
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2022
or

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

Commission file number 001-07349

BALL CORPORATION

State of Indiana
(State or other jurisdiction of incorporation or
organization)

35-0160610
(I.R.S. Employer Identification No.)

9200 West 108th Circle
Westminster, CO
(Address of registrant's principal executive office)

80021
(Zip Code)

Registrant's telephone number, including area code: **303/469-3131**

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

Class	Trading Symbol	Name of Exchange	Outstanding at October 31, 2022
Common Stock, without par value	BALL	NYSE	313,920,150 shares

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
Non-accelerated filer

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

Ball Corporation
QUARTERLY REPORT ON FORM 10-Q
For the period ended September 30, 2022
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PART I. FINANCIAL INFORMATION**Item 1. FINANCIAL STATEMENTS****BALL CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

(\$ in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	<u>\$ 3,951</u>	<u>\$ 3,553</u>	<u>\$ 11,801</u>	<u>\$ 10,137</u>
Costs and expenses				
Cost of sales (excluding depreciation and amortization)	(3,275)	(2,851)	(9,736)	(8,104)
Depreciation and amortization	(157)	(175)	(510)	(515)
Selling, general and administrative	(159)	(148)	(506)	(471)
Business consolidation and other activities	163	(141)	(23)	(136)
	<u>(3,428)</u>	<u>(3,315)</u>	<u>(10,775)</u>	<u>(9,226)</u>
Earnings before interest and taxes	523	238	1,026	911
Interest expense	(79)	(68)	(216)	(201)
Debt refinancing and other costs	—	(1)	(2)	(1)
Total interest expense	<u>(79)</u>	<u>(69)</u>	<u>(218)</u>	<u>(202)</u>
Earnings before taxes	444	169	808	709
Tax (provision) benefit	(38)	2	(139)	(146)
Equity in results of affiliates, net of tax	(12)	8	7	18
Net earnings	<u>394</u>	<u>179</u>	<u>676</u>	<u>581</u>
Net earnings attributable to noncontrolling interests	2	—	12	—
Net earnings attributable to Ball Corporation	<u>\$ 392</u>	<u>\$ 179</u>	<u>\$ 664</u>	<u>\$ 581</u>
Earnings per share:				
Basic	\$ 1.25	\$ 0.55	\$ 2.09	\$ 1.78
Diluted	\$ 1.24	\$ 0.54	\$ 2.07	\$ 1.75
Weighted average shares outstanding: (000s)				
Basic	314,054	325,876	317,296	327,097
Diluted	317,061	331,595	321,222	332,938

See accompanying notes to the unaudited condensed consolidated financial statements.

BALL CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 394	\$ 179	\$ 676	\$ 581
Other comprehensive earnings (loss):				
Currency translation adjustment	(203)	(17)	51	19
Pension and other postretirement benefits	(1)	193	1	242
Derivatives designated as hedges	(129)	16	(148)	122
Total other comprehensive earnings (loss)	(333)	192	(96)	383
Income tax (provision) benefit	31	(48)	30	(82)
Total other comprehensive earnings (loss), net of tax	(302)	144	(66)	301
Total comprehensive earnings	92	323	610	882
Comprehensive earnings attributable to noncontrolling interests	2	—	12	—
Comprehensive earnings attributable to Ball Corporation	\$ 90	\$ 323	\$ 598	\$ 882

See accompanying notes to the unaudited condensed consolidated financial statements.

BALL CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(\$ in millions)	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 473	\$ 563
Receivables, net	2,877	2,560
Inventories, net	2,201	1,795
Other current assets	261	305
Total current assets	5,812	5,223
Noncurrent assets		
Property, plant and equipment, net	6,738	6,502
Goodwill	4,119	4,378
Intangible assets, net	1,410	1,688
Other assets	1,974	1,923
Total assets	\$ 20,053	\$ 19,714
Liabilities and Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	\$ 470	\$ 15
Accounts payable	4,527	4,759
Accrued employee costs	294	349
Other current liabilities	898	830
Total current liabilities	6,189	5,953
Noncurrent liabilities		
Long-term debt	8,363	7,722
Employee benefit obligations	904	1,205
Deferred taxes	569	665
Other liabilities	479	484
Total liabilities	16,504	16,029
Equity		
Common stock (682,024,158 shares issued - 2022; 680,944,867 shares issued - 2021)	1,247	1,220
Retained earnings	7,316	6,843
Accumulated other comprehensive earnings (loss)	(648)	(582)
Treasury stock, at cost (368,167,819 shares - 2022; 360,101,024 shares - 2021)	(4,436)	(3,854)
Total Ball Corporation shareholders' equity	3,479	3,627
Noncontrolling interests	70	58
Total equity	3,549	3,685
Total liabilities and equity	\$ 20,053	\$ 19,714

See accompanying notes to the unaudited condensed consolidated financial statements.

BALL CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in millions)	Nine Months Ended September 30,	
	2022	2021
Cash Flows from Operating Activities		
Net earnings	\$ 676	\$ 581
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:		
Depreciation and amortization	510	515
Business consolidation and other activities	23	136
Deferred tax provision (benefit)	(23)	34
Other, net	(278)	(142)
Changes in working capital components, net of dispositions	(1,132)	(248)
Cash provided by (used in) operating activities	(224)	876
Cash Flows from Investing Activities		
Capital expenditures	(1,262)	(1,204)
Business dispositions, net of cash sold	748	111
Other, net	62	(11)
Cash provided by (used in) investing activities	(452)	(1,104)
Cash Flows from Financing Activities		
Long-term borrowings	3,401	850
Repayments of long-term borrowings	(2,446)	(14)
Net change in short-term borrowings	463	10
Acquisitions of treasury stock, net of proceeds from issuances of common stock and shares used for taxes	(592)	(325)
Common stock dividends	(191)	(164)
Other, net	(12)	(30)
Cash provided by (used in) financing activities	623	327
Effect of exchange rate changes on cash	(30)	(22)
Change in cash, cash equivalents and restricted cash	(83)	77
Cash, cash equivalents and restricted cash - beginning of period	579	1,381
Cash, cash equivalents and restricted cash - end of period	\$ 496	\$ 1,458

See accompanying notes to the unaudited condensed consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements (consolidated financial statements) include the accounts of Ball Corporation and its controlled affiliates, including its consolidated variable interest entities (collectively Ball, the company, we or our), and have been prepared by the company. Certain information and footnote disclosures, including critical and significant accounting policies normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted for this quarterly presentation.

Results of operations for the periods shown are not necessarily indicative of results for the year, particularly in view of the seasonality in the packaging segments and the variability of contract sales in the company's aerospace segment. These consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and the notes thereto included in the company's 2021 Annual Report on Form 10-K filed on February 16, 2022, pursuant to the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2021 (annual report).

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires Ball's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of sales and expenses during the reporting periods. These estimates are based on historical experience and various assumptions believed to be reasonable under the circumstances. Ball's management evaluates these estimates on an ongoing basis and adjusts or revises the estimates as circumstances change. As future events and their impacts cannot be determined with precision, actual results may differ from these estimates. In the opinion of management, the consolidated financial statements reflect all adjustments that are of a normal recurring nature and are necessary to fairly state the results of the periods presented.

Certain prior year amounts have been reclassified in order to conform to the current year presentation.

Risks and Uncertainties

Russia

The current global business environment is being impacted directly and indirectly by the effects of the Russian invasion of Ukraine. Ball has sold its aluminum beverage packaging business located in Russia and has suspended future investments in Russia. See Note 4 for additional discussion.

Ball is monitoring the geopolitical situation following Russia's invasion of Ukraine and may experience increased costs for inputs such as energy and transportation due in part to the negative impact of the Russia-Ukraine war on the global economy. The ongoing conflict continues to have the potential to increase Ball's vulnerabilities in its global business to near-term and severe impacts and it is not possible to accurately predict all future impacts of the invasion. As such, Russia's invasion of Ukraine and the resulting effects have the potential to impact significant estimates used by Ball in the preparation of its consolidated financial statements, which could result in impairments.

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Novel Coronavirus (COVID-19)

The current global business environment continues to be impacted directly and indirectly by the effects of the novel coronavirus (COVID-19), and it is not possible to accurately estimate the impacts of COVID-19. However, Ball management has reviewed the estimates used in preparing the company's consolidated financial statements and the following have a reasonably possible likelihood of being affected, to a material extent, by the direct and indirect impacts of COVID-19 in the near term.

- Estimates regarding the future financial performance of the business used in the impairment tests for goodwill, long-lived assets, equity method investments, recoverability of deferred tax assets and estimates regarding cash needs and associated indefinite reinvestment assertions;
- Estimates of recoverability for customer receivables;
- Estimates of net realizable value for inventory; and
- Estimates regarding the likelihood of forecasted transactions associated with hedge accounting positions at September 30, 2022, which could impact the company's ability to satisfy hedge accounting requirements and result in the recognition of income and/or expenses.

In addition to the above potential impacts on the estimates used in preparing consolidated financial statements, COVID-19 has the potential to increase Ball's vulnerabilities to near-term severe impacts related to certain concentrations in its business. In line with other companies in the packaging and aerospace industries, Ball makes the majority of its sales and significant purchases to or from a relatively small number of global, or large regional, customers and suppliers. Furthermore, Ball makes the majority of its sales from a small number of product lines. The potential of COVID-19 to affect a significant customer or supplier, or to affect demand for certain products to a significant degree, heightens the vulnerability of Ball to these concentrations.

2. Accounting Pronouncements

New Accounting Guidance and Disclosure Requirements

Government Assistance Disclosure

In 2021, new guidance was issued by the Financial Accounting Standards Board (FASB) related to the disclosure of government assistance received. The company is currently assessing the impact that the adoption of this new guidance will have on its consolidated financial statements.

Reference Rate Reform

In 2020, new guidance was issued by the FASB related to global reference rates reform. The company is currently evaluating the impact that the transition from its London Inter-Bank Offered Rate (LIBOR) based interest rate agreements to Secured Overnight Financing Rate (SOFR) based interest rate agreements will have on its consolidated financial statements. Based on our current understanding, the LIBOR to SOFR transition is not expected to have a material impact on our financial condition, results of operations or cash flows.

Supply Chain Finance Obligations

In 2022, new guidance was issued by the FASB with the goal of enhancing transparency around supply chain finance arrangements for which a supplier may receive early payments on their invoices. The company is currently assessing the impact that the adoption of this new guidance will have on its consolidated financial statements.

3. Business Segment Information

Ball's operations are organized and reviewed by management along its product lines and geographical areas and presented in the four reportable segments outlined below.

Beverage packaging, North and Central America: Consists of operations in the U.S., Canada and Mexico that manufacture and sell aluminum beverage containers throughout those countries.

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Beverage packaging, EMEA: Consists of operations in numerous countries throughout Europe, as well as Egypt and Turkey, that manufacture and sell aluminum beverage containers throughout those countries. Ball sold its former operations located in Russia during the third quarter of 2022. See [Note 4](#) for further details. Ball's operations and results of its former Russian aluminum packaging business is included in the results of the beverage packaging, EMEA, business through the date of the disposal in the third quarter of 2022.

Beverage packaging, South America: Consists of operations in Brazil, Argentina, Paraguay and Chile that manufacture and sell aluminum beverage containers throughout most of South America.

Aerospace: Consists of operations that manufacture and sell aerospace and other related products and provide services used in the defense, civil space and commercial space industries.

As presented in the table below, Other consists of a non-reportable operating segment (beverage packaging, other) that manufactures and sells aluminum beverage containers in India, Saudi Arabia and throughout the Asia Pacific region; a non-reportable operating segment that manufactures and sells extruded aluminum aerosol containers and recloseable aluminum bottles across multiple consumer categories as well as aluminum slugs (aerosol packaging) throughout North America, South America, Europe, and Asia; a non-reportable operating segment that manufactures and sells aluminum cups (aluminum cups); undistributed corporate expenses; and intercompany eliminations and other business activities.

The accounting policies of the segments are the same as those used in the company's consolidated financial statements as discussed in [Note 1](#). The company also has investments in operations in Guatemala, Panama, the U.S. and Vietnam that are accounted for under the equity method of accounting and, accordingly, those results are not included in segment sales or earnings. In 2021, Ball sold its minority-owned investment in South Korea. In the first quarter of 2022, Ball sold its remaining equity method investment in Ball Metalpack. Refer to [Note 4](#) for additional details on both transactions.

Summary of Business by Segment

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales				
Beverage packaging, North and Central America	\$ 1,800	\$ 1,519	\$ 5,184	\$ 4,339
Beverage packaging, EMEA	1,031	937	3,106	2,639
Beverage packaging, South America	466	462	1,494	1,401
Aerospace	477	498	1,471	1,381
Reportable segment sales	3,774	3,416	11,255	9,760
Other	177	137	546	377
Net sales	\$ 3,951	\$ 3,553	\$ 11,801	\$ 10,137
Comparable operating earnings				
Beverage packaging, North and Central America	\$ 205	\$ 186	\$ 543	\$ 519
Beverage packaging, EMEA	82	125	311	349
Beverage packaging, South America	67	74	197	245
Aerospace	47	46	126	115
Reportable segment comparable operating earnings	401	431	1,177	1,228
Reconciling items				
Other (a)	(8)	(14)	(26)	(67)
Business consolidation and other activities	163	(141)	(23)	(136)
Amortization of acquired intangibles	(33)	(38)	(102)	(114)
Earnings before interest and taxes	523	238	1,026	911
Interest expense	(79)	(68)	(216)	(201)
Debt refinancing and other costs	—	(1)	(2)	(1)
Total interest expense	(79)	(69)	(218)	(202)
Earnings before taxes	\$ 444	\$ 169	\$ 808	\$ 709

(a) Includes undistributed corporate expenses, net, of \$25 million and \$17 million for the three months ended September 30, 2022 and 2021, respectively, and \$73 million and \$71 million for the nine months ended September 30, 2022 and 2021, respectively.

The company does not disclose total assets by segment as such information is not provided to the chief operating decision maker.

4. Acquisitions and Dispositions

Russia

In the first quarter of 2022, the company announced that it is pursuing the sale of its aluminum beverage packaging business located in Russia. In the second quarter of 2022, Ball experienced deteriorating conditions and determined this constituted a triggering event for its Russian long-lived asset group. As a result, Ball performed a Level 3 expected cash flow recoverability analysis, using an income valuation approach with various scenarios, including a near-term sale of the business, to estimate the fair value of the long-lived assets, and recorded an impairment loss of \$435 million during the second quarter of 2022. This non-cash charge has been presented in business consolidation and other activities.

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In the third quarter of 2022, the company completed the sale of its Russian aluminum beverage packaging business for total cash consideration of \$530 million and recorded a gain on disposal of \$222 million in business consolidation and other activities. The gain on sale includes cumulative currency translation gains that were recorded in accumulated other comprehensive earnings (loss) and were released upon the complete liquidation of our investment in Russia that resulted upon the sale. The net gain also includes goodwill associated with our beverage packaging, EMEA, reporting unit that was allocated to the Russian disposal group at the date of sale. When considering the impairment loss recorded during the second quarter 2022 of \$435 million, the impairment loss net of gain on the sale of the Russian business was \$213 million for the nine months ended September 30, 2022. The impairment loss in the second quarter and the gain on sale in the third quarter were significantly impacted by movements in the U.S. dollar to Russian ruble exchange rates. Cash proceeds from the sale, net of the cash on the disposed business, of \$455 million were received in the third quarter of 2022 and are presented in business dispositions, net of cash sold, in the unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2022.

In connection with this sale, Ball entered into a call option agreement that is contingently exercisable between 2025 and 2032, and if it becomes exercisable, will provide Ball the right to repurchase the business subject to the status of sanctions and certain other contingencies outside of Ball's control. The option price, if exercised, would provide a compounded annual rate of return to the purchaser based on defined cash flows associated with the purchase and operation of the business from the purchase date through the exercise date of the option. Because the option strike price could limit the residual returns generated by the purchaser, if exercised, the option represents a variable interest retained by Ball in the Russian business. Based on the terms of the option relative to current market conditions in Russia, we have determined that the option has an immaterial value. Neither the option nor any other terms in the sales agreement result in Ball being the primary beneficiary of the business and, therefore, it has been deconsolidated.

Ball Metalpack Investment

During the first quarter of 2022, Ball sold its remaining 49 percent owned equity method investment in Ball Metalpack to Sonoco, a global provider of consumer, industrial, healthcare and protective packaging, for total consideration of approximately \$298 million, all of which was received in cash in the first quarter of 2022. Ball's carrying value of the investment before the sale was zero; therefore, a gain from the sale of \$298 million is reported in business consolidation and other activities in the unaudited condensed consolidated statements of earnings. Cash proceeds of \$298 million related to the sale are presented in business dispositions, net of cash sold, in the unaudited condensed consolidated statement of cash flows.

Ball also received proceeds from Ball Metalpack for the repayment of an outstanding promissory note and accrued interest of approximately \$16 million, which was recorded as a gain in business consolidation and other activities in the unaudited condensed consolidated statements of earnings.

South Korea Investment

In the third quarter of 2021, Ball sold its minority-owned investment in South Korea. Consideration for the transaction was cash of \$120 million, of which \$110 million has been received, and is presented in business dispositions in cash flows from investing activities in Ball's unaudited condensed consolidated statements of cash flows. The remaining \$10 million will be received on or before December 31, 2022, and is presented in receivables, net on Ball's unaudited condensed consolidated balance sheets. In the second quarter of 2021, the company recorded a loss of \$5 million related to the disposal, which was presented in business consolidation and other activities in the unaudited condensed consolidated statement of earnings.

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5. Revenue from Contracts with Customers

The following table disaggregates the company's net sales based on the timing of transfer of control:

Periods Ended September 30,	Three Months Ended September 30,			Nine Months Ended September 30,		
	Point in Time	Over Time	Total	Point in Time	Over Time	Total
2022	\$ 725	\$ 3,226	\$ 3,951	\$ 2,031	\$ 9,770	\$ 11,801
2021	603	2,950	3,553	1,837	8,300	10,137

Contract Balances

The company did not have any contract assets at either September 30, 2022, or December 31, 2021. Unbilled receivables, which are not classified as contract assets, represent arrangements in which sales have been recorded prior to billing and right to payment is unconditional.

The opening and closing balances of the company's current and noncurrent contract liabilities are as follows:

(\$ in millions)	Contract Liabilities (Current)	Contract Liabilities (Noncurrent)
Balance at December 31, 2021	\$ 272	\$ 38
Increase (decrease)	(59)	(24)
Balance at September 30, 2022	\$ 213	\$ 14

During the nine months ended September 30, 2022, total contract liabilities decreased by \$83 million, which is net of cash received of \$527 million and amounts recorded as sales of \$444 million, the majority of which related to current contract liabilities. The amount of sales recorded in the nine months ended September 30, 2022, which were included in the opening contract liabilities balances, was \$272 million, all of which related to current contract liabilities. Current contract liabilities are classified within other current liabilities on the unaudited condensed consolidated balance sheet and noncurrent contract liabilities are classified within other liabilities.

The company also recorded a reduction in net sales of \$5 million in the three months ended September 30, 2022, and net sales of \$7 million and \$18 million in the three and nine months ended September 30, 2021, respectively, from performance obligations satisfied (or partially satisfied) in prior periods. These sales amounts are the result of changes in the transaction price of the company's contracts with customers.

Transaction Price Allocated to Remaining Performance Obligations

The table below discloses: (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period for contracts with an original duration of greater than one year, and (2) when the company expects to record sales on these multi-year contracts.

(\$ in millions)	Next Twelve Months	Thereafter	Total
Sales expected to be recognized on multi-year contracts in place as of September 30, 2022	\$ 1,433	\$ 1,507	\$ 2,940

6. Business Consolidation and Other Activities

The following is a summary of business consolidation and other activity (charges)/income included in the unaudited condensed consolidated statements of earnings:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Beverage packaging, North and Central America	\$ (36)	\$ —	\$ (37)	\$ (1)
Beverage packaging, EMEA	214	(2)	(225)	(5)
Beverage packaging, South America	(9)	(9)	(31)	11
Other	(6)	(130)	270	(141)
	<u>\$ 163</u>	<u>\$ (141)</u>	<u>\$ (23)</u>	<u>\$ (136)</u>

2022

Beverage Packaging, North and Central America

During the three and nine months ended September 30, 2022, the company recorded charges of \$34 million primarily related to employee severance and benefits, accelerated depreciation and other shutdown costs resulting from the planned closure of its Phoenix, Arizona, and St. Paul, Minnesota, facilities in the fourth quarter of 2022, and the first quarter of 2023, respectively. The company also recorded charges of \$2 million for the three and nine months ended September 30, 2022, for employee severance and benefit charges related to cost-out activities. Additional charges of \$1 million in the nine months ended September 30, 2022, were for individually insignificant activities.

Beverage Packaging, EMEA

During the third quarter of 2022, Ball sold its Russian aluminum beverage packaging business for \$530 million of cash and recorded a gain of \$222 million. During the second quarter of 2022, Ball recorded a non-cash impairment of \$435 million for its Russian long-lived asset group as a result of the Russian invasion of Ukraine. Ball recorded net charges associated with its inability to hedge Russian ruble currency exposures of \$3 million for the three and nine months ended September 30, 2022. See [Note 4](#) for further details.

The company also recorded charges of \$6 million for the three and nine months ended September 30, 2022, for employee severance and benefit charges related to cost-out activities. Additionally, the company recorded \$1 million of credits and \$3 million of charges, in the three and nine months ended September 30, 2022, respectively, for individually insignificant activities.

Beverage Packaging, South America

The company recorded charges in the three and nine months ended September 30, 2022, of \$8 million primarily related to employee severance and benefits and facility shutdown costs resulting from the closure of its Santa Cruz, Brazil, facility, and \$1 million for individually insignificant activities. During the nine months ended September 30, 2022, Ball recorded charges of \$22 million related to an increased risk of not being able to fully collect amounts due from a regional customer in Brazil. See [Note 21](#) for further details.

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Other

During the three months ended September 30, 2022, the company recorded charges of \$6 million for employee severance and benefit charges related to cost-out activities.

During the nine months ended September 30, 2022, the company recorded the following amounts:

- A gain of \$298 million related to the sale of Ball's remaining equity method investment in Ball Metalpack. See [Note 4](#) for further details.
- A charge related to a donation of \$30 million to The Ball Foundation, a non-profit philanthropic organization with efforts to build a better world.
- A gain of \$16 million from Ball Metalpack's repayment of a loan which was formerly fully reserved.
- Net charges of \$5 million associated with Ball's inability to hedge Russian ruble currency exposures.
- Charges of \$6 million for employee severance and benefit charges related to cost-out activities.
- Charges of \$3 million for individually insignificant activities.

2021

Beverage Packaging, North and Central America

During the nine months ended September 30, 2021, the company recorded net charges of \$1 million for individually insignificant activities in connection with previously announced closures of certain plants and other activities.

Beverage Packaging, EMEA

During the three and nine months ended September 30, 2021, the company recorded charges of \$2 million and \$5 million, respectively, for individually insignificant activities in connection with previously announced plant closures, restructuring and other activities.

Beverage Packaging, South America

During the nine months ended September 30, 2021, the company recorded a \$22 million gain related to indirect tax gain contingencies in Brazil as these amounts are now estimable and realizable. The company's Brazilian subsidiaries filed lawsuits in 2014 and 2015 to challenge the Brazilian tax authorities regarding the computation of certain indirect taxes, claiming amounts were overpaid to the tax authorities because the tax base included a "tax on tax" component. During the three and nine months ended September 30, 2021, the company recorded charges of \$4 million in connection with previously announced plant closures. Additional charges in the three and nine months ended September 30, 2021, were \$5 million and \$7 million, respectively, for individually insignificant activities.

Other

During the three months ended September 30, 2021, the company recorded the following amounts:

- A non-cash settlement loss of \$130 million related to the purchase of non-participating group annuity contracts and lump-sum payments to settle the projected pension benefit obligations for certain of Ball's U.S. defined benefit pension plans, which triggered settlement accounting. The settlement loss primarily reflects the third quarter recognition of unamortized actuarial losses in these U.S. pension plans.

During the nine months ended September 30, 2021, the company recorded the following amounts:

- A non-cash settlement loss of \$130 million related to the purchase of non-participating group annuity contracts and lump-sum payments to settle the projected pension benefit obligations for certain of Ball's U.S. defined benefit pension plans, which triggered settlement accounting. The settlement loss primarily reflects the third quarter recognition of unamortized actuarial losses in these U.S. pension plans.
- A loss of \$5 million related to the sale of its minority-owned investment in South Korea.
- Charges of \$6 million for individually insignificant activities.

7. Supplemental Cash Flow Statement Disclosures

(\$ in millions)	September 30,	
	2022	2021
Beginning of period:		
Cash and cash equivalents	\$ 563	\$ 1,366
Current restricted cash (included in other current assets)	16	15
Total cash, cash equivalents and restricted cash	\$ 579	\$ 1,381
End of period:		
Cash and cash equivalents	\$ 473	\$ 1,446
Current restricted cash (included in other current assets)	23	12
Total cash, cash equivalents and restricted cash	\$ 496	\$ 1,458

The company's restricted cash is primarily related to receivables factoring programs and represents amounts collected from customers that have not yet been remitted to the banks as of the end of the reporting period.

Non-cash investing activities include the acquisition of property, plant and equipment (PP&E) for which payment has not been made. These non-cash capital expenditures are excluded from the statement of cash flows. A summary of the PP&E acquired but not yet paid for is as follows:

(\$ in millions)	September 30,	
	2022	2021
Beginning of period:		
PP&E acquired but not yet paid	\$ 540	\$ 409
End of period:		
PP&E acquired but not yet paid	\$ 461	\$ 550

8. Receivables, Net

(\$ in millions)	September 30,	December 31,
	2022	2021
Trade accounts receivable	\$ 1,632	\$ 1,304
Unbilled receivables	705	727
Less: Allowance for doubtful accounts	(15)	(9)
Net trade accounts receivable	2,322	2,022
Other receivables	555	538
	\$ 2,877	\$ 2,560

The company has entered into several regional committed and uncommitted accounts receivable factoring programs with various financial institutions for certain of its receivables. The programs are accounted for as true sales of the receivables, without recourse to Ball, and had combined limits of approximately \$2 billion and \$1.7 billion at September 30, 2022, and December 31, 2021. A total of \$638 million and \$308 million were available for sale under these programs as of September 30, 2022, and December 31, 2021, respectively.

Other receivables include income and sales tax receivables, aluminum scrap sale receivables and other miscellaneous receivables, including the remaining amount that relates to the sale of Ball's minority-owned investment in South Korea as detailed in [Note 4](#).

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9. Inventories, Net

(\$ in millions)	September 30, 2022	December 31, 2021
Raw materials and supplies	\$ 1,395	\$ 1,064
Work-in-process and finished goods	897	821
Less: Inventory reserves	(91)	(90)
	<u>\$ 2,201</u>	<u>\$ 1,795</u>

10. Property, Plant and Equipment, Net

(\$ in millions)	September 30, 2022	December 31, 2021
Land	\$ 178	\$ 167
Buildings	2,083	2,081
Machinery and equipment	6,929	6,876
Construction-in-progress	1,430	1,179
	<u>10,620</u>	<u>10,303</u>
Accumulated depreciation	(3,882)	(3,801)
	<u>\$ 6,738</u>	<u>\$ 6,502</u>

Depreciation expense amounted to \$117 million and \$130 million for the three months ended September 30, 2022 and 2021, respectively, and \$386 million and \$380 million for the nine months ended September 30, 2022 and 2021, respectively.

During the third quarter of 2022, the company completed an evaluation of the estimated useful lives of its manufacturing equipment, buildings and certain assembly and test equipment. The company utilized a third-party appraiser to assist in the evaluation, which was performed as a result of the company's experience with the duration over which its equipment can be utilized. Effective July 1, 2022, Ball revised the estimated useful lives of all of its equipment and buildings included in the analysis, which resulted in a net reduction in depreciation expense of approximately \$24 million (\$18 million after tax, or \$0.06 per diluted share) for the three and nine months ended September 30, 2022, as compared to the amount of depreciation expense that would have been recognized by utilizing the prior depreciable lives. This change in useful lives is expected to reduce depreciation expense by approximately \$48 million (\$36 million after tax, or \$0.11 per diluted share) for the year ending December 31, 2022.

As discussed in [Note 4](#), in the second quarter of 2022, Ball recorded a non-cash impairment charge related to its Russian long-lived asset group, of which \$296 million related to property, plant and equipment associated with the company's Russian aluminum beverage packaging business, which resulted in fully impairing the assets which were subsequently disposed through the sale of the Russia aluminum beverage packaging business. See [Note 4](#) for further details.

11. Goodwill

(\$ in millions)	Beverage Packaging, North & Central America	Beverage Packaging, EMEA	Beverage Packaging, South America	Aerospace	Other	Total
Balance at December 31, 2021	\$ 1,275	\$ 1,483	\$ 1,298	\$ 40	\$ 282	\$ 4,378
Business dispositions	—	(101)	—	—	—	(101)
Effects of currency exchange	—	(141)	—	—	(17)	(158)
Balance at September 30, 2022	<u>\$ 1,275</u>	<u>\$ 1,241</u>	<u>\$ 1,298</u>	<u>\$ 40</u>	<u>\$ 265</u>	<u>\$ 4,119</u>

Goodwill in the above table is presented net of accumulated impairment losses of \$60 million and \$62 million as of September 30, 2022 and December 31, 2021, respectively.

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During the third quarter of 2022, the company sold its Russian aluminum beverage packaging business, which resulted in a \$101 million decrease in goodwill in the beverage packaging, EMEA, segment. See [Note 4](#) for additional details.

12. Intangible Assets, Net

(\$ in millions)	September 30, 2022	December 31, 2021
Acquired customer relationships and other intangibles (net of accumulated amortization and impairment losses of \$857 million at September 30, 2022, and \$862 million at December 31, 2021)	\$ 1,317	\$ 1,593
Capitalized software (net of accumulated amortization of \$197 million at September 30, 2022, and \$187 million at December 31, 2021)	75	74
Other intangibles (net of accumulated amortization of \$97 million at September 30, 2022, and \$97 million at December 31, 2021)	18	21
	<u>\$ 1,410</u>	<u>\$ 1,688</u>

Total amortization expense of intangible assets amounted to \$40 million and \$45 million for the three months ended September 30, 2022 and 2021, respectively, and \$124 million and \$135 million for the nine months ended September 30, 2022 and 2021, respectively.

As discussed in [Note 4](#), in the second quarter of 2022, Ball recorded a non-cash impairment charge related to its Russian long-lived asset group, of which \$131 million related to acquired customer relationships and other intangibles associated with the company's Russian aluminum beverage packaging business, which resulted in fully impairing the assets which were subsequently disposed through the sale of the Russia aluminum beverage packaging business. See [Note 4](#) for further details.

13. Other Assets

(\$ in millions)	September 30, 2022	December 31, 2021
Long-term pension assets	\$ 487	\$ 579
Right-of-use operating lease assets	443	420
Investments in affiliates	193	184
Long-term deferred tax assets	112	126
Other	739	614
	<u>\$ 1,974</u>	<u>\$ 1,923</u>

Investments in affiliates primarily includes the company's 50 percent ownership interest in an entity in Guatemala, a 50 percent ownership interest in an entity in Panama, a 50 percent ownership interest in an entity in Vietnam and an ownership interest of 50 percent in an entity in the U.S.

In 2021, Ball sold its minority-owned investment in South Korea and in the first quarter of 2022, Ball sold its remaining equity method investment in Ball Metalpack. See [Note 4](#) for further details of both transactions.

14. Leases

The company enters into operating leases for buildings, warehouses, office equipment, production equipment, aircraft, land and other types of equipment. The company also enters into finance leases for certain plant equipment.

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Supplemental balance sheet information related to the company's leases follows:

(\$ in millions)	Balance Sheet Location	September 30, 2022	December 31, 2021
Operating leases:			
Operating lease ROU asset	Other assets	\$ 443	\$ 420
Current operating lease liabilities	Other current liabilities	89	80
Noncurrent operating lease liabilities	Other liabilities	361	340
Finance leases:			
Finance lease ROU assets, net	Property, plant and equipment, net	11	14
	Short-term debt and current portion of long-term		
Current finance lease liabilities	debt	2	2
Noncurrent finance lease liabilities	Long-term debt	10	12

15. Debt

Long-term debt consisted of the following:

(\$ in millions)	September 30, 2022	December 31, 2021
Senior Notes		
4.00% due November 2023	\$ 1,000	\$ 1,000
4.375%, euro denominated, due December 2023	686	796
0.875%, euro denominated, due March 2024	735	853
5.25% due July 2025	1,000	1,000
4.875% due March 2026	750	750
1.50%, euro denominated, due March 2027	539	625
2.875% due August 2030	1,300	1,300
3.125% due September 2031	850	850
Senior Credit Facility (at variable rates)		
Term A loan due March 2024 (1.35% - 2021)	—	593
U.S. dollar revolver due June 2027 (4.10% - 2022)	200	—
Term A loan due June 2027 (3.81% - 2022)	1,350	—
Finance lease obligations	12	14
Other (including debt issuance costs)	(56)	(56)
	8,366	7,725
Less: Current portion	(3)	(3)
	<u>\$ 8,363</u>	<u>\$ 7,722</u>

In the second quarter of 2022, the company completed the closing of its new revolving and term loan senior secured credit facilities that refinance its existing senior secured credit facilities entered into in 2019. The company's senior credit facilities include long-term multi-currency revolving facilities that mature in June 2027, which provide the company with up to the U.S. dollar equivalent of \$1.75 billion. At September 30, 2022, taking into account outstanding letters of credit, \$1.5 billion was available under the company's long-term, revolving credit facilities. In addition to these facilities, the company had approximately \$1.2 billion of short-term uncommitted credit facilities available at September 30, 2022, of which \$467 million was outstanding and due on demand. At December 31, 2021, the company had \$12 million outstanding under short-term uncommitted credit facilities.

The fair value of long-term debt was estimated to be \$7.6 billion and \$8 billion at September 30, 2022 and December 31, 2021. The fair value reflects the market rates at each period end for debt with credit ratings similar to the company's ratings and is classified as Level 2 within the fair value hierarchy. Rates currently available to the company for loans with similar terms and maturities are used to estimate the fair value of long-term debt based on discounted cash flows.

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The U.S. note agreements and bank credit agreement contain certain restrictions relating to dividend payments, share repurchases, investments, financial ratios, guarantees and the incurrence of additional indebtedness. The company's most restrictive debt covenant requires the company to maintain a leverage ratio (as defined) of no greater than 5.0 times as of September 30, 2022, which will change to 4.5 times as of September 30, 2025. The company was in compliance with all loan agreements and debt covenants at both September 30, 2022, and December 31, 2021, and it has met all debt payment obligations.

16. Taxes on Income

The company's effective tax rate was 8.6 percent and 17.2 percent for the three and nine months ended September 30, 2022, respectively. As compared to the statutory U.S. tax rate, the effective tax rate for the three and nine months ended September 30, 2022, was reduced by 10.8 and 5.9 percentage points for the sale of the Russian aluminum beverage packaging business, respectively, reduced by 5.1 and 2.8 percentage points, respectively, for non-U.S. rate differences net of withholding taxes and reduced by 2.2 and 2.6 percentage points, respectively, for federal tax credits. The effective rate for the three and nine months ended September 30, 2022, increased by 3.8 and 3.0 percentage points, respectively, for U.S. permanent differences.

The company's effective tax rate was negative 1.2 percent and 20.6 percent for the three and nine months ended September 30, 2021, respectively. As compared to the statutory U.S. tax rate, the effective tax rate for the three and nine months ended September 30, 2021, was reduced by 13.9 and 5.8 percentage points, respectively, for federal tax credits, reduced by 3.5 and 3.1 percentage points, respectively, for non-U.S. rate differences net of withholding tax and reduced by 2.8 and 1.6 percentage points, respectively, for share-based compensation. For the nine months ended September 30, 2021, the effective tax rate was increased by 8.0 percentage points for the U.K.'s enacted tax rate change.

17. Employee Benefit Obligations

(\$ in millions)	September 30, 2022	December 31, 2021
Underfunded defined benefit pension liabilities	\$ 487	\$ 582
Less: Current portion	(19)	(21)
Long-term defined benefit pension liabilities	468	561
Long-term retiree medical liabilities	128	135
Deferred compensation plans	272	441
Other	36	68
	<u>\$ 904</u>	<u>\$ 1,205</u>

Components of net periodic benefit cost associated with the company's defined benefit pension plans were as follows:

(\$ in millions)	Three Months Ended September 30,					
	2022			2021		
	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	Total
Ball-sponsored plans:						
Service cost	\$ 22	\$ 3	\$ 25	\$ 20	\$ 4	\$ 24
Interest cost	13	12	25	12	9	21
Expected return on plan assets	(27)	(15)	(42)	(29)	(17)	(46)
Amortization of prior service cost	—	1	1	—	1	1
Recognized net actuarial loss	7	1	8	12	1	13
Settlement losses and other one-time charges (a)	3	—	3	130	—	130
Total net periodic benefit cost	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ 20</u>	<u>\$ 145</u>	<u>\$ (2)</u>	<u>\$ 143</u>

(a) The charges in 2021 include settlement losses related to the purchase of non-participating annuities, plant shutdown benefits and other settlements that occur in the normal course of business. The charges in 2022 include one-time plant-related charges. These amounts have been recorded in business consolidation and other activities.

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(\$ in millions)	Nine Months Ended September 30,					
	2022			2021		
	U.S.	Non-U.S.	Total	U.S.	Non-U.S.	Total
Ball-sponsored plans:						
Service cost	\$ 66	\$ 8	\$ 74	\$ 62	\$ 10	\$ 72
Interest cost	40	36	76	38	27	65
Expected return on plan assets	(81)	(47)	(128)	(91)	(49)	(140)
Amortization of prior service cost	1	2	3	1	2	3
Recognized net actuarial loss	21	3	24	36	4	40
Settlement losses and other one-time charges (a)	3	—	3	130	—	130
Total net periodic benefit cost	\$ 50	\$ 2	\$ 52	\$ 176	\$ (6)	\$ 170

(a) The charges in 2021 include settlement losses related to the purchase of non-participating annuities, plant shutdown benefits and other settlements that occur in the normal course of business. The charges in 2022 include one-time plant-related charges. These amounts have been recorded in business consolidation and other activities.

Non-service pension income of \$8 million and \$11 million for the three months ended September 30, 2022 and 2021, respectively, and income of \$25 million and \$32 million for the nine months ended September 30, 2022 and 2021, respectively, is included in selling, general, and administrative (SG&A) expenses in the unaudited condensed consolidated statement of earnings.

Contributions to the company's defined benefit pension plans were \$113 million for the first nine months of 2022 compared to \$203 million for the first nine months of 2021, and such contributions are expected to be approximately \$127 million for the full year of 2022. This estimate may change based on changes to the U.S. Pension Protection Act and the actual returns achieved on plan assets, among other factors.

18. Equity and Accumulated Other Comprehensive Earnings (Loss)

The following tables provide additional details of the company's equity activity:

(\$ in millions; share amounts in thousands)	Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Noncontrolling Interest	Total Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance at June 30, 2022	681,866	\$ 1,232	(367,399)	\$ (4,408)	\$ 6,987	\$ (346)	\$ 68	\$ 3,533
Net earnings	—	—	—	—	392	—	2	394
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	(392)	—	(392)
Currency translation recognized in earnings from the sale of the Russian aluminum beverage packaging business	—	—	—	—	—	90	—	90
Common dividends, net of tax benefits	—	—	—	—	(63)	—	—	(63)
Treasury stock purchases	—	—	(921)	(39)	—	—	—	(39)
Treasury shares reissued	—	—	152	8	—	—	—	8
Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged	158	15	—	—	—	—	—	15
Other activity	—	—	—	3	—	—	—	3
Balance at September 30, 2022	682,024	\$ 1,247	(368,168)	\$ (4,436)	\$ 7,316	\$ (648)	\$ 70	\$ 3,549

(\$ in millions; share amounts in thousands)	Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Noncontrolling Interest	Total Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance at June 30, 2021	680,246	\$ 1,195	(353,475)	\$ (3,255)	\$ 6,496	\$ (797)	\$ 62	\$ 3,701
Net earnings	—	—	—	—	179	—	—	179
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	144	—	144
Common dividends, net of tax benefits	—	—	—	—	(66)	—	—	(66)
Treasury stock purchases	—	—	(2,429)	(219)	—	—	—	(219)
Treasury shares reissued	—	—	62	9	—	—	—	9
Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged	421	14	—	—	—	—	—	14
Other activity	—	—	—	2	—	—	(1)	3
Balance at September 30, 2021	680,667	\$ 1,209	(355,842)	\$ (3,463)	\$ 6,611	\$ (653)	\$ 61	\$ 3,765

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(\$ in millions; share amounts in thousands)	Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Noncontrolling Interest	Total Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance at December 31, 2021	680,945	\$ 1,220	(360,101)	\$ (3,854)	\$ 6,843	\$ (582)	\$ 58	\$ 3,685
Net earnings	—	—	—	—	664	—	12	676
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	(156)	—	(156)
Currency translation recognized in earnings from the sale of the Russian aluminum beverage packaging business	—	—	—	—	—	90	—	90
Common dividends	—	—	—	—	(191)	—	—	(191)
Treasury stock purchases	—	—	(8,384)	(617)	—	—	—	(617)
Treasury shares reissued	—	—	317	25	—	—	—	25
Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged	1,079	27	—	—	—	—	—	27
Other activity	—	—	—	10	—	—	—	10
Balance at September 30, 2022	682,024	\$ 1,247	(368,168)	\$ (4,436)	\$ 7,316	\$ (648)	\$ 70	\$ 3,549

(\$ in millions; share amounts in thousands)	Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Noncontrolling Interest	Total Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance at December 31, 2020	679,524	\$ 1,167	(351,939)	\$ (3,130)	\$ 6,192	\$ (954)	\$ 62	\$ 3,337
Net earnings	—	—	—	—	581	—	—	581
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	301	—	301
Common dividends	—	—	—	—	(164)	—	—	(164)
Treasury stock purchases	—	—	(4,201)	(368)	—	—	—	(368)
Treasury shares reissued	—	—	298	25	—	—	—	25
Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged	1,143	42	—	—	—	—	—	42
Other activity	—	—	—	10	2	—	(1)	11
Balance at September 30, 2021	680,667	\$ 1,209	(355,842)	\$ (3,463)	\$ 6,611	\$ (653)	\$ 61	\$ 3,765

In the second quarter of 2022, in a privately negotiated transaction, Ball entered into an accelerated share repurchase agreement to buy \$300 million of its common shares using cash on hand and available borrowings. In the third quarter of 2022, Ball settled the agreement and received a total of 4.34 million shares with the average price per share paid of \$69.06.

Accumulated Other Comprehensive Earnings (Loss)

The activity related to accumulated other comprehensive earnings (loss) was as follows:

(\$ in millions)	Currency Translation (Net of Tax)	Pension and Other Postretirement Benefits (Net of Tax)	Derivatives Designated as Hedges (Net of Tax)	Accumulated Other Comprehensive Earnings (Loss)
Balance at December 31, 2021	(536)	(169)	123	(582)
Other comprehensive earnings (loss) before reclassifications	141	(24)	118	235
Reclassification of net deferred gains (losses) into earnings	(90)	23	(234)	(301)
Balance at September 30, 2022	<u>\$ (485)</u>	<u>\$ (170)</u>	<u>\$ 7</u>	<u>\$ (648)</u>

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The following table provides additional details of the amounts recorded into net earnings from accumulated other comprehensive earnings (loss):

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Gains (losses) on cash flow hedges:				
Commodity contracts recorded in net sales	\$ 105	\$ (28)	\$ 23	\$ (89)
Commodity contracts recorded in cost of sales	(5)	53	141	95
Currency exchange contracts recorded in selling, general and administrative	59	27	136	66
Interest rate contracts recorded in interest expense	2	—	2	—
Total before tax effect	161	52	302	72
Tax benefit (expense) on amounts reclassified into earnings	(35)	(9)	(68)	(11)
Recognized gain (loss), net of tax	\$ 126	\$ 43	\$ 234	\$ 61
Amortization of pension and other postretirement benefits: (a)				
Actuarial gains (losses)	\$ (8)	\$ (12)	\$ (24)	\$ (39)
Prior service income (expense)	(1)	(1)	(3)	(3)
Effect of settlement losses and other one-time charges	(3)	(130)	(3)	(130)
Total before tax effect	(12)	(143)	(30)	(172)
Tax benefit (expense) on amounts reclassified into earnings	2	35	7	43
Recognized gain (loss), net of tax	\$ (10)	\$ (108)	\$ (23)	\$ (129)
Currency translation recorded in business consolidation and other activities from the sale of the Russian aluminum beverage packaging business	\$ 90	\$ —	\$ 90	\$ —

(a) These components are included in the computation of net periodic benefit cost detailed in [Note 17](#).

19. Earnings and Dividends Per Share

(\$ in millions, except per share amounts; shares in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net earnings attributable to Ball Corporation	\$ 392	\$ 179	\$ 664	\$ 581
Basic weighted average common shares	314,054	325,876	317,296	327,097
Effect of dilutive securities	3,007	5,719	3,926	5,841
Weighted average shares applicable to diluted earnings per share	317,061	331,595	321,222	332,938
Per basic share	\$ 1.25	\$ 0.55	\$ 2.09	\$ 1.78
Per diluted share	\$ 1.24	\$ 0.54	\$ 2.07	\$ 1.75

Certain outstanding options and SSAR's were excluded from the diluted earnings per share calculation because they were anti-dilutive (i.e., the sum of the proceeds, including the unrecognized compensation, exceeded the average closing stock price for the period). Ball excluded anti-dilutive options and SSAR's of four million and one million for the three months ended September 30, 2022 and 2021, respectively, and three million and one million for the nine months ended September 30, 2022 and 2021, respectively.

The company declared and paid dividends of \$0.20 per share for the three months ended September 30, 2022 and 2021, and \$0.60 per share and \$0.50 per share for the nine months ended September 30, 2022 and 2021, respectively.

20. Financial Instruments and Risk Management

Policies and Procedures

The company employs established risk management policies and procedures, which seek to reduce the company's commercial risk exposure to fluctuations in commodity prices, interest rates, currency exchange rates and prices of the company's common stock with regard to common share repurchases and the company's deferred compensation stock plan. However, there can be no assurance these policies and procedures will be successful. Although the instruments utilized involve varying degrees of credit, market and interest risk, the counterparties to the agreements are expected to perform fully under the terms of the agreements. The company monitors counterparty credit risk, including lenders, on a regular basis, but Ball cannot be certain that all risks will be discerned or that its risk management policies and procedures will always be effective. Additionally, in the event of default under the company's master derivative agreements, the non-defaulting party has the option to offset any amounts owed with regard to open derivative positions.

Commodity Price Risk - The company manages commodity price risk in connection with market price fluctuations of aluminum through two different methods. First, the company enters into container sales contracts that include aluminum-based pricing terms which generally reflect the same price fluctuations under commercial purchase contracts for aluminum sheet. The terms include fixed, floating or pass through aluminum component pricing. Second, the company uses certain derivative instruments, including option and forward contracts, as economic and cash flow hedges of commodity price risk where there are material differences between sales and purchase contracted pricing and volume.

Interest Rate Risk - The company's objective in managing exposure to interest rate changes is to minimize the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve these objectives, the company may use a variety of interest rate swaps, collars and options to manage its mix of floating and fixed-rate debt.

Currency Exchange Rate Risk - The company's objective in managing exposure to currency fluctuations is to limit the exposure of cash flows and earnings from changes associated with currency exchange rate changes through the use of various derivative contracts. In addition, at times the company manages earnings translation volatility through the use of currency option strategies, and the change in the fair value of those options is recorded in the company's net earnings.

The following table provides additional information related to the commercial risk management instruments described above:

(\$ in millions)	September 30, 2022		
	Commodity	Currency	Interest Rate
Notional amount of contracts	\$ 1,758	\$ 2,710	\$ 788
Net gain (loss) included in AOCI, after-tax	—	7	—
Net gain (loss) included in AOCI, after-tax, expected to be recognized in net earnings within the next 12 months	—	22	—
Longest duration of forecasted cash flow hedge transactions in years	2	2	1

Common Stock Price Risk

The company's deferred compensation stock program is subject to variable plan accounting and, accordingly, is marked to fair value using the company's closing stock price at the end of the related reporting period. The company entered into total return swaps to reduce the company's earnings exposure to these fair value fluctuations that will be outstanding through May 2023 and have a combined notional value of 2.5 million shares. Based on the current number of shares in the program, each \$1 change in the company's stock price would have an insignificant impact on pretax earnings, net of the impact of related derivatives.

Collateral Calls

The company's agreements with its financial counterparties require the company to post collateral in certain circumstances when the negative mark to fair value of the derivative contracts exceeds specified levels. Additionally, the company has collateral posting arrangements with certain customers on these derivative contracts. The cash flows of the margin calls, if any, are shown within the investing section of the company's unaudited condensed consolidated statements of cash flows. As of September 30, 2022, and December 31, 2021, the aggregate fair value of all derivative instruments with credit-risk-related contingent features was a net liability position of \$44 million and \$3 million, respectively, and no collateral was required to be posted.

Fair Value Measurements

Ball has classified all applicable financial derivative assets and liabilities as Level 2 within the fair value hierarchy as of September 30, 2022, and December 31, 2021, and presented those values in the tables below. The company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

(\$ in millions)	Balance Sheet Location	September 30, 2022		Total
		Derivatives Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments	
Assets:				
Commodity contracts		\$ 75	\$ 1	\$ 76
Currency contracts		—	38	38
Total current derivative contracts	Other current assets	\$ 75	\$ 39	\$ 114
Currency contracts		\$ 172	\$ 2	\$ 174
Total noncurrent derivative contracts	Other noncurrent assets	\$ 172	\$ 2	\$ 174
Liabilities:				
Commodity contracts		\$ 69	\$ 1	\$ 70
Currency contracts		2	18	20
Other contracts		—	19	19
Total current derivative contracts	Other current liabilities	\$ 71	\$ 38	\$ 109
Commodity contracts		\$ 1	\$ —	\$ 1
Currency contracts		—	1	1
Total noncurrent derivative contracts	Other noncurrent liabilities	\$ 1	\$ 1	\$ 2

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(\$ in millions)	Balance Sheet Location	December 31, 2021		
		Derivatives Designated as Hedging Instruments	Derivatives not Designated as Hedging Instruments	Total
Assets:				
Commodity contracts		\$ 142	\$ —	\$ 142
Currency contracts		2	19	21
Other contracts		1	6	7
Total current derivative contracts	Other current assets	<u>\$ 145</u>	<u>\$ 25</u>	<u>\$ 170</u>
Commodity contracts		\$ 3	\$ —	\$ 3
Currency contracts		59	1	60
Total noncurrent derivative contracts	Other noncurrent assets	<u>\$ 62</u>	<u>\$ 1</u>	<u>\$ 63</u>
Liabilities:				
Commodity contracts		\$ 20	\$ —	\$ 20
Currency contracts		—	8	8
Other contracts		—	1	1
Total current derivative contracts	Other current liabilities	<u>\$ 20</u>	<u>\$ 9</u>	<u>\$ 29</u>
Currency contracts		\$ —	\$ 3	\$ 3
Total noncurrent derivative contracts	Other noncurrent liabilities	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 3</u>

The company uses closing spot and forward market prices as published by the London Metal Exchange, the Chicago Mercantile Exchange, Reuters and Bloomberg to determine the fair value of any outstanding aluminum, currency, energy, inflation and interest rate spot and forward contracts. Option contracts are valued using a Black-Scholes model with observable market inputs for aluminum, currency and interest rates. The company values each of its financial instruments either internally using a single valuation technique, from a reliable observable market source, or from the use of third-party software. The company does not adjust the value of its financial instruments except in determining the fair value of a trade that settles in the future. The present value discounting factor is based on the comparable time period SOFR rate, LIBOR rate or 12-month LIBOR. Ball performs validations of the company's internally derived fair values reported for the company's financial instruments on a quarterly basis utilizing counterparty valuation statements. The company additionally evaluates counterparty creditworthiness and, as of September 30, 2022, has not identified any circumstances requiring the reported values of the company's financial instruments be adjusted.

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The following table provides the effects of derivative instruments in the unaudited condensed consolidated statement of earnings and on accumulated other comprehensive earnings (loss):

		Three Months Ended September 30,			
		2022		2021	
(\$ in millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives	Cash Flow Hedge - Reclassified Amount from Accumulated Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives not Designated as Hedge Instruments	Cash Flow Hedge - Reclassified Amount from Accumulated Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives not Designated as Hedge Instruments
Commodity contracts - <i>manage exposure to customer pricing</i>	Net sales	\$ 105	\$ —	\$ (28)	\$ —
Commodity contracts - <i>manage exposure to supplier pricing</i>	Cost of sales	(5)	37	53	3
Interest rate contracts - <i>manage exposure for outstanding debt</i>	Interest expense	2	5	—	—
Currency contracts - <i>manage currency exposure</i>	Selling, general and administrative	59	28	27	12
Equity contracts	Selling, general and administrative	—	(51)	—	23
Total		<u>\$ 161</u>	<u>\$ 19</u>	<u>\$ 52</u>	<u>\$ 38</u>

		Nine Months Ended September 30,			
		2022		2021	
(\$ in millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives	Cash Flow Hedge - Reclassified Amount from Accumulated Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives not Designated as Hedge Instruments	Cash Flow Hedge - Reclassified Amount from Accumulated Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives not Designated as Hedge Instruments
Commodity contracts - <i>manage exposure to customer pricing</i>	Net sales	\$ 23	\$ —	\$ (89)	\$ —
Commodity contracts - <i>manage exposure to supplier pricing</i>	Cost of sales	141	17	95	9
Interest rate contracts - <i>manage exposure for outstanding debt</i>	Interest expense	2	9	—	—
Currency contracts - <i>manage currency exposure</i>	Selling, general and administrative	136	88	66	32
Equity contracts	Selling, general and administrative	—	(120)	—	(11)
Total		<u>\$ 302</u>	<u>\$ (6)</u>	<u>\$ 72</u>	<u>\$ 30</u>

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The changes in accumulated other comprehensive earnings (loss) for derivatives designated as hedges were as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Amounts reclassified into earnings:				
Commodity contracts	\$ (100)	\$ (25)	\$ (164)	\$ (6)
Interest rate contracts	(2)	—	(2)	—
Currency exchange contracts	(59)	(27)	(136)	(66)
Change in fair value of cash flow hedges:				
Commodity contracts	(32)	44	30	137
Interest rate contracts	—	(1)	1	(1)
Currency exchange contracts	62	26	123	58
Currency and tax impacts	34	(1)	32	(24)
	<u>\$ (97)</u>	<u>\$ 16</u>	<u>\$ (116)</u>	<u>\$ 98</u>

21. Contingencies

Ball is subject to numerous lawsuits, claims or proceedings arising out of the ordinary course of business, including actions related to product liability; personal injury; the use and performance of company products; warranty matters; patent, trademark or other intellectual property infringement; contractual liability; the conduct of the company's business; tax reporting in domestic and non-U.S. jurisdictions; workplace safety and environmental and other matters. The company has also been identified as a potentially responsible party (PRP) at several waste disposal sites under U.S. federal and related state environmental statutes and regulations and may have joint and several liability for any investigation and remediation costs incurred with respect to such sites. In addition, the company has received claims alleging that employees in certain plants have suffered damages due to exposure to alleged workplace hazards. Some of these lawsuits, claims and proceedings involve substantial amounts, including as described below, and some of the environmental proceedings involve potential monetary costs or sanctions that may be material. Ball has denied liability with respect to many of these lawsuits, claims and proceedings and is vigorously defending such lawsuits, claims and proceedings. The company carries various forms of commercial, property and casualty, and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against Ball with respect to these lawsuits, claims and proceedings. The company estimates that potential liabilities for all currently known and estimable environmental matters are approximately \$25 million in the aggregate, and such amounts have been included in other current liabilities and other noncurrent liabilities at September 30, 2022.

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In February 2012, Ball Metal Beverage Container Corp. (BMBCC) filed an action against Crown Packaging Technology, Inc. (Crown) in the U.S. District Court for the Southern District of Ohio (the Court) seeking a declaratory judgment that the manufacture, sale and use of certain ends by BMBCC and its customers do not infringe certain claims of Crown's U.S. patents. Crown subsequently filed a counterclaim alleging infringement of certain claims in these patents seeking unspecified monetary damages, fees and declaratory and injunctive relief. The District Court issued a claim construction order at the end of December 2015 and held a scheduling conference on February 10, 2016, to determine the timeline for future steps in the litigation. The case was stayed by mutual agreement of the parties into the third quarter of 2016, during which Crown made preparations for its discovery with respect to certain ends previously produced by Rexam's U.S. subsidiary, Rexam Beverage Can Company (RBCC). Such discovery began during the first half of 2017 and concluded in the fourth quarter of 2018. The parties attempted to mediate the case on August 1, 2017, but no progress was made, and the case continued as scheduled. In December 2018, BMBCC and RBCC filed a motion for summary judgment that the Crown patents at issue are invalid and that the applicable ends supplied by BMBCC and RBCC did not infringe the patents. Crown did not file a motion for summary judgment. On June 21, 2019, the District Court issued an order sustaining the BMBCC/RBCC motion as to invalidity, declining to rule on the other grounds as moot, and indicating that an expanded opinion and an appealable order would be forthcoming. The expanded opinion was docketed on July 22, 2019. The final, appealable order was issued by the Court on September 25, 2019, and the expanded opinion was unsealed. On October 22, 2019, Crown filed a Notice of Appeal of the decision of the Court to the Court of Appeals for the Federal Circuit. On December 31, 2020, the Court of Appeals vacated the decision of the District Court and remanded the case for further proceedings. The District Court held a telephonic hearing with counsel for the parties in March 2021 to discuss the scope of the proceedings on remand and initial position statements regarding remand which was submitted by each party. The District Court also directed each party to submit a document in response to the initial position statements of the other party in April 2021. The parties submitted their position statements to the District Court on April 21, 2021. On August 25, 2021, the Court issued its order regarding the further proceedings permitting each party to submit supplemental expert reports and depositions of the experts. On September 9, 2021, the parties submitted a Submission Regarding Scheduling in which most issues were agreed, but the Court was requested to resolve a disagreement regarding the process and timing for the submission of each expert's report and the deposition of the experts. The Court issued its Order resolving the disagreement on August 12, 2022, and issued a further Scheduling Order on August 30, 2022, that outlines the litigation process and schedule for the proceedings on remand over the following twelve months. Based on the information available at the present time, the company does not believe that this matter will have a material adverse effect upon its liquidity, results of operations or financial condition.

A former Rexam Personal Care site in Annecy, France, was found in 2003 to be contaminated following a leak of chlorinated solvents (TCE) from an underground feedline. The site underwent extensive investigation and an active remediation treatment system was put in place in 2006. The business operating from the site was sold to Albea in 2013 and in turn to a French company CATIDOM (operating as Reboul). Reboul vacated the site in September 2014, and the site reverted back to Rexam during the first quarter of 2015. As part of the site closure regulatory requirements, a new regulatory permit (Prefectoral Order) was issued in June 2016, which includes requirements to undertake a cost-benefit analysis and pilot studies of further treatment for the known residual solvent contamination following the shutdown of the current on-site treatment system. A new management plan was proposed to the French Environmental Authorities (DREAL) during 2018. Tenders for the proposed remediation work were issued in 2020 and a preferred supplier of the remedial works has been identified. These proposed works are the subject of discussions taking place with the French environmental authorities before adoption of the final plan for the site and conduct of the remediation activity. Based on the information available at this time, the company does not believe that this matter will have a material adverse effect upon its liquidity, results of operations or financial condition.

The company's operations in Brazil are involved in various governmental assessments, which have historically mainly related to claims for taxes on the internal transfer of inventory, gross revenue taxes, and indirect tax incentives and deductibility of goodwill. In addition, one of the company's Brazilian subsidiaries received an income tax assessment focused on the disallowance of deductions associated with the acquisition price paid to a third party for a portion of its operations. The company does not believe that the ultimate resolution of these matters will materially impact its results of operations, financial position or cash flows. Under customary local regulations, the company's Brazilian subsidiaries may need to post cash or other collateral if the process to challenge any administrative assessment proceeds to the Brazilian court system; however, the level of any potential cash or collateral required would not significantly impact the liquidity of those subsidiaries or Ball Corporation.

During 2017, the Brazilian Supreme Court (the Court) ruled against the Brazilian tax authorities in a leading case related to the computation of certain indirect taxes. The Court ruled that the indirect tax base should not include a value-added tax known as “ICMS.” By removing the ICMS from the tax base, the Court effectively eliminated a “tax on tax.” The Court decision, in principle, affects all applicable judicial proceedings in progress. However, after publication of the decision in October 2017, the Brazilian tax authorities filed an appeal seeking clarification of certain matters, including the amount of ICMS to which taxpayers would be entitled in order to reduce their indirect tax base (i.e., the gross rate or net rate).

The company’s Brazilian subsidiaries paid to the Brazilian tax authorities the gross amounts of certain indirect taxes (which included ICMS in their tax base) and filed lawsuits in 2014 and 2015 to challenge the legality of these tax on tax amounts. Pursuant to these lawsuits, the company requested reimbursement of prior excess tax payments and entitlement to retain amounts not remitted. During 2018, the company learned of a further decision of the Court indicating that lawsuits filed prior to the trial resulting in its 2017 decision, such as those filed by the company, would likely be upheld. The company also noted that other Brazilian companies, including customers of its Brazilian subsidiaries, which had timely filed equivalent lawsuits, were recording income based on the applicable ICMS amounts retained. During 2021, 2020 and 2019, the company received additional favorable court rulings and completed its analysis of certain prior year overpayments related to ICMS. As these gain contingency amounts were determined to be estimable and realizable, the company recorded \$22 million of prior year collections in business consolidation and other activities within its unaudited condensed consolidated statement of earnings for the period ended December 31, 2021. As of September 30, 2022, the company has no additional claims outstanding that would result in material reimbursements.

In the second quarter of 2022, Ball’s beverage packaging, South America, segment formally notified a regional customer in Brazil of its breach of a long-term committed supply agreement since the first quarter of 2022, inclusive of beverage can and end volume requirements and associated accounts payable with Ball. In the event that satisfactory rectifying action is not taken in response to the notification of breach, Ball intends to pursue legal action to recover all amounts due and seek damages for non-performance. In the second quarter of 2022, Ball recorded a charge of \$22 million reflecting an increased risk of not being able to fully collect amounts due from the customer; see [Note 6](#) for further details. After recording this charge, Ball has financial exposure on balances due from the customer of \$37 million, which are presented in receivables, net, other current assets, and other assets, in its unaudited condensed consolidated balance sheets. Ball considers that losses in the event of an unfavorable outcome to the dispute and any related legal action (or gains in the event of a favorable outcome) would not have a material effect upon its liquidity, results of operations or financial condition.

22. Indemnifications and Guarantees

General Guarantees

The company or its appropriate consolidated direct or indirect subsidiaries have made certain indemnities, commitments and guarantees under which the specified entity may be required to make payments in relation to certain transactions. These indemnities, commitments and guarantees include indemnities to the customers of the subsidiaries in connection with the sales of their packaging and aerospace products and services; guarantees to suppliers of subsidiaries of the company guaranteeing the performance of the respective entity under a purchase agreement, construction contract, renewable energy purchase contract or other commitment; guarantees in respect of certain non-U.S. subsidiaries’ pension plans; indemnities for liabilities associated with the infringement of third-party patents, trademarks or copyrights under various types of agreements; indemnities to various lessors in connection with facility, equipment, furniture and other personal property leases for certain claims arising from such leases; indemnities to governmental agencies in connection with the issuance of a permit or license to the company or a subsidiary; indemnities pursuant to agreements relating to certain joint ventures; indemnities in connection with the sale of businesses or substantially all of the assets and specified liabilities of businesses; and indemnities to directors, officers and employees of the company to the extent permitted under the laws of the State of Indiana and the United States of America. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite.

In addition, many of these indemnities, commitments and guarantees do not provide for any limitation on the maximum potential future payments the company could be obligated to make. As such, the company is unable to reasonably estimate its potential exposure under these items.

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The company has not recorded any material liabilities for these indemnities, commitments and guarantees in the accompanying consolidated balance sheets. The company does, however, accrue for payments under promissory notes and other evidences of incurred indebtedness and for losses for any known contingent liability, including those that may arise from indemnifications, commitments and guarantees, when future payment is both reasonably estimable and probable. Finally, the company carries specific and general liability insurance policies and has obtained indemnities, commitments and guarantees from third-party purchasers, sellers and other contracting parties, which the company believes would, in certain circumstances, provide recourse to certain claims arising from these indemnifications, commitments and guarantees.

Debt Guarantees

The company's and its subsidiaries' obligations under the senior notes and senior credit facilities (or, in the case of U.S. domiciled non-U.S. subsidiaries under the senior credit facilities, the obligations of non-U.S. credit parties only) are guaranteed on a full, unconditional and joint and several basis by certain of the company's domestic subsidiaries and the domestic subsidiary borrowers, and obligations of other guarantors and the subsidiary borrowers under the senior credit facilities are guaranteed by the company, in each case with certain exceptions. These guarantees are required in support of the senior notes and senior credit facilities referred to above, are coterminous with the terms of the respective note indentures, senior notes and credit agreement, and they could be enforced by the holders of the obligations thereunder during the continuation of an event of default under the note indentures, the senior notes and/or the credit agreement. The maximum potential amounts which could be required to be paid under such guarantees are essentially equal to then-outstanding obligations under the respective senior notes or the credit agreement (or, in the case of U.S. domiciled non-U.S. subsidiaries under the senior credit facilities, the obligations of non-U.S. credit parties only), with certain exceptions. All obligations under the guarantees of the senior credit facilities are secured, with certain exceptions, by a valid first priority perfected lien or pledge on (i) 100 percent of the capital stock of each of the company's material wholly owned domestic subsidiaries directly owned by the company or any of its wholly owned domestic subsidiaries and (ii) 65 percent of the capital stock of each of the company's material wholly owned first-tier non-U.S. subsidiaries directly owned by the company or any of its wholly owned domestic subsidiaries. In addition, the obligations of certain non-U.S. borrowers and non-U.S. pledgors under the loan documents will be secured, with certain exceptions, by a valid first priority perfected lien or pledge on 100 percent of the capital stock of certain of the company's material wholly owned non-U.S. subsidiaries and material wholly owned U.S. domiciled non-U.S. subsidiaries directly owned by the company or any of its wholly owned material subsidiaries. The company is not in default under the above senior notes or senior credit facilities.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements (consolidated financial statements) and accompanying notes included in [Item 1](#) of this Quarterly Report on Form 10-Q, which include additional information about our accounting policies, practices and the transactions underlying our financial results. The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions that affect the reported amounts in our consolidated financial statements and the accompanying notes including various claims and contingencies related to lawsuits, taxes, environmental and other matters arising during the normal course of business. We apply our best judgment, our knowledge of existing facts and circumstances and actions that we may undertake in the future in determining the estimates that affect our consolidated financial statements. We evaluate our estimates on an ongoing basis using our historical experience, as well as other factors we believe appropriate under the circumstances, such as current economic conditions, and adjust or revise our estimates as circumstances change. As future events and their effects cannot be determined with precision, actual results may differ from these estimates. Ball Corporation and its subsidiaries are referred to collectively as "Ball Corporation," "Ball," "the company," "we" or "our" in the following discussion and analysis.

OVERVIEW

Business Overview and Industry Trends

Ball Corporation is one of the world's leading aluminum packaging suppliers. Our packaging products are produced for a variety of end uses, are manufactured in facilities around the world and are competitive with other substrates, such as plastics and glass. In the aluminum packaging industry, sales and earnings can be increased by reducing costs, increasing prices, developing new products, expanding volumes and making strategic acquisitions. We also provide aerospace and other technologies and services to governmental and commercial customers, including national defense hardware, antenna and video tactical solutions, civil and operational space hardware and system engineering services.

We sell our aluminum packaging products mainly to large, multinational beverage, personal care and household products companies with which we have developed long-term relationships. This is evidenced by our high customer retention and our large number of long-term supply contracts. While we have a diversified customer base, we sell a significant portion of our packaging products to major companies and brands, as well as to numerous regional customers. The overall global aluminum beverage and aerosol container industries are growing and are expected to continue to grow in the medium to long term. The primary customers for the products and services provided by our aerospace segment are U.S. government agencies or their prime contractors.

We purchase our raw materials from relatively few suppliers. We also have exposure to inflation, in particular the rising costs of raw materials, as well as other direct cost inputs. We mitigate our exposure to the changes in the costs of aluminum through the inclusion of provisions in contracts covering the majority of our volumes to pass through aluminum price changes, as well as through the use of derivative instruments. The pass through provisions generally result in proportional increases or decreases in sales and costs with a greatly reduced impact, if any, on net earnings; however, there may be timing differences of when the costs are passed through. Because of our customer and supplier concentration, our business, financial condition and results of operations could be adversely affected by the loss, insolvency or bankruptcy of a major customer or supplier or a change in a supply agreement with a major customer or supplier, although our contract provisions generally mitigate the risk of customer loss, and our long-term relationships represent a known, stable customer base.

The majority of the aerospace business involves work under contracts, generally from one to five years in duration, as a prime contractor or subcontractor for various U.S. government agencies. Intense competition and long operating cycles are key characteristics of the company's aerospace and defense industry where it is common for work on major programs to be shared among a number of companies. A company competing to be a prime contractor may, upon ultimate award of the contract to a competitor, become a subcontractor for the ultimate prime contracting company.

Corporate Strategy

Our Drive for 10 vision encompasses five strategic levers that are key to growing our business and achieving long-term success. Since launching Drive for 10 in 2011, we have made progress on each of the levers as follows:

- Maximizing value in our existing businesses by expanding specialty container production across our global plant network to meet current demand, improving efficiencies and amplifying our sustainability credentials through Aluminum Stewardship Initiative certifications in our global aluminum container and end facilities in North America, South America and Europe; leveraging plant floor and integrated planning systems to reduce costs and manage contractual provisions across our diverse customer base; successfully acquiring and integrating a large global aluminum beverage business and regional aluminum aerosol facility while also divesting underperforming assets; and in the aluminum aerosol business, installing new extruded aluminum aerosol lines in our European, Mexican and Indian facilities while also implementing cost-out and value-in initiatives across all of our businesses;
- Expanding further into new products and capabilities through commercializing our new lightweight, infinitely recyclable aluminum cup and providing next-generation extruded aluminum aerosol packaging that utilizes proprietary technology to significantly lightweight the can; and successfully introducing new specialty beverage cans and aluminum bottle-shaping technology;

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- Aligning ourselves with the right customers and markets by investing capital to meet continued growth for specialty beverage containers throughout our global network, which represent approximately 50 percent of our global beverage packaging mix; aligning with growing beverage categories and other new beverage producers who continue to use aluminum beverage containers to grow their business; and in our aluminum cup business, establishing partnerships with on and off premise and event venues and utilizing online platforms and North American retailers to provide infinitely recyclable aluminum cups directly to consumers.
- Broadening our geographic reach with our acquisition of Rexam and our new investments in beverage manufacturing facilities in the United States, Brazil, Paraguay, Spain, Mexico, Myanmar and Panama, as well as extruded aluminum aerosol manufacturing facilities in India and Brazil, and the successful start-up of our aluminum cups business in the U.S.; and
- Leveraging our technological expertise in packaging innovation, including the introduction of our new proprietary, brandable lightweight aluminum cup and providing next-generation aluminum bottle-shaping technologies and the increased production of lightweight ReAl® containers, which utilize technology that increases the strength of aluminum used in the manufacturing process while lightweighting the can by up to 30 percent over a standard aluminum aerosol can, as well as our investment in cyber, data analytics methane monitoring, 5G and Light Detection and Ranging (LIDAR) capabilities to further enhance our aerospace technical expertise across a broader customer portfolio.

These ongoing business developments help us stay close to our customers while expanding and/or sustaining our industry positions and global reach with major beverage, personal care, household products and aerospace customers. In order to successfully execute our strategy and reach our goals, we realize the importance of excelling in the following areas: customer focus, operational excellence, innovation and business development, people and culture focus and sustainability.

RESULTS OF CONSOLIDATED OPERATIONS

Management's discussion and analysis for our results of operations on a consolidated and segment basis include a quantification of factors that had a material impact. Other factors that did not have a material impact, but that are significant to understand the results, are qualitatively described.

Russia

The current global business environment is being impacted directly and indirectly by the effects of the Russian invasion of Ukraine. Ball has sold its aluminum beverage packaging business located in Russia and has suspended future investments in Russia. Ball is monitoring the geopolitical situation following Russia's invasion of Ukraine and may experience increased costs for inputs such as energy and transportation due in part to the negative impact of the Russia-Ukraine war on the global economy. The ongoing war continues to have the potential to increase Ball's vulnerabilities in its global business to near-term and severe impacts and it is not possible to accurately predict all future impacts of the invasion. As such, Russia's invasion of Ukraine and the resulting effects have the potential to impact significant estimates used by Ball in the preparation of its consolidated financial statements, which could result in additional impairments. See [Note 1](#) and Note 4 for additional discussion.

Novel Coronavirus (COVID-19)

The ongoing novel coronavirus (COVID-19) pandemic had a material effect upon the global business environment during the nine months ended September 30, 2022 and the year ended December 31, 2021. Ball provides key products and services to the consumer beverage and household markets and the U.S. aerospace markets and, consequently, the operations of Ball and of its principal customers and suppliers have been designated as essential across our key markets. This designation allows Ball to continue operations in its facilities without disruption in the foreseeable future. However, some jurisdictions around the globe continue to have various restrictions, which have impacted certain of our customers by constraining some supply of products to certain consumers. The risks that COVID-19 and its related variants continue to present to Ball's business have been outlined in [Note 1](#) of these consolidated financial statements and within Item 1. Risk Factors in the company's 2021 Annual Report on Form 10-K filed on February 16, 2022.

Consolidated Sales and Earnings

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 3,951	\$ 3,553	\$ 11,801	\$ 10,137
Net earnings attributable to Ball Corporation	392	179	664	581
Net earnings attributable to Ball Corporation as a % of net sales	10 %	5 %	6 %	6 %

Sales in the three and nine months ended September 30, 2022, increased compared to the same periods in 2021 primarily due to the pass-through of higher aluminum prices, pass-through of inflationary costs, increased volumes and price/mix, partially offset by currency translation.

Net earnings attributable to Ball Corporation for the three months ended September 30, 2022, increased compared to the same period in 2021 primarily due to the gain on sale of Ball's Russian aluminum beverage packaging business, pension settlements charges in 2021 that did not recur in 2022, higher volumes, price/mix and lower depreciation expense, partially offset by increased manufacturing and inflationary costs and higher taxes on earnings. Net earnings attributable to Ball Corporation for the nine months ended September 30, 2022, increased compared to the same period in 2021 primarily due to the gain on sale of our remaining equity investment in Ball Metalpack, pension settlement charges in 2021 that did not recur in 2022, higher volumes, price/mix, lower depreciation expense and lower taxes on earnings, partially offset by increased manufacturing and inflationary costs and net charges from impairment of Russian long-lived assets and the gain from the sale of Ball's Russian aluminum beverage packaging business.

Cost of Sales (Excluding Depreciation and Amortization)

Cost of sales, excluding depreciation and amortization, was \$3,275 million and \$2,851 million for the three months ended September 30, 2022 and 2021, respectively, and \$9,736 million and \$8,104 million for the nine months ended September 30, 2022 and 2021, respectively. These amounts represented 83 percent of consolidated net sales for the three months and nine month ended September 30, 2022, and 80 percent of consolidated net sales for the three and nine months ended September 30, 2021.

Depreciation and Amortization

Depreciation and amortization expense was \$157 million and \$175 million for the three months ended September 30, 2022 and 2021, respectively, and \$510 million and \$515 million for the nine months ended September 30, 2022 and 2021, respectively. These amounts represented 4 percent of consolidated net sales for the three months and nine months ended September 30, 2022, and 5 percent of consolidated net sales for the three months and nine months ended September 30, 2021. The decrease compared to the same periods of 2021 is primarily due to revised estimated useful lives of the company's manufacturing equipment, buildings and certain assembly and test equipment, as well as the impairment and ultimate sale of the Russia aluminum beverage packaging business. See [Note 10](#) of these of these consolidated financial statements for additional discussion of the reduction in depreciation resulting from the revised estimated useful lives.

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Selling, General and Administrative

Selling, general and administrative (SG&A) expenses were \$159 million and \$148 million for the three months ended September 30, 2022 and 2021, respectively, and \$506 million and \$471 million for the nine months ended September 30, 2022 and 2021, respectively. These amounts represented 4 percent of consolidated net sales for the three months and nine months ended September 30, 2022, respectively, and 4 percent and 5 percent of consolidated net sales for the three months and nine months ended September 30, 2021, respectively.

Business Consolidation Costs and Other Activities

Business consolidation and other activities were income of \$163 million and charges of \$141 million for the three months ended September 30, 2022 and 2021, respectively, and charges of \$23 million and charges of \$136 million for the nine months ended September 30, 2022 and 2021, respectively. The amounts in the three months ended September 30, 2022, include the gain on sale of Ball's Russian aluminum beverage packaging business, facility shutdown costs and charges for employee severance and benefits related to cost-out activities. The amounts in the nine months ended September 30, 2022, include the amounts generated in the three months ended September 30, 2022, as well as charges for impairment losses on Russia's long-lived asset group, gains related to the sale of Ball's remaining equity method investment in Ball Metalpack, charges related to a dispute with a regional customer in Brazil and a charge related to the donation to The Ball Foundation. See [Note 6](#) of these of these consolidated financial statements.

Interest Expense

Total interest expense was \$79 million and \$69 million for the three months ended September 30, 2022 and 2021, respectively, and \$218 million and \$202 million for the nine months ended September 30, 2022 and 2021, respectively. Interest expense, excluding the effect of debt refinancing and other costs, as a percentage of average borrowings increased approximately 10 basis points from 3.4 percent for the three months ended September 30, 2021 to 3.5 percent for the three months ended September 30, 2022, and decreased approximately 10 basis points from 3.4 percent for the nine months ended September 30, 2021 to 3.3 percent for the nine months ended September 30, 2022.

Income Taxes

The effective tax rate for the three months and nine months ended September 30, 2022, was 8.6 percent and 17.2 percent respectively, compared to negative 1.2 percent and 20.6 percent for the same periods in 2021.

The increase of 9.8 percentage points for the three months ended September 30, 2022, was primarily due to lower income before taxes in 2021, and less tax benefits for federal tax credits and share-based compensation in 2022. Similar impacts may occur in future periods, but given their inherent uncertainty, the company is unable to reasonably estimate their potential future impacts. This was partially offset by the impact of the sale of the company's Russian aluminum beverage packaging business during the third quarter of 2022. This change is not expected to impact tax expense in future periods.

The decrease of 3.4 percentage points for the nine months ended September 30, 2022, was primarily due to the 2021 revaluation of U.K. deferred taxes due to a rate change, which was partially offset by less tax benefits for federal tax credits and share-based compensation in 2022. Similar impacts may occur in future periods, but given their inherent uncertainty, the company is unable to reasonably estimate their potential future impacts. The decrease is also driven by the impact of the sale of the company's Russian aluminum beverage packaging business during the third quarter of 2022, which was partially offset by the establishment of a valuation allowance against related net deferred tax assets during the second quarter of 2022. These changes are not expected to impact tax expense in future periods.

RESULTS OF BUSINESS SEGMENTS

Segment Results

Ball's operations are organized and reviewed by management along its product lines and geographical areas and presented in the four reportable segments discussed below.

[Table of Contents](#)*Beverage Packaging, North and Central America*

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 1,800	\$ 1,519	\$ 5,184	\$ 4,339
Comparable operating earnings	205	186	543	519
Comparable operating earnings as a % of segment net sales	11 %	12 %	10 %	12 %

In the third quarter of 2022, Ball announced the future closure of its aluminum beverage can manufacturing facilities in Phoenix, Arizona, and St. Paul, Minnesota, which are expected to cease production in the fourth quarter of 2022, and the first quarter of 2023, respectively.

Segment sales for the three and nine months ended September 30, 2022, were \$281 million higher and \$845 million higher, respectively, compared to the same periods in 2021. The increase for the three and nine months ended September 30, 2022, was primarily due to the pass-through of higher aluminum prices and increased volumes.

Comparable operating earnings for the three and nine months ended September 30, 2022, were \$19 million higher and \$24 million higher, respectively, compared to the same periods in 2021. The increase for the three and nine months ended September 30, 2022, was primarily due to increased volumes, favorable contractual terms, lower depreciation expense and cost pass throughs, partially offset by the impact of higher manufacturing and inflationary costs and unfavorable customer mix.

Beverage Packaging, EMEA

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 1,031	\$ 937	\$ 3,106	\$ 2,639
Comparable operating earnings	82	125	311	349
Comparable operating earnings as a % of segment net sales	8 %	13 %	10 %	13 %

Segment sales for the three and nine months ended September 30, 2022, were \$94 million higher and \$467 million higher, respectively, compared to the same periods in 2021. The increase for the three and nine months ended September 30, 2022, was primarily due to increased volumes and the pass through of higher aluminum prices, partially offset by currency translation and the sale of the Russian aluminum beverage packaging business.

Comparable operating earnings for the three and nine months ended September 30, 2022, were \$43 million lower and \$38 million lower compared to the same periods in 2021 primarily due to currency translation, the impact of higher inflation, energy costs and supply chain disruptions across the region and the sale of the Russian aluminum beverage packaging business, partially offset by volume growth and lower depreciation expense.

During the third quarter of 2022, and as a result of the Russian invasion of Ukraine, the company sold its Russian business composed of three manufacturing facilities for total cash consideration of \$530 million. The historical operations and results of the Russian aluminum packaging business, including the gain on sale, are included in the beverage packaging, EMEA segment. See [Note 4](#) of these consolidated financial statements for additional discussion regarding the sale and its impact to Ball's financial results.

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For a summary of the results of the Russian aluminum packaging business and the non-Russian components of the beverage packaging, EMEA, segment, for the three and nine months ended September 30, 2022 and 2021, please see below:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales				
Russia	\$ 173	\$ 163	\$ 554	\$ 440
Non-Russia	858	774	2,552	2,199
Beverage packaging, EMEA, segment	\$ 1,031	\$ 937	\$ 3,106	\$ 2,639
Comparable operating earnings				
Russia	\$ 14	\$ 34	\$ 86	\$ 97
Non-Russia	68	91	225	252
Beverage packaging, EMEA, segment	\$ 82	\$ 125	\$ 311	\$ 349

Net sales and comparable operating earnings for the Russian aluminum packaging business for the three months ended December 31, 2021, was \$154 million and \$31 million, respectively, and the same figures for the year ended December 31, 2021, were \$594 million and \$129 million, respectively, \$156 million and \$32 million for the three months ended March 31, 2022, respectively, and \$226 million and \$40 million for the three months ended June 30, 2022, respectively. Net sales and comparable operating earnings for the non-Russian components of the beverage packaging, EMEA, segment for the three months ended December 31, 2021, were \$716 million and \$72 million, respectively, and the same figures were \$2.9 billion and \$323 million for the year ended December 31, 2021, respectively, \$786 million and \$68 million for the three months ended March 31, 2022, respectively, and \$907 million and \$89 million for the three months ended June 30, 2022, respectively. The Russian sales and comparable operating earnings figures in the above tables include historical support by Russia for non-Russian regions. See [Note 4](#) for further details of the Russian disposal.

Beverage Packaging, South America

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 466	\$ 462	\$ 1,494	\$ 1,401
Comparable operating earnings	67	74	197	245
Comparable operating earnings as a % of segment net sales	14 %	16 %	13 %	17 %

In the third quarter of 2022, the company ceased production at its Santa Cruz, Brazil, beverage can manufacturing facility.

Segment sales for the three and nine months ended September 30, 2022, were \$4 million higher and \$93 million higher, respectively, compared to the same periods in 2021. The increase for the three months ended September 30, 2022, was primarily due to the contractual pass through of higher aluminum costs and regional price/mix, partially offset by lower revenue recognition volumes. The increase for the nine months ended September 30, 2022, was primarily due to the pass through of higher aluminum prices and price/mix, partially offset by lower volumes.

Comparable operating earnings for the three and nine months ended September 30, 2022, were \$7 million lower and \$48 million lower, respectively, compared to the same periods in 2021. The decrease for the three months ended September 30, 2022, was primarily due to unfavorable regional customer/product mix and fixed cost absorption in Brazil, partially offset by lower depreciation expense. The decrease for the nine months ended September 30, 2022, was primarily due to lower volumes, unfavorable regional customer/product mix in Brazil and fixed cost absorption, partially offset by the contractual pass through of costs and lower depreciation expense.

[Table of Contents](#)*Aerospace*

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 477	\$ 498	\$ 1,471	\$ 1,381
Comparable operating earnings	47	46	126	115
Comparable operating earnings as a % of segment net sales	10 %	9 %	9 %	8 %

Segment sales for the three and nine months ended September 30, 2022, were \$21 million lower and \$90 million higher, respectively, compared to the same periods in 2021, and comparable operating earnings for the three and nine months ended September 30, 2022, were \$1 million higher and \$11 million higher, respectively, compared to the same periods in 2021. The lower sales for the three months ended September 30, 2022, were primarily due to subcontract timing, partially offset by higher indirect rates and program profit accrual mix. The higher sales for the nine months ended September 30, 2022, were primarily due to the company's new program wins and higher indirect rates. The higher earnings for the three and nine months ended September 30, 2022, were primarily due to the company's new program wins and program performance.

The aerospace sales contract mix for the nine months ended September 30, 2022, consisted of 42 percent cost-type contracts, which are billed at our costs plus an agreed upon and/or earned profit component, and 55 percent fixed-price contracts. The remaining sales were for time and materials contracts. Backlog was \$3 billion and \$2.5 billion at September 30, 2022, and December 31, 2021, respectively. The backlog at September 30, 2022, consisted of 34 percent cost-type contracts. Comparisons of backlog are not necessarily indicative of the trend of future operations due to the nature of varying delivery and milestone schedules on contracts, timing variances in program funding and the uncertain timing of future contract awards.

Management Performance Measures

Management internally uses various financial measures to evaluate company performance such as comparable operating earnings (earnings before interest, taxes and business consolidation and other non-comparable costs); comparable net earnings (earnings before business consolidation costs and other non-comparable costs after tax); comparable diluted earnings per share (comparable net earnings divided by diluted weighted average shares outstanding); return on average invested capital (net operating earnings after tax over the relevant performance period divided by average invested capital over the same period); economic value added (EVA®) dollars (net operating earnings after tax less a capital charge on average invested capital employed); earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); and diluted earnings per share. In addition, management uses operating cash flows as a measure to evaluate the company's liquidity. We believe this information is also useful to investors as it provides insight into the earnings and cash flow criteria management uses to make strategic decisions. These financial measures may be adjusted at times for items that affect comparability between periods, including business consolidation costs and other non-comparable items.

Nonfinancial measures used in the packaging businesses include production efficiency and spoilage rates; quality control figures; environmental, health and safety statistics; production and sales volumes; asset utilization rates and measures of sustainability. Additional measures used to evaluate financial performance in the aerospace segment include contract revenue realization, award and incentive fees realized, proposal win rates and backlog. References to sales volume data represent units shipped.

Many of the above noted financial measurements are presented on a non-U.S. GAAP basis and should be considered in connection with the consolidated financial statements included within Item 1 of this report. Non-U.S. GAAP measures should not be considered in isolation and should not be considered superior to, or a substitute for, financial measures calculated in accordance with U.S. GAAP. A presentation of earnings in accordance with U.S. GAAP is available in [Item 1](#) of this report.

NEW ACCOUNTING PRONOUNCEMENTS

For information regarding recent accounting pronouncements, see [Note 2](#) to the consolidated financial statements included within Item 1 of this report on Form 10-Q.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Capital Expenditures

Our primary sources of liquidity are cash provided by operating activities and external borrowings. We believe that cash flows from operating activities and cash provided by short-term, long-term and committed revolver borrowings, when necessary, will be sufficient to meet our ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments, anticipated share repurchases and anticipated capital expenditures. The following table summarizes our cash flows:

(\$ in millions)	Nine Months Ended September 30,	
	2022	2021
Cash flows provided by (used in) operating activities	\$ (224)	\$ 876
Cash flows provided by (used in) investing activities	(452)	(1,104)
Cash flows provided by (used in) financing activities	623	327

Cash flows used in operating activities were \$224 million in 2022, primarily driven by working capital outflows of \$1.1 billion and pension contributions of \$113 million, partially offset by cash generated from net earnings before depreciation and amortization, excluding gains related to the sales of our Russian aluminum beverage packaging business and of our remaining equity method investment in Ball Metalpack. In comparison to the same period in 2021, and after adjusting for the impact of capital expenditures, our working capital movements reflect an increase in days sales outstanding of 5 days, an increase in inventory days on hand of 7 days and a decrease in days payable outstanding of 14 days for the nine months ended September 30, 2022.

Cash flows used in investing activities were \$452 million in 2022 primarily driven by \$1.3 billion of capital expenditures, partially offset by \$298 million received for the sale of our remaining equity method investment in Ball Metalpack and \$455 million net cash received for the sale of our Russian beverage packaging business. See Note 4 for additional discussion.

Cash flows provided by financing activities were \$623 million in 2022 driven primarily by net borrowings of \$1.4 billion from our short-term and long-term credit facilities, partially offset by net share purchases of \$592 million and common stock dividends of \$191 million. See [Note 15](#) for further details on the company's borrowings and credit agreement amendment.

We have entered into several regional committed and uncommitted accounts receivable factoring programs with various financial institutions for certain of our receivables. The programs are accounted for as true sales of the receivables, without recourse to Ball, and had combined limits of approximately \$2 billion and \$1.7 billion at September 30, 2022 and December 31, 2021, respectively. A total of \$638 million and \$308 million were available for sale under such programs as of September 30, 2022, and December 31, 2021, respectively.

Contributions to the company's defined benefit pension plans were \$113 million in the first nine months of 2022 compared to \$203 million in the same period of 2021, and such contributions are expected to be approximately \$127 million for the full year of 2022. This estimate may change based on changes to the U.S. Pension Protection Act and actual returns achieved on plan assets, among other factors.

The company has approximately \$1.2 billion of capital expenditures for property, plant and equipment contractually committed as of September 30, 2022, and intends to return approximately \$840 million to shareholders in the form of share repurchases and dividends for the full year 2022, inclusive of the cash dividend of 20 cents per share, payable December 15, 2022, to shareholders of record as of December 1, 2022.

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As of September 30, 2022, approximately \$409 million of our cash was held outside of the U.S. In the event we need to utilize any of the cash held outside the U.S. for purposes within the U.S., there are no material legal or other economic restrictions regarding the repatriation of cash from any of the countries outside the U.S. where we have cash. Management believes the company's U.S. operating cash flows and cash on hand, together with its availability under long-term, revolving credit facilities, uncommitted short-term credit facilities and committed and uncommitted accounts receivable factoring programs, will be sufficient to meet the cash requirements of the U.S. portion of our ongoing operations, scheduled principal and interest payments on U.S. debt, dividend payments, capital expenditures and other U.S. cash requirements. If non-U.S. funds are needed for our U.S. cash requirements and we are unable to provide the funds through intercompany financing arrangements, we would be required to repatriate funds from non-U.S. locations where the company has previously asserted indefinite reinvestment of funds outside the U.S.

Based on its indefinite reinvestment assertion, the company has not provided deferred taxes on earnings in certain non-U.S. subsidiaries because such earnings are intended to be indefinitely reinvested in its international operations. It is not practical to estimate the additional taxes that may become payable if these earnings were remitted to the U.S.

Share Repurchases

The company's share repurchases, net of issuances, totaled \$592 million during the nine months ended September 30, 2022, compared to \$325 million of repurchases, net of issuances, during the same period of 2021. The company's share repurchases are completed using cash on hand, cash provided by operating activities and available borrowings.

In the second quarter of 2022, in a privately negotiated transaction, Ball entered into an accelerated share repurchase agreement to buy \$300 million of its common shares using cash on hand and available borrowings. In the third quarter of 2022, Ball settled the agreement and received a total of 4.34 million shares with the average price per share paid of \$69.06.

Debt Facilities and Refinancing

Given our cash flow projections and unused credit facilities that are available until June 2027, our liquidity is strong and is expected to meet our ongoing cash and debt service requirements. Total interest-bearing debt of \$8.9 billion and \$7.8 billion was outstanding at September 30, 2022, and December 31, 2021, respectively.

In the second quarter of 2022, the company completed the closing of its new revolving and term loan senior secured credit facilities that refinance its existing senior secured credit facilities entered into in 2019. The company's senior credit facilities include long-term multi-currency revolving facilities that mature in June 2027, which provide the company with up to the U.S. dollar equivalent of \$1.75 billion. At September 30, 2022, taking into account outstanding letters of credit, \$1.5 billion was available under the company's long-term, revolving credit facilities. In addition to these facilities, the company had approximately \$1.2 billion of short-term uncommitted credit facilities available at September 30, 2022, of which \$467 million was outstanding and due on demand. At December 31, 2021, the company had \$12 million outstanding under short-term uncommitted credit facilities.

While ongoing financial and economic conditions in certain areas may raise concerns about credit risk with counterparties to derivative transactions, the company mitigates its exposure by allocating the risk among various counterparties and limiting exposure to any one party. We also monitor the credit ratings of our suppliers, customers, lenders and counterparties on a regular basis.

Some of Ball's agreements use LIBOR in determining interest rates. The company is currently evaluating the impact that the transition from its LIBOR-based interest rate agreements to SOFR-based interest rate agreements will have on its consolidated financial statements. Based on our current understanding, the LIBOR to SOFR transition is not expected to have a material impact on our financial condition, results of operations or cash flows.

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We were in compliance with all loan agreements at September 30, 2022, and we have met all debt payment obligations. The U.S. note agreements and bank credit agreement contain certain restrictions relating to dividends, investments, financial ratios, guarantees and the incurrence of additional indebtedness. The most restrictive of our debt covenants requires us to maintain a leverage ratio (as defined) of no greater than 5.0 times, which will change to 4.5 times as of September 30, 2025. As of September 30, 2022, the company could borrow up to its limits available under the company's long-term multi-currency committed revolving facilities and short-term uncommitted credit facilities without violating our existing debt covenants. Additional details regarding our debt are available in [Note 15](#) accompanying the consolidated financial statements within Item 1 of this report.

CONTINGENCIES, INDEMNIFICATIONS AND GUARANTEES

Details about the company's contingencies, indemnifications and guarantees are available in [Note 21](#) and [Note 22](#) accompanying the consolidated financial statements included within Item 1 of this report. The company is routinely subject to litigation incidental to operating its businesses and has been designated by various federal and state environmental agencies as a potentially responsible party, along with numerous other companies, for the clean-up of several hazardous waste sites, including in respect of sites related to alleged activities of certain former Rexam subsidiaries. The company believes the matters identified will not have a material adverse effect upon its liquidity, results of operations or financial condition.

Guaranteed Securities

The company's senior notes are guaranteed on a full and unconditional, joint and several bases by the issuer of the company's senior notes and the subsidiaries that guarantee the notes (the obligor group). The entities that comprise the obligor group are 100 percent owned by the company. As described in the supplemental indentures governing the company's existing senior notes, the senior notes are guaranteed by any of the company's domestic subsidiaries that guarantee any other indebtedness of the company.

The following summarized financial information relates to the obligor group as of September 30, 2022, and December 31, 2021. Intercompany transactions, equity investments and other intercompany activity between obligor group subsidiaries have been eliminated from the summarized financial information. Investments in subsidiaries not forming part of the obligor group have also been eliminated.

(\$ in millions)	Nine Months Ended		Year Ended	
	September 30, 2022		December 31, 2021	
Net sales	\$	7,630	\$	8,083
Gross profit (a)		819		910
Net earnings		610		432
Net earnings attributable to Ball Corporation		610		432

(a) Gross profit is shown after depreciation and amortization related to cost of sales of \$195 million for the nine months ended September 30, 2022, and \$210 million for the year ended December 31, 2021.

For the nine months ended September 30, 2022, and the year ended December 31, 2021, the obligor group recorded the following transactions with other subsidiary companies: sales to them of \$1.1 billion and \$803 million, respectively, net credits from them of \$18 million, and net interest income from them of \$248 million and \$337 million, respectively. The obligor group received dividends from other subsidiary companies of \$18 million and \$269 million, during the nine months ended September 30, 2022, and the year ended December 31, 2021, respectively.

(\$ in millions)	September 30,		December 31,	
	2022		2021	
Current assets	\$	2,855	\$	2,575
Noncurrent assets		15,612		14,818
Current liabilities		5,695		5,067
Noncurrent liabilities		11,616		10,989

Included in the amounts disclosed in the tables above, at September 30, 2022, and December 31, 2021, the obligor group held receivables due from other subsidiary companies of \$454 million and \$436 million, respectively, long-term notes receivable due from other subsidiary companies of \$9.6 billion and \$9.2 billion, respectively, payables due to other subsidiary companies of \$2.5 billion and \$2 billion, respectively, and long-term notes payable due to other subsidiary companies of \$2.2 billion and \$2 billion, respectively.

A description of the terms and conditions of the company's debt guarantees is located in [Note 22](#) of Item 1 of this report.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, the company employs established risk management policies and procedures, which seek to reduce our exposure to fluctuations in commodity prices, interest rates, exchange currencies and prices of the company's common stock in regard to common share repurchases and the company's deferred compensation stock plan, although there can be no assurance that these policies and procedures will be successful. The company mitigates its exposure by spreading the risk among various counterparties, thus limiting exposure with any one party. The company also monitors the credit ratings of its suppliers, customers, lenders and counterparties on a regular basis. Further details are available in Item 7A within Ball's 2021 Annual Report on Form 10-K filed on February 16, 2022, and in [Note 20](#) accompanying the consolidated financial statements included within Item 1 of this report.

Item 4. CONTROLS AND PROCEDURES

Our chief executive officer and chief financial officer participated in management's evaluation of our disclosure controls and procedures, as defined by the SEC, as of the end of the period covered by this report and concluded that our controls and procedures were effective. There were no changes to internal controls during the company's third quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking” statements concerning future events and financial performance. Words such as “expects,” “anticipates,” “estimates,” “believes,” and similar expressions typically identify forward-looking statements, which are generally any statements other than statements of historical fact. Such statements are based on current expectations or views of the future and are subject to risks and uncertainties, which could cause actual results or events to differ materially from those expressed or implied. You should therefore not place undue reliance upon any forward-looking statements and they should be read in conjunction with, and qualified in their entirety by, the cautionary statements referenced below. Ball undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Key factors, risks and uncertainties that could cause actual outcomes and results to be different are summarized in filings with the Securities and Exchange Commission, including Exhibit 99 in Ball’s Form 10-K, which are available on Ball’s website and at www.sec.gov. Additional factors that might affect: a) Ball’s packaging segments include product capacity, supply, and demand constraints and fluctuations and changes in consumption patterns; availability/cost of raw materials, equipment, and logistics; competitive packaging, pricing and substitution; changes in climate and weather; footprint adjustments and other manufacturing changes, including the startup of new facilities and lines; failure to achieve synergies, productivity improvements or cost reductions; unfavorable mandatory deposit or packaging laws; customer and supplier consolidation; power and supply chain interruptions; changes in major customer or supplier contracts or loss of a major customer or supplier; inability to pass through increased costs; war, political instability and sanctions, including relating to the situation in Russia and Ukraine and its impact on Ball’s supply chain and its ability to operate in Europe, the Middle East and Africa regions generally; changes in foreign exchange or tax rates; and tariffs, trade actions, or other governmental actions, including business restrictions and shelter-in-place orders in any country or jurisdiction affecting goods produced by Ball or in its supply chain, including imported raw materials; b) Ball’s aerospace segment include funding, authorization, availability and returns of government and commercial contracts; and delays, extensions and technical uncertainties affecting segment contracts; c) Ball as a whole include those listed above plus: the extent to which sustainability-related opportunities arise and can be capitalized upon; changes in senior management, succession, and the ability to attract and retain skilled labor; regulatory actions or issues including those related to tax, environmental, social and governance reporting, competition, environmental, health and workplace safety, including U.S. Federal Drug Administration and other actions or public concerns affecting products filled in Ball’s containers, or chemicals or substances used in raw materials or in the manufacturing process; technological developments and innovations; the ability to manage cyber threats; litigation; strikes; disease; pandemic; labor cost changes; inflation; rates of return on assets of Ball’s defined benefit retirement plans; pension changes; uncertainties surrounding geopolitical events and governmental policies, including policies, orders, and actions related to COVID-19; reduced cash flow; interest rates affecting Ball’s debt; and successful or unsuccessful joint ventures, acquisitions and divestitures, and their effects on Ball’s operating results and business generally.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no events required to be reported under Item 1 for the three months ended September 30, 2022, except as discussed in [Note 21](#) to the consolidated financial statements included within Part I, Item 1 of this report.

Item 1A. Risk Factors

There were no changes required to be reported under Item 1A for the three months ended September 30, 2022.

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

The following table summarizes the company's repurchases of its common stock during the third quarter of 2022.

(\$ in millions)	Purchases of Securities			
	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (b)
July 1 to July 31, 2022	229,014	\$ 62.14	229,014	20,348,474
August 1 to August 31, 2022	391,464	58.39	391,464	19,957,010
September 1 to September 30, 2022	300,000	57.08	300,000	19,657,010
Total	920,478	58.89	920,478	

(a) Includes open market purchases (on a trade-date basis), share repurchase agreements and/or shares retained by the company to settle employee withholding tax liabilities.

(b) The company has an ongoing repurchase program for which 50 million shares were authorized for repurchase by Ball's Board of Directors.

Item 3. Defaults Upon Senior Securities

There were no events required to be reported under Item 3 for the three months ended September 30, 2022.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

There were no events required to be reported under Item 5 for the three months ended September 30, 2022.

Item 6. Exhibits

- 12 [Obligor group subsidiaries of Ball Corporation](#)
- 31.1 [Certification pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\) by Daniel W. Fisher, President and Chief Executive Officer of Ball Corporation.](#)
- 31.2 [Certification pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\) by Scott C. Morrison, Executive Vice President and Chief Financial Officer of Ball Corporation.](#)
- 32.1 [Certification pursuant to Rule 13a-14\(b\) or Rule 15d-14\(b\) and Section 1350 of Chapter 63 of Title 18 of the United States Code by Daniel W. Fisher, President and Chief Executive Officer of Ball Corporation.](#)
- 32.2 [Certification pursuant to Rule 13a-14\(b\) or Rule 15d-14\(b\) and Section 1350 of Chapter 63 of Title 18 of the United States Code by Scott C. Morrison, Executive Vice President and Chief Financial Officer of Ball Corporation.](#)
- 99 [Cautionary statement for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended.](#)
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definitions Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 The cover page of the company's quarterly report on Form 10-Q for the quarter ended September 30, 2022, formatted in Inline XBRL (contained in Exhibit 101), the: (i) Unaudited Condensed Consolidated Statement of Earnings, (ii) Unaudited Statement of Comprehensive Earnings (Loss), (iii) Unaudited Condensed Consolidated Balance Sheet, (iv) Unaudited Condensed Consolidated Statement of Cash Flows and (v) Notes to the Unaudited Condensed Consolidated Financial Statements.

SIGNATURE

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.

Ball Corporation
(Registrant)

By: /s/ Scott C. Morrison
Scott C. Morrison
Executive Vice President and Chief Financial Officer

Date: November 3, 2022

OBLIGOR GROUP SUBSIDIARIES OF BALL CORPORATION

September 30, 2022

The following is a list of Obligor Group subsidiaries of Ball Corporation (an Indiana Corporation)

Name	State or Country of Incorporation or Organization	Percentage (2) Ownership Direct & Indirect
Ball Advanced Aluminum Technologies Corp. <i>(f/k/a Neuman USA Ltd.)</i>	Delaware	100%
Ball Aerospace & Technologies Corp.	Delaware	100%
Ball Asia Services Limited	Delaware	100%
Ball Benelux Holdings Inc.	Delaware	100%
Ball Beverage Can Americas Inc. <i>(f/k/a Rexam Beverage Can Americas Inc.)</i>	Delaware	100%
Ball BP Holding Company <i>(f/k/a Rexam BP Holding Company)</i>	Delaware	100%
Ball Container LLC	Delaware	100%
Ball Corporation	Indiana	100%
Ball Corporation	Nevada	100%
Ball Glass Containers, Inc.	Delaware	100%
Ball Global Business Services Corp.	Delaware	100%
Ball Holdings LLC	Delaware	100%
Ball Inc. <i>(f/k/a Rexam Inc.)</i>	Delaware	100%
Ball International Holdings LLC	Delaware	100%
Ball Metal Beverage Container Corp.	Colorado	100%
Ball Metal Container Corporation	Indiana	100%
Ball Packaging, LLC <i>(f/k/a Ball Packaging Corp., f/k/a Ball Packaging Holdings Corp.)</i>	Colorado	100%
Ball Pan-European Holdings, LLC <i>(f/k/a Ball Pan-European Holdings, Inc.)</i>	Delaware	100%
Ball Technologies Holdings Corp. <i>(f/k/a Ball Aerospace Systems Group, Inc.)</i>	Colorado	100%
Latas De Aluminio Ball, Inc.	Delaware	100%
Rexam Beverage Can Company	Delaware	100%
USC May Verpackungen Holding Inc.	Delaware	100%

Certification

I, Dan W. Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ball Corporation;
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 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 that 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: November 3, 2022

/s/ Dan W. Fisher

Dan W. Fisher
President and Chief Executive Officer

Certification

I, Scott C. Morrison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ball Corporation;
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 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 that 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: November 3, 2022

/s/ Scott C. Morrison

Scott C. Morrison

Executive Vice President and Chief Financial Officer

**Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
and Rule 13a-14(b) or Rule 15d-14(b)**

My name is Dan W. Fisher and I am the President and Chief Executive Officer of Ball Corporation (the “Company”).

I hereby certify pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes—Oxley Act of 2002 that to the best of my knowledge and belief:

- (1) the Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the U.S. Securities and Exchange Commission on November 3, 2022 (“Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of Ball Corporation as of, and for, the periods presented in the Report.

/s/ Dan W. Fisher

Dan W. Fisher
President and Chief Executive Officer
Ball Corporation

Date: November 3, 2022

This certification, which accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350
and Rule 13a-14(b) or Rule 15d-14(b)**

My name is Scott C. Morrison and I am the Executive Vice President and Chief Financial Officer of Ball Corporation (the “Company”).

I hereby certify pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes—Oxley Act of 2002 that to the best of my knowledge and belief:

- (1) the Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the U.S. Securities and Exchange Commission on November 3, 2022 (“Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of Ball Corporation as of, and for, the periods presented in the Report.

/s/ Scott C. Morrison

Scott C. Morrison
Executive Vice President and Chief Financial Officer
Ball Corporation

Date: November 3, 2022

This certification, which accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES
LITIGATION REFORM ACT OF 1995**

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the Reform Act), Ball is hereby filing cautionary statements identifying important factors that could cause Ball's actual results to differ materially from those described in forward-looking statements made by or on behalf of Ball. Forward-looking statements may be made in several different contexts; for example, in the company's Form 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission ("SEC"), quarterly and annual earnings news releases, quarterly earnings conference calls hosted by the company, public presentations at investor and credit conferences, the company's Annual Report and in other periodic communications with investors. As time passes, the relevance and accuracy of forward-looking statements may change; however, except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any further disclosures and cautionary statements Ball makes on related subjects in our Form 10-K, 10-Q and 8-K reports and other filings with the SEC. The Reform Act defines forward-looking statements as statements that express or imply an expectation or belief and contain a projection, plan or assumption with regard to, among other things, future revenues, income, earnings per share, cash flow or capital structure. Words such as "expects," "anticipates," "estimates," "believes," "foresees," and similar expressions typically identify forward-looking statements, which are generally any statements other than statements of historical facts. These forward-looking statements are not guarantees of future performance, and you should therefore not place undue reliance upon such statements. Rather, these statements involve estimates, assumptions, uncertainties and known and unknown risks, many of which are outside our control, and such statements are therefore qualified in their entirety by reference to the following important factors, among others (including those described in any "Risk Factors" section of our most current Form 10-K, 10-Q or other filings with the SEC), that could cause Ball's actual results or performance to differ materially from those expressed or implied in forward-looking statements made by or on behalf of Ball:

- Fluctuation in customer and consumer growth, spending, demand or preferences, both on a seasonal basis and those that may be longer-term or structural in nature, including any effect on demand for our products as a result of the enactment of laws and programs aimed at discouraging the consumption or altering the package or portion size of certain of our customers' products.
- Customer, competitor or supplier consolidation and potential correspondent supply chain influence.
- Loss of one or more major customers or suppliers or changes to contracts with one or more customers or suppliers.
- Failure to achieve anticipated productivity improvements or cost reductions including those associated with capital expenditures; failure to achieve an appropriate or optimal level of maintenance and capital expenditures; and failure to achieve expectations with respect to expansion plans, accretion to reported earnings, working capital improvements and investment income or cash flow projections.
- Changes in the environment and in climate, including the increasing frequency of severe weather events; acts of war, terrorism or other significant or catastrophic geopolitical events or natural disasters, or the catastrophic loss of one of our key manufacturing or operating facilities.
- Financial risks, including changes in interest rates affecting our debt or our ability to comply with the terms of our debt instruments; changes in the hedging markets or our inability or failure to economically hedge or insure against certain risks or potential exposures; changes in foreign exchange rates of the currencies in the countries in which the company and its joint ventures carry on business; counterparty risk; liquidity risk; inflation or deflation; and changes in capital availability and our access to financing, including the risk of constraints on financing in the event of a credit rating downgrade.
- Competition in each line of business, including with respect to pricing and the possible decrease in, or loss of, sales or margins resulting therefrom; product development and introductions by our competitors; and technology changes, including the effect on us of technological or product advances made by our competitors.
- The ability or inability to achieve and protect technological and product extensions or new technological and product advances in the company's businesses, including our ability to maintain, develop and capitalize on competitive technologies for the design and manufacture of products and to withstand competitive and legal challenges to the proprietary nature of such technology (or protect any unpatented proprietary know-how and trade secrets).

- Ball's ability or inability adapt to fluctuating supply and demand and to have available sufficient production capacity, or have such capacity available in the right locations, in a timely manner, as well as footprint adjustments and other manufacturing changes.
- Overcapacity or undercapacity of Ball or in the metal container industry generally, and its potential impact on costs, pricing and financial results.
- Regulatory action or issues, or changes in federal, state, local or foreign laws, including those related to tax, environmental, health and workplace safety, including in respect of climate change, pollution, greenhouse gas emissions, or chemicals or substances used in raw materials or in the manufacturing process, particularly concerning Bisphenol-A (BPA), a chemical used in the manufacture of epoxy coatings applied to many types of containers (including certain of those products produced by the company), as well as laws relating to recycling, mandatory deposit or restrictive packaging, or to the effects on health of ingredients or substances in, or attributes of, certain of our customers' products.
- The effect of any antitrust, intellectual property, consumer, employee or other litigation, investigations or governmental proceedings.
- The extent to which sustainability-related opportunities arise and can be capitalized upon.
- The availability and cost of raw materials, commodities, supplies, energy, logistics and natural resources needed for the production of metal containers as well as aerospace products, and our ability or inability to pass on to customers changes in raw material costs, particularly steel and aluminum.
- Changes in senior management; strikes and other labor issues; increases and trends in various employee benefits and labor costs, including pension, medical and health care costs incurred in the countries in which Ball has operations; the ability to attract and retain skilled labor, particularly in our aerospace business; rates of return projected and earned on assets and discount rates used to measure future obligations and expenses of the company's defined benefit retirement plans; and changes in the company's pension plans.
- International business and market risks and economic conditions; political and economic instability in various markets, including periodic sell-offs on global or regional debt or equity markets; restrictive trade practices of national governments; the imposition of duties, trade actions, taxes or other government charges by national governments; exchange controls; trade sanctions; and ongoing uncertainties and other effects surrounding geopolitical events and governmental policies and actions, both in the U.S. and in other countries, and other matters.
- Undertaking successful or unsuccessful acquisitions, divestitures, joint ventures or strategic realignments, and the effect of acquisitions, divestitures, joint ventures or strategic realignments on our business relationships, operating results and business generally.
- The company's ability to protect its information technology systems from attacks or catastrophic failure, and the strength of the company's cyber-security.
- Delays, extensions and technical uncertainties, as well as schedules of performance associated with contracts for aerospace products and services, and the success or lack of success of satellite launches and the businesses and governments associated with aerospace products, services and launches.
- The authorization, funding and availability and returns of government contracts and the nature and continuation of those contracts and related services provided thereunder, as well as the delay, cancellation or termination of contracts for the United States government, other customers or other government contractors.
- The timing and extent of regulation or deregulation, or changes to regulations and standards, including changes in generally accepted accounting principles or their interpretation.
- Changes to unaudited results due to statutory audits of our financial statements or management's evaluation of the company's internal controls over financial reporting.
- Loss contingencies related to income and other tax matters, including those arising from audits performed by national and local tax authorities.

- Changes to unaudited results due to statutory audits of our financial statements or management's evaluation of the company's internal controls over financial reporting.