not, however, intended as an alternative measure of operating results as determined in accordance with U.S. GAAP and is not necessarily comparable to similarly titled measures used by other companies.

Financial information for the three months ended March 31, 2023 and 2022 regarding the Company's reportable segments is as follows (dollars in millions):

	Three months ended March 31,	
	2023	2022
Net Sales:		
Americas	\$ 1,000	\$ 940
Europe	799	708
Reportable segment totals	1,799	1,648
Other	32	44
Net Sales	<u>\$ 1,831</u>	<u>\$ 1,692</u>

	Three months ended March 31,	
	2023	2022
Net earnings attributable to the Company	\$ 206	\$ 88
Net earnings attributable to non-controlling interests	4	34
Net earnings	210	122
Provision for income taxes	60	48
Earnings before income taxes	270	170
Items excluded from segment operating profit:		
Retained corporate costs and other	60	50
Gain on sale of divested business		(55)
Interest expense, net	68	66
Segment operating profit	<u>\$ 398</u>	<u>\$ 231</u>
Americas	176	129
Europe	222	102
Reportable segment totals	<u>\$ 398</u>	<u>\$ 231</u>

Note: All amounts excluded from reportable segment totals are discussed in the following applicable sections.

Executive Overview — Quarters ended March 31, 2023 and 2022

Net sales in the first quarter of 2023 increased \$139 million, or 8%, compared to the same quarter in the prior year, due to higher prices and a favorable change in mix, partially offset by lower shipments than the prior year. Net sales were also negatively impacted by the unfavorable effects of changes in foreign currency exchange rates and the sale of the Company's glass tableware business in Colombia on March 1, 2022.

Earnings before income taxes were \$100 million higher in the first quarter of 2023 compared to the first quarter of 2022. This increase was due to higher segment operating profit, partially offset by the non-recurrence of a gain on the sale of the Company's glass tableware business in Colombia in the first quarter of 2022, higher retained corporate and other costs and higher interest expense, net compared to the same period in the prior year.

Segment operating profit for reportable segments in the first quarter of 2023 was \$167 million higher compared to the same period of 2022, primarily due to higher net prices, strong operating performance, benefits from margin expansion initiatives and a higher inventory revaluation for cost inflation, partially offset by lower shipments, higher costs due to elevated asset activity related to projects to increase capacity, the unfavorable impacts from divestitures in 2022 and the unfavorable effects of changes in foreign currency exchange rates.

Net interest expense for the first quarter of 2023 increased \$2 million compared to the first quarter of 2022, primarily due to higher interest rates, partially offset by lower note repurchase premiums, refinancing fees and charges.

For the first quarter of 2023, the Company recorded net earnings attributable to the Company of \$206 million, or \$1.29 per share (diluted), compared to \$88 million, or \$0.55 per share (diluted), in the first quarter of 2022. As discussed below, net earnings in the first quarter of 2022 included items that management considers not representative of ongoing operations and other adjustments. These items decreased net earnings attributable to the Company by \$2 million, or \$0.01 per share, in the first quarter of 2022.

Results of Operations — First Quarter of 2023 Compared with First Quarter of 2022

Net Sales

The Company's net sales in the first quarter of 2023 were \$1,831 million compared with \$1,692 million in the first quarter of 2022, an increase of \$139 million, or 8%. Glass container shipments, in tons, declined approximately 8% in the first quarter of 2023, partially offset by a favorable change in mix, which in total decreased net sales by approximately \$123 million compared to the same period in 2022. This decline was mostly attributed to a challenging prior year comparison (up 6.4 percent) amid record low inventories, as well as disruption from temporary external events and lower demand due to inventory destocking across the supply chain and softer consumer demand in a few markets given macroeconomic uncertainty. Higher selling prices increased net sales by \$301 million in the first quarter of 2023, driven by the pass through of higher cost inflation. Unfavorable foreign currency exchange rates decreased net sales by \$19 million in the first quarter of 2023 compared to the same period in the prior year, primarily driven by the weakening of the Euro compared to the U.S. dollar. The non-recurrence of the shipments related to the divestiture of the Company's glass tableware business in Colombia on March 1, 2022 reduced net sales by approximately \$8 million in the first quarter of 2023. Other sales were approximately \$12 million lower in the first three months of 2023 than the same period in the prior year driven by lower machine parts sales to third parties.

The change in net sales of reportable segments can be summarized as follows (dollars in millions):

Reportable segment net sales - 2022		\$	1,648
Price	\$	301	
Sales volume and mix		(123)	
Effects of changing foreign currency rates		(19)	
Divestitures		(8)	
Total effect on reportable segment net sales			151
Reportable segment net sales - 2023		\$	1,799

Americas: Net sales in the Americas in the first quarter of 2023 were \$1,000 million compared to \$940 million in the first quarter of 2022, an increase of \$60 million, or 6%. Higher selling prices in the region increased net sales by \$102 million in the first quarter of 2023, driven by the pass through of higher cost inflation. Glass container shipments in the region were down approximately 5% in the first quarter of 2023 compared to the same period in the prior year, partially offset by a favorable change in mix, which together decreased net sales by approximately \$41 million. As expected, sales volumes (in tons) declined primarily due to a challenging prior year comparison (up approximately 3%), as well as disruption from civil unrest in Peru and flooding in Northern California. The divestiture of the Cristar glass tableware business in March 2022 also reduced net sales by approximately \$8 million in the first quarter of 2023 compared to the prior year quarter. The favorable effects of foreign currency exchange rate changes increased net sales by \$7 million in the first quarter of 2023 compared to the same period in 2022.

Europe: Net sales in Europe in the first quarter of 2023 were \$799 million compared to \$708 million for the first quarter of 2022, an increase of \$91 million, or 13%. Glass container shipments declined by approximately 12% in the first quarter of 2023 primarily due to a challenging prior year comparison (up approximately 10%). Beer bottle demand was softer in North Central Europe and the region remains oversold in the wine category across Southern Europe yet the social situation in France, punctuated by weekly strikes on pension reform since January, has strongly penalized the region's results in that market and continue in to the second quarter of 2023. Lower shipments in the first quarter of 2023 decreased net sales by approximately \$82 million compared to the first quarter of 2022. Higher selling prices in Europe increased net sales by \$199 million in the first quarter of 2023, driven by the pass through of higher cost inflation. Unfavorable foreign currency exchange rates decreased the region's net sales by approximately \$26 million in the first quarter of 2023 as the Euro weakened in relation to the U.S. dollar.

Earnings before Income Taxes and Segment Operating Profit

Earnings before income taxes were \$270 million in first quarter of 2023 compared to \$170 million in the first quarter of 2022, an increase of \$100 million. This increase was due to higher segment operating profit, partially offset by the non-recurrence of a gain on the sale of the Company's glass tableware business in Colombia in the first quarter of 2022, higher retained corporate and other costs and higher interest expense, net compared to the same period in the prior year.

Segment operating profit of the reportable segments includes an allocation of some corporate expenses based on a percentage of sales and direct billings based on the costs of specific services provided. Unallocated corporate expenses and certain other expenses not directly related to the reportable segments' operations are included in Retained corporate costs and other. For further information, see Segment Information included in Note 1 to the Condensed Consolidated Financial Statements.

Segment operating profit of reportable segments in the first quarter 2023 was \$398 million, compared to \$231 million in the first quarter of 2022, an increase of \$167 million, or approximately 72%. This increase was primarily due to higher net prices, strong operating performance, benefits from margin expansion initiatives and approximately \$35 million due to inventory revaluation for cost inflation, partially offset by lower shipments, the unfavorable impacts from divestitures in 2022, higher costs due to elevated asset activity related to projects to increase capacity and the unfavorable effects of changes in foreign currency exchange rates.

The change in segment operating profit of reportable segments can be summarized as follows (dollars in millions):

Reportable segment operating profit - 2022		\$	231
Net price (net of cost inflation)	\$	180	
Sales volume and mix		(36)	
Operating costs		34	
Effects of changing foreign currency rates		(3)	
Divestitures		(8)	
Total net effect on reportable segment operating profit			167
Reportable segment operating profit - 2023		\$	398

Americas: Segment operating profit in the Americas in the first quarter of 2023 was \$176 million, compared to \$129 million in the first quarter of 2022, an increase of \$47 million, or 36%. The impact of lower shipments discussed above resulted in a \$14 million decrease to segment operating profit in the first quarter of 2023 compared to the same period in 2022. The benefit of higher selling prices exceeded cost inflation resulting in a net \$74 million increase to segment operating profit in the first quarter of 2023. Operating costs in the first quarter of 2023 were \$3 million higher than in the prior year quarter and were impacted by elevated asset activity related to projects to increase capacity and lower income from a joint venture, partially offset by approximately \$13 million of lower operating costs as a result of the region's restructuring actions in 2022 (in line with management's expectations) and benefits from favorable operating and cost performance. The effects of foreign currency exchange rates decreased segment operating profit by \$2 million in the current year period.

In 2022, the Company completed the sale of its land and buildings for two plants in the Americas and simultaneously entered into leaseback transactions for these properties. These transactions and the divestiture of the Cristar glass tableware business were part of the Company's portfolio optimization program to redeploy proceeds from asset sales to help fund attractive growth opportunities, which primarily include capital expenditures related to expansion projects and investments in the Company's MAGMA innovation, as well as to reduce debt. The divestiture of the glass tableware business and the additional lease expense associated with the sale leaseback transactions reduced segment operating profit by approximately \$8 million in the first quarter of 2023 compared to the same period in the prior year.

Europe: Segment operating profit in Europe in the first quarter of 2023 was \$222 million compared to \$102 million in the first quarter of 2022, an increase of \$120 million, or 118%. The impact of lower shipments discussed above decreased segment operating profit by approximately \$22 million. The benefit of higher selling prices exceeded cost inflation and increased segment operating profit by \$106 million in the first quarter of 2023 compared to the first quarter of the prior year. Operating costs in the first quarter of 2023 were \$37 million lower than in the prior year first quarter and reflected benefits from the region's margin expansion initiatives, favorable operating performance, inventory revaluation for cost inflation, the benefit of a \$7 million subsidy received by the Italian government to help mitigate the impact of elevated energy costs and higher earnings from joint ventures. The effects of foreign currency exchange rates decreased segment operating profit by \$1 million in the first quarter of the current year.

In addition, the current conflict between Russia and Ukraine has caused a significant increase in the price of natural gas and increased price volatility. The Company's European operations typically purchase natural gas under long-term supply arrangements with terms that range from one to five years and through these agreements, typically agree on price with the relevant supplier in advance of the period in which the natural gas will be delivered, which shields the Company from the full impact of increased natural gas prices, while such agreements remain in effect. However, the current conflict between Russia and Ukraine and the resulting sanctions, potential sanctions or other adverse repercussions on Russian-sourced energy supplies could cause the Company's energy suppliers to be unable or unwilling to deliver natural gas at agreed prices and quantities. If this occurs, it will be necessary for the Company to procure natural gas at then-current market prices and subject to market availability and could cause the Company to experience a significant increase in operating costs or result in the temporary or permanent cessation of delivery of natural gas to several of the Company's manufacturing plants in Europe. In addition, depending on the duration and ultimate outcome of the conflict between Russia and Ukraine, future long-term supply arrangements for natural gas may not be available at reasonable prices or at all.

Interest Expense, Net

Net interest expense in the first quarter of 2023 was \$68 million compared to \$66 million for the first quarter of 2022. The increase was primarily due to higher interest rates, partially offset by lower note repurchase premiums, refinancing fees and charges. Net interest expense in the first quarter of 2022 included \$18 million for note repurchase premiums, third-party fees and the write-off of deferred finance fees that related to debt that was repaid prior to its maturity and the Company's new bank credit agreement.

Provision for Income Taxes

The Company's effective tax rate from operations for the three months ended March 31, 2023 was 22.2% compared to 28.2% for the three months ended March 31, 2022. The effective tax rate for the first quarter of 2023 differed from the first quarter of 2022 due to a change in the mix of geographic earnings.

Net Earnings Attributable to Non-controlling Interests

Net earnings attributable to non-controlling interests for the first quarter of 2023 was \$4 million compared to \$34 million for the first quarter of 2022. This decrease was primarily due to the nonrecurrence of approximately \$29 million of non-controlling interest recorded in the first quarter of 2022 associated with the gain on the sale of the Company's glass tableware business in Colombia.

Net Earnings Attributable to the Company

For the first quarter of 2023, the Company recorded net earnings attributable to the Company of \$206 million, or \$1.29 per share (diluted), compared to \$88 million, or \$0.55 per share (diluted), in the first quarter of 2022. Earnings in the first quarter of 2022 included items that management considered not representative of ongoing operations and other adjustments as set forth in the following table (dollars in millions):

Description	Net Earnings Increase (Decrease)	
	2022	
Gain on sale of divested business	\$	55
Charges for note repurchase premiums and write-off of finance fees		(18)
Net provision for income tax on items above		(10)
Net impact of non-controlling interests on items above		(29)
Total	\$	(2)

Forward-Looking Operational and Financial Information

- Full year 2023 sales shipments (in tons) are expected to be down modestly from the prior year given elevated macroeconomic pressure.
- The Company expects continued benefits from its initiatives to expand margins and higher selling prices that are expected to more than offset cost inflation. Operating costs will be negatively impacted from incremental costs for expansion project activity.
- The Company continues to expect strong earnings in the first half of 2023 while the outlook is intentionally conservative on the second half of 2023 given increasing risk of recession.
- The Company will continue to focus on long-term value creation, including advancing the MAGMA deployment. The Company remains on track with its first MAGMA greenfield plant in Kentucky starting in mid-2024.
- Cash provided by operating activities is expected to be approximately \$875 million for 2023. Capital expenditures in 2023 are expected to be approximately \$700 to \$725 million. The Company expects to refine its cash flow guidance over the course of the year as greater clarity is gained on sales volume and working capital trends.
- The Company will continue to actively monitor the impact of the COVID-19 pandemic. The extent to which the Company's operations will be impacted by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning the severity of the outbreak and actions by government authorities to contain the outbreak or treat its impact, among other things.

- The Company will continue to actively monitor the impact of the conflict between Russia and Ukraine. The extent to which the Company's operations will be impacted by this conflict will depend largely on future developments, including potential sanctions or other adverse repercussions on Russian-sourced energy supplies, which are highly uncertain and cannot be accurately predicted.

Items Excluded from Reportable Segment Totals

Retained Corporate Costs and Other

Retained corporate costs and other for the first quarter of 2023 were \$60 million compared to \$50 million in the first quarter of 2022. These costs were higher in the first quarter of 2023 primarily due to higher management incentive expense and elevated cost inflation. In addition, the Company has taken some restructuring actions related to its managed services activities in 2021 and 2022, but these actions have not yet had a significant impact on operating costs, in line with management's expectations.

The Company has initiated a strategic review of the remaining businesses in the former Asia Pacific region. This review is aimed at exploring options to maximize share owner value, focused on aligning the Company's business with demand trends and improving the Company's operating efficiency, cost structure and working capital management. The review is ongoing and may result in divestitures, corporate transactions or similar actions, and could cause the Company to incur restructuring, impairment, disposal or other related charges in future periods.

Gains on Sale of Divested Business

In March 2022, the Company completed the sale of its Cristar glass tableware business in Colombia to Vidros Colombia S.A.S, an affiliate of Nadir Figueiredo S.A., a glass tableware producer based in Brazil. The related pretax gain was approximately \$55 million (approximately \$16 million after tax and non-controlling interest). The pretax gain was recorded to Other income (expense), net on the Condensed Consolidated Results of Operations in the first quarter of 2022.

See Note 16 to the Condensed Consolidated Financial Statements for further information.

Capital Resources and Liquidity

On March 25, 2022, certain of the Company's subsidiaries entered into a Credit Agreement and Syndicated Facility Agreement (the "Original Agreement"), which refinanced in full the previous credit agreement. The Original Agreement provided for up to \$2.8 billion of borrowings pursuant to term loans, revolving credit facilities and a delayed draw term loan facility. The delayed draw term loan facility allowed for a one-time borrowing of up to \$600 million, the proceeds of which were used, in addition to other consideration paid by the Company and/or its subsidiaries, to fund an asbestos settlement trust (the "Paddock Trust") established in connection with the confirmed plan of reorganization of Paddock Enterprises, LLC ("Paddock") proposed by Paddock, O-I Glass and certain other parties in Paddock's Chapter 11 case (see Note 10 to the Condensed Consolidated Financial Statements for more information). On July 18, 2022, the Company drew down the \$600 million delayed draw term loan to fund, together with other consideration, the Paddock Trust.

On August 30, 2022, certain of the Company's subsidiaries entered into an Amendment No. 1 to its Credit Agreement and Syndicated Facility Agreement (the "Credit Agreement Amendment"), which amends the Original Agreement (as amended by the Credit Agreement Amendment, the "Credit Agreement"). The Credit Agreement Amendment provides for up to \$500 million of additional borrowings in the form of term loans. The proceeds of such term loans were used, together with cash, to retire the \$600 million delayed draw term loan. The term loans mature, and the revolving credit facilities terminate, in March 2027. The term loans borrowed under the Credit Agreement Amendment are secured by certain collateral of the Company and certain of its subsidiaries. In addition, the Credit Agreement Amendment makes modifications to certain loan documents, in order to give the Company increased flexibility to incur secured debt in the future.

The Company recorded approximately \$1 million of additional interest charges for third-party fees and the write-off of unamortized fees related to the Credit Agreement Amendment in the third quarter of 2022. The Company recorded approximately \$2 million of additional interest charges for third-party fees incurred in connection with the execution of the Original Agreement and the write-off of unamortized fees related to the previous credit agreement in the first quarter of 2022.

At March 31, 2023, the Credit Agreement includes a \$300 million revolving credit facility, a \$950 million multicurrency revolving credit facility and \$1.45 billion in term loan A facilities (\$1.43 billion outstanding balance at March 31, 2023, net of debt issuance costs). At March 31, 2023, the Company had unused credit of \$1.24 billion available under the Credit Agreement. The weighted average interest rate on borrowings outstanding under the Credit Agreement at March 31, 2023 was 6.33%.

The Credit Agreement contains various covenants that restrict, among other things and subject to certain exceptions, the ability of the Company to incur certain indebtedness and liens, make certain investments, become liable under contingent obligations in certain defined instances only, make restricted payments, make certain asset sales within guidelines and limits, engage in certain affiliate transactions, participate in sale and leaseback financing arrangements, alter its fundamental business, and amend certain subordinated debt obligations.

The Credit Agreement also contains one financial maintenance covenant, a Secured Leverage Ratio (as defined in the Credit Agreement), that requires the Company not to exceed a ratio of 2.50x calculated by dividing consolidated Net Indebtedness that is then secured by Liens on property or assets of the Company and certain of its subsidiaries by Consolidated EBITDA, as each term is defined and as described in the Credit Agreement. The Secured Leverage Ratio could restrict the ability of the Company to undertake additional financing or acquisitions to the extent that such financing or acquisitions would cause the Secured Leverage Ratio to exceed the specified maximum.

Failure to comply with these covenants and restrictions could result in an event of default under the Credit Agreement. In such an event, the Company could not request additional borrowings under the revolving facilities, and all amounts outstanding under the Credit Agreement, together with accrued interest, could then be declared immediately due and payable. Upon the occurrence and for the duration of a payment event of default, an additional default interest rate equal to 2.0% per annum will apply to all overdue obligations under the Credit Agreement. If an event of default occurs under the Credit Agreement and the lenders cause all of the outstanding debt obligations under the Credit Agreement to become due and payable, this would result in a default under the indentures governing the Company's outstanding debt securities and could lead to an acceleration of obligations related to these debt securities. As of March 31, 2023, the Company was in compliance with all covenants and restrictions in the Credit Agreement. In addition, the Company believes that it will remain in compliance and that its ability to borrow additional funds under the Credit Agreement will not be adversely affected by the covenants and restrictions.

The Total Leverage Ratio (as defined in the Credit Agreement) determines pricing under the Credit Agreement. The interest rate on borrowings under the Credit Agreement is, at the Company's option, the Base Rate, Term SOFR or, for non-U.S. dollar borrowings only, the Eurocurrency Rate (each as defined in the Credit Agreement), plus an applicable margin. The applicable margin is linked to the Total Leverage Ratio. The margins range from 1.00% to 2.25% for Term SOFR loans and Eurocurrency Rate loans and from 0.00% to 1.25% for Base Rate loans. In addition, a commitment fee is payable on the unused revolving credit facility commitments ranging from 0.20% to 0.35% per annum linked to the Total Leverage Ratio.

Obligations under the Credit Agreement are secured by substantially all of the assets, excluding real estate and certain other excluded assets, of certain of the Company's domestic subsidiaries and certain foreign subsidiaries. Such obligations are also secured by a pledge of intercompany debt and equity investments in certain of the Company's domestic subsidiaries and, in the case of foreign obligations, of stock of certain foreign subsidiaries. All obligations under the Credit Agreement are guaranteed by certain domestic subsidiaries of the Company, and certain foreign obligations under the Credit Agreement are guaranteed by certain foreign subsidiaries of the Company.

On February 10, 2022, the Company announced the commencement, by an indirect wholly owned subsidiary of the Company, of a tender offer to purchase for cash up to \$250.0 million aggregate purchase price of its outstanding (i)

5.875% Senior Notes due 2023, (ii) 5.375% Senior Notes due 2025, (iii) 6.375% Senior Notes due 2025 and (iv) 6.625% Senior Notes due 2027. On February 28, 2022, the Company repurchased \$150.0 million aggregate principal amount of the outstanding 5.875% Senior Notes due 2023 and \$88.2 million aggregate principal amount of the outstanding 6.625% Senior Notes due 2027. Following the repurchase, \$550.0 million and \$611.8 million aggregate principal amounts of the 5.875% Senior Notes due 2023 and 6.625% Senior Notes due 2027, respectively, remained outstanding. The repurchases were funded with cash on hand. The Company recorded approximately \$16 million of additional interest charges for note repurchase premiums and the write-off of unamortized finance fees related to the senior note repurchases conducted in the first quarter of 2022.

In August 2022, the Company redeemed \$300 million aggregate principal amount of its 5.875% Senior Notes due 2023. Following the redemption, \$250.0 million aggregate principal amount of the 5.875% Senior Notes due 2023 remained outstanding. The redemption was funded with cash on hand. The Company recorded approximately \$7 million of additional interest charges for note repurchase premiums and the write-off of unamortized finance fees related to this redemption.

In order to maintain a capital structure containing appropriate amounts of fixed and floating-rate debt, the Company has entered into a series of interest rate swap agreements. These interest rate swap agreements were accounted for as fair value hedges (see Note 5 to the Condensed Consolidated Financial Statements for more information).

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

Material Cash Requirements

There have been no material changes to the Company's material cash requirements at March 31, 2023 from those described in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources and Liquidity - Material Cash Requirements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Cash Flows

Operating activities: Cash utilized in operating activities was \$193 million and \$73 million for the three months ended March 31, 2023 and March 31, 2022, respectively. The increase in cash utilized in operating activities in the first three months of 2023 was primarily due to a higher use of cash from working capital, partially offset by higher net earnings than in the same period in 2022.

Working capital was a use of cash of \$536 million in the first three months of 2023, compared to a use of cash of \$259 million in the same period in 2022. The use of cash from working capital was higher in the first three months of 2023, primarily due to higher inventories compared to the same quarter in 2022. For the three months ended March 31, 2023 and 2022, the Company's use of its accounts receivable factoring programs resulted in decreases of \$20 million and \$20 million, respectively, to cash utilized in operating activities. Excluding the impact of accounts receivable factoring, the Company's days sales outstanding as of March 31, 2023 were comparable to March 31, 2022.

Investing activities: Cash utilized in investing activities was \$98 million and \$2 million for the three months ended March 31, 2023 and March 31, 2022, respectively. Capital spending for property, plant and equipment was \$95 million during the first three months of 2023, compared to \$96 million in the same period in 2022. The Company estimates that its full year 2023 capital expenditures should be approximately \$700 to \$725 million.

Cash proceeds of approximately \$96 million were received in the first quarter of 2022 related to the sale of the Company's glass tableware business in Colombia.

Financing activities: Cash utilized in financing activities was \$16 million and \$152 million for the three months ended March 31, 2023 and March 31, 2022, respectively. The decrease in cash utilized in financing activities was primarily

due to a \$107 million decrease in net repayments of debt and a \$20 million decrease in finance fees paid in the first three months of 2023 compared to the same period in the prior year.

During each of the three-month periods ended March 31, 2023 and 2022, the Company repurchased \$10 million of shares of the Company's common stock. The Company paid approximately \$7 million related to hedge activity for the first three months ended March 31, 2022.

The Company anticipates that cash flows from its operations and from utilization of credit available under the Agreement will be sufficient to fund its operating and seasonal working capital needs, debt service and other obligations on a short-term (12 months) and long-term basis. However, as the Company cannot predict the duration or scope of the COVID-19 pandemic or the conflict between Russia and Ukraine and their impact on the Company's customers and suppliers, the negative financial impact to the Company's results cannot be reasonably estimated, but could be material. The Company is actively managing its business to maintain cash flow, and it has significant liquidity. The Company believes that these factors will allow it to meet its anticipated funding requirements.

Critical Accounting Estimates

The Company's analysis and discussion of its financial condition and results of operations are based upon its consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances at the time the financial statements are issued. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates.

The impact of, and any associated risks related to, estimates and assumptions are discussed within Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Condensed Consolidated Financial Statements, if applicable, where estimates and assumptions affect the Company's reported and expected financial results.

There have been no other material changes in critical accounting estimates at March 31, 2023 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Forward-Looking Statements

This document contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act of 1933, as amended. Forward-looking statements reflect the Company's current expectations and projections about future events at the time, and thus involve uncertainty and risk. The words "believe," "expect," "anticipate," "will," "could," "would," "should," "may," "plan," "estimate," "intend," "predict," "potential," "continue," and the negatives of these words and other similar expressions generally identify forward-looking statements.

It is possible that the Company's future financial performance may differ from expectations due to a variety of factors including, but not limited to the following: (1) the general political, economic and competitive conditions in markets and countries where the Company has operations, including uncertainties related to economic and social conditions, disruptions in the supply chain, competitive pricing pressures, inflation or deflation, changes in tax rates and laws, war, civil disturbance or acts of terrorism, natural disasters, and weather, (2) cost and availability of raw materials, labor, energy and transportation (including impacts related to the current conflict between Russia and Ukraine and disruptions in supply of raw materials caused by transportation delays), (3) the impact of the COVID-19 pandemic and the various governmental, industry and consumer actions related thereto, (4) competitive pressures, consumer preferences for alternative forms of packaging or consolidation among competitors and customers, (5) the Company's ability to improve its glass melting technology, known as the MAGMA program, and implement it within the timeframe expected, (6) unanticipated operational disruptions, including higher capital spending, (7) the failure of the Company's joint venture partners to meet

their obligations or commit additional capital to the joint venture, (8) the Company's ability to manage its cost structure, including its success in implementing restructuring or other plans aimed at improving the Company's operating efficiency and working capital management, and achieving cost savings, (9) the Company's ability to acquire or divest businesses, acquire and expand plants, integrate operations of acquired businesses and achieve expected benefits from acquisitions, divestitures or expansions, (10) the Company's ability to generate sufficient future cash flows to ensure the Company's goodwill is not impaired, (11) the Company's ability to achieve its strategic plan, (12) unanticipated expenditures with respect to data privacy, environmental, safety and health laws, (13) the ability of the Company and the third parties on which it relies for information technology system support to prevent and detect security breaches related to cybersecurity and data privacy, (14) changes in capital availability or cost, including interest rate fluctuations and the ability of the Company to refinance debt on favorable terms, (15) foreign currency fluctuations relative to the U.S. dollar, (16) changes in tax laws or U.S. trade policies, (17) risks related to recycling and recycled content laws and regulations, (18) risks related to climate-change and air emissions, including related laws or regulations and increased environmental, social and governance ("ESG") scrutiny and changing expectations from stakeholders and the other risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and any subsequently filed Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or the Company's other filings with the Securities and Exchange Commission.

It is not possible to foresee or identify all such factors. Any forward-looking statements in this document are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. Forward-looking statements are not a guarantee of future performance and actual results or developments may differ materially from expectations. While the Company continually reviews trends and uncertainties affecting the Company's results of operations and financial condition, the Company does not assume any obligation to update or supplement any particular forward-looking statements contained in this document.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk at March 31, 2023 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those maintained with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2023.

As required by Rule 13a-15(d) of the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of any change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to

materially affect, the Company's internal control over financial reporting. There have been no changes in the Company's internal control over financial reporting during the fiscal quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Although the Company has modified its workplace practices globally due to the COVID-19 pandemic, resulting in most of its administrative employees working remotely, this has not materially affected its internal control over financial reporting. The Company is continually monitoring and assessing the COVID-19 situation on its internal controls to minimize the impact on their design and operating effectiveness.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

SEC regulations require the Company to disclose certain information about environmental proceedings if the Company reasonably believes that such proceedings may result in monetary sanctions above a stated threshold. The Company uses a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required. No such environmental proceedings were pending or contemplated as of March 31, 2023.

For further information on legal proceedings, see Note 10 to the Condensed Consolidated Financial Statements, that is included in Part I of this Quarterly Report and incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes in risk factors at March 31, 2023 from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2023, the Company purchased 532,478 shares of its common stock for approximately \$10 million pursuant to a \$150 million anti-dilutive share repurchase program authorized by the Board of Directors on February 9, 2021 that is intended to offset stock-based compensation provided to the Company's directors, officers, and employees. The current program has no expiration date. Approximately \$60 million remained available for purchases under this program as of March 31, 2023. The following table provides information about the Company's purchases of its common stock during the three months ended March 31, 2023:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
January 1 - January 31, 2023	532,478	\$ 18.76	532,478	60
February 1 - February 28, 2023				60
March 1 - March 31, 2023				60

Item 6. Exhibits.

Exhibit 10.1*	<u>O-I Glass, Inc. Fourth Amended and Restated 2017 Incentive Award Plan (filed as Appendix B to O-I Glass, Inc.'s Definitive Proxy Statement on Schedule 14A filed March 29, 2023, File No. 1-9576, and incorporated herein by reference).</u>
Exhibit 31.1	<u>Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
Exhibit 31.2	<u>Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
Exhibit 32.1**	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.</u>
Exhibit 32.2**	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.</u>
Exhibit 101	Financial statements from the Quarterly Report on Form 10-Q of O-I Glass, Inc. for the quarter ended March 31, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Results of Operations, (ii) the Condensed Consolidated Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Cash Flows and (v) the Notes to Condensed Consolidated Financial Statements.
Exhibit 104	Cover Page Interactive Data file (formatted as iXBRL and contained in Exhibit 101).

* Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.

** This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

O-I GLASS, INC.

Date April 26, 2023

By /s/ John A. Haudrich

John A. Haudrich

Senior Vice President and Chief Financial Officer

CERTIFICATIONS

I, Andres A. Lopez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of O-I Glass, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2023

/s/ Andres A. Lopez

Andres A. Lopez

President and Chief Executive Officer

CERTIFICATIONS

I, John A. Haudrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of O-I Glass, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2023

/s/ John A. Haudrich

John A. Haudrich

Senior Vice President and Chief Financial Officer

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of O-I Glass, Inc. (the "Company") hereby certifies that to such officer's knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 26, 2023

/s/ Andres A. Lopez

Andres A. Lopez

President and Chief Executive Officer

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of O-I Glass, Inc. (the "Company") hereby certifies that to such officer's knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 26, 2023

/s/ John A. Haudrich

John A. Haudrich

Senior Vice President and Chief Financial Officer
