Faerch A/S

Rasmus Færchs Vej 1, DK-7500 Holstebro

Annual Report for 1 January - 31 December 2020

CVR No 13 72 35 40

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 1/3 2021

Nils Smedegaard Andersen
Chairman

Content

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Faerch A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements an give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Holstebro, 1st March 2021

Executive Board

Lars Gade Hansen
CEO

Arne Holme
CTO

Jesper Emil Jensen
Regional CEO

Tom Sand-Kristensen
CFO

Board of Directors

Nils Smedegaard Andersen
Chairman

Ronald John Edward Marsh

Markus Brettschneider

Sönke Renk

Laurent Bendavid

Sven Seidel

Thomas S. Lauridsen
Staff Representative

Torben Toft Jensen
Staff Representative

Brian Troldtoft Pedersen
Staff Representative

Independent Auditor's Report

To the Shareholders of Faerch A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Faerch A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus, 1st March 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Jens Weiersøe Jakobsen
State Authorised Public Accountant
mne30152

Company Information

The Company	Faerch A/S Rasmus Færchs Vej 1 DK-7500 Holstebro Telephone: + 45 99 10 10 10 Website: www.faerch.com CVR No: 13 72 35 40 Financial period: 1 January - 31 December Municipality of reg. office: Holstebro
Supervisory Board	Nils Smedegaard Andersen, Chairman Ronald John Edward Marsh Markus Brettschneider Sönke Renk Laurent Bendavid Brian Troldtoft Pedersen Thomas Skovgaard Lauridsen Torben Toft Jensen Sven Seidel
Executive Board	Lars Gade Hansen Arne Holme Jesper Emil Jensen Tom Sand-Kristensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Group Structure

Investments in group companies comprise the following at 31 December 2020.
Companies are owned 100% by Faerch A/S.

Name of entity	Country
Faerch A/S	Denmark
Faerch Liberec s.r.o.	Czech Republic
Faerch SAS	France
CGL Pack Annecy SAS	France
CGL Pack Lorient SAS	France
Faerch Bunol S.L.U.	Spain
FPH 2017 Ltd.(UK)	United Kingdom
Faerch London Ltd.(UK)	United Kingdom
FP1988UK Ltd.(UK)	United Kingdom
Faerch Durham Ltd.(UK)	United Kingdom
Avro Holdings Ltd.(UK)	United Kingdom
Faerch UK Ltd.(UK)	United Kingdom
BDE Plastics Ltd. (dormant)	United Kingdom
Avro Industries Ltd. (dormant)	United Kingdom
Anson Food Service Ltd. (dormant)	United Kingdom
Faerch Poole Ltd.	United Kingdom
Faerch Netherlands B.V.	Netherlands
DSF Extrusion B.V.	Netherlands
4PET Recycling B.V.	Netherlands
Drupet B.V.	Netherlands

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

DKKm	2020	2019	2018	2017	2016
Key figures					
Profit/loss					
Revenue	1,193.1	1,268.2	1,249.8	1,469.8	1,367.8
Operating profit	283.4	312.0	245.7	242.2	203.6
Financial income/cost	79.6	126.9	22.8	18.4	-14.9
Profit before income tax	313.5	1,617.0	204.5	234.5	224.1
Profit for the year	236.5	1,528.6	151.5	176.1	175.0
Balance sheet					
Balance sheet total	4,870.5	4,355.3	2,752.9	1,814.3	1,473.1
Equity	3,017.2	2,827.4	1,284.8	1,124.4	947.2
Investments in Fixed Assets	89.4	55.8	56.4	102.0	109.1
Average number of employees	358	338	364	362	367
Ratios in %					
Gross margin	33.5%	34.0%	30.0%	27.5%	26.6%
Profit margin	23.8%	24.6%	19.7%	16.5%	14.9%
Return on investment	4.8%	6.1%	6.6%	11.9%	15.0%
Solvency ratio	61.9%	64.9%	46.7%	62.0%	64.3%
Return on equity	8.1%	74.3%	12.6%	17.0%	19.6%

The financial ratio's is calcualted in accordance to recommendations and ratio's from the financial association. Calculation of ratio's is decribed in accounting policies.

Management's Review

2020 was a challenging year with the COVID-19 pandemic significantly impacting the global economy and all markets.

We will continue to take every necessary measure to ensure the safety of our customers and employees and to meet the increased demand for protective foodpackaging.

With Faerch being a key player in the food supply chain, we are pleased than none of our production units have been forced to close down due to the pandemic. We are committed to fulfilling our responsibility to secure an uninterrupted supply of food trays to our customers and partners. This has been our highest priority in 2020 and will continue to be so in 2021, as we face the second and third wave of the pandemic.

In many respects, 2020 was a turbulent year, and we expect the challenges to impact Faerch's business performance into 2021. However, despite a challenging business environment, we continued to grow and strengthen our business across Europe. Organic volume growth is one of our key priorities, and in 2020, volume continued to increase, however less than expected due to government restrictions being implemented.

Consequently, and due to price regulations from declining resin prices being passed on to customers, our top-line performance was affected. However, we still succeeded in delivering good margin improvements and continued solid cash flows.

Aside from COVID-19, strengthening our recycling business remained an important strategic focus in 2020, as it represents an important pillar in our efforts to make food packing circular and to secure the long-term future of our company.

With the acquisition of 4PET Recycling in 2018, we successfully closed the loop on food trays, offering trayto- tray recycling on an industrial scale. In June 2020, we took over the remaining 4PET shares and initiated a comprehensive investment programme to optimise our tray-to-tray recycling capacity. End of 2020 the run-rate of Faerch trays being recycled at the tray line amounts to 400 million trays. With the planned ramp-up during 2020 we will double that number having more than 800 million trays recycled end of 2021. Our aim is that the tray line will serve as a blueprint for scaling tray-to-tray recycling into additional countries and regions.

As the world's first integrated recycler, we are proud to lead the industry's journey toward a circular economy in food packaging. Evolve by Faerch, which was introduced in 2019, offers market-leading content of post-consumer recycled bottles and trays and is fully recyclable into new mono-material PET trays in food quality. In 2020, the concept was further strengthened to include even more

In November 2020, the Group reached another important milestone with the agreement to acquire the Sirap packaging business in Italy, Poland and Spain from Italmobiliare SpA. With three productions sites in Italy, one in Poland and one in Spain and close to 1,000 employees, the acquisition has further strengthened Faerch's geographic presence. We warmly welcome our new colleagues to the Group and look forward to working together to strengthen our joined businesses from January 2021.

In December 2020, A.P. Moller Holding acquired Faerch Group from Advent International. The transaction still awaits regulatory approvals which are expected in the first quarter of 2021. The acquisition marks the start of an exciting new period in the company's history. Advent International acquired Faerch in August 2017 and has supported and accelerated our company's growth. Together with our new owner, we will enter a new growth phase, initiating a new 2025 plan for organic growth, including new segments and geographies, expanding our recycling business into new European markets while also focusing on acquisitions in new geographies. This will support and further strengthen our long-term growth ambitions.

Adding value across the entire value chain
Great packaging is not only about protecting a product, Faerch persistently strives to add value to all aspects of the supply chain, starting with our own suppliers, to when the tray arrives at our customers and until the end customer purchases and consumes the final product. To succeed with this end-to-end perspective, Faerch is constantly collaborating with our stakeholders to optimise and develop processes and ultimately the final products. Working with NGO organisations like WRAP in the UK fighting food waste, to optimse tray stacking for automated food producers or R&D collaborations with top-film producers, are all examples of the wide span of activities in which Faerch engages on a daily basis in order to maintain and develop our position as a leading supplier adding value for the food industry.

Management's Review (continued)

The right values

Value creation at Faerch encompasses more than just financial return, and is built on an ingrained sense of responsibility that permeates our organisation. Responsibility – and in this case a shared responsibility with the customer – is central to our value model. Responsibility for the environment and the world around us is a natural and basic precondition for our work. Only on this basis are we able to meet our own requirements of being the leading and most recognised player in our industry in Europe. We want to be recognised for quality, credibility, responsibility and our ability to deliver. In this way, we can remain innovative and deliver optimal solutions, where we can combine our competencies. Responsibility is also about maintaining effective manufacturing processes, environmental considerations, production efficiency and sustainable energy supply. Faerch is fully supplied with renewable energy provided by sustainable energy sources, such as hydro and wind power plants.

Segment reporting

Faerch is producing and selling rigid plastic packaging primarily to the European food industry. Our approach to the market is based on a sales channel split, which is also the basis of our segment reporting.

Faerch operates with three different sales channels based on customers' characteristics; Industrial Food Producers, Distributors and Retailers. From 2018 with the acquisition of 3PET Holding, Faerch became an integrated recycler and added the recycling segment to its business:

Food Producers

Food producers comprise our largest segment, and constitute 70% of Faerch A/S revenue in 2020. Food producers are large-scale industrial processors within all chilled food and frozen segments (Fresh Meat, Ready Meals, and Food to go). They deliver mainly to independent retailers or own outlets. Faerch provides a full sales setup tailored to cater for this channel:

- Sales representatives focused around product applications and with clear Key Account Management responsibility
- Large portfolio of tools, which provides off-the-shelf standard solutions or can be altered to deliver a tailored solution to the individual customer
- Operational setup that allows for short lead time anddedicated stock levels if required
- Agile logistic model servicing our customers with daily deliveries when needed
- Full design and innovation team helping our customers to develop the unique packaging solution that suits their needs

Distributors

Distributors is our second largest segment representing 25% of revenue. Distributors range from full-service providers for the restaurant and catering industry carrying a wide range of utilities, to more specialised distributors servicing airliners, smaller food producers and retailers mainly with a full packaging solution inclusive tray, top film, sealing equipment etc. Faerch currently holds a strong position with selected large distributors across Europe, but wishes to further expand our presence in this segment. Expansion will be driven by rolling out tailored service models built on best practices from our current sales areas incl.:

- Dedicated sales resources
- Quick response rates
- Proactive product development aimed for distributor assortment
- Standard assortment on stock

Retailers

Retailers are predominantly indirect customers through one of the above core sales channels. However, direct retail sales makes up 5% of our revenue, where we mainly supply packaging for food products, which are prepared and packed on site. Direct servicing of retailers allows Faerch to be on the forefront of innovation and customer demand, minimizing dependency on any single food producer.

Corporate Social Responsbility (CSR)

For 2020 there has not been prepared any seperate Sustainability Report for the Group but the section included in Faerch Group A/S page 50-77 presents information according to section 99a and 99b in the Danish Financial Statements Act.

Management's Review (continued)

Brexit agreement
After ongoing Brexit uncertainty since the 2016 referendum, the UK finally reached a Brexit agreement with the EU on 31 December 2020, bringing long-awaited clarity for our industry and business. The EU-UK trade agreement has reduced the potential impacts on our business, especially as no tariffs on import and export will be introduced.

Full ownership of 4PET
In June 2020, we reached another important milestone in our ambition to make food packing circular as we achieved full ownership of 4PET Recycling. Integrated recycling is central to Faerch and our business model, and as early as 2019, we decided to invest in the 4PET tray line to optimise our recycling capacity. In July 2020, the upgraded line was taken into production, and we are currently in the process of ramping-up the capacity even further. Our trayline in Duiven will serve as a blueprint for the expansion of the tray recycling business into other countries which we plan to initiate in 2021.

Sweden Branch
The Sweden Branch will in 2021 run similar to 2020.

A new owner
In December 2020, Faerch Group was acquired by A.P. Moller Holding from Advent International after 3.5 years of ownership. We are delighted and proud to become part of the A.P. Moller Group, and once again to be under family office ownership. The acquisition is subject to regulatory approvals and the transaction is expected to close in March 2021.

Strengthened geographic presence
With the agreement to acquire the Sirap food packaging business from Italmobiliare SpA in November 2020, we will strengthen our geographic presence. We will gain new markets in Italy and Poland and further strengthen our local presence in Spain while opening new opportunities for growth. In addition, with three production sites in Italy, one in Poland and an additional one in Spain, our production footprint will be optimised. We are looking forward to starting the integration process from January 2021 and to welcoming our new colleagues to the Group.

Group proportion among the members of the Board of Directors
There was no requirement to appoint any new members of FAerch A/S's Board in 2020. The current members of the Board have not changed and still consists of only men. Faerch A/S's Board continues to be engaged in increasing the total number of female members. Target is that min 20 % of the board will be women in 2022.

Gender Proportion on Manager Level
By the end of 2020, the gender distribution among managers was 79% men and 21% women, trending towards more men compared to women in manager roles. This calls for an evaluation of our ability to attract women to leadership positions and not least to retain women in leadership positions.
We report on the total gender proportion for all managers in the Faerch A/S. In this connection, senior manager and manager represent one reporting category.

Diversity
We are an international growth organisation, and we want to maintain our reputation as a workplace committed to ensuring fair and equal treatment and opportunities for all employees regardless of age, gender, nationality etc. We foster a workplace culture where differences are respected and valued. Our policy on gender proportion aims to increase the number of women at management level and to improve the representation of women in management at Faerch in general, in accordance with Danish Company
Act No. 610 of 28 April 2015, Section 13 9a. With a clear objective to enhance diversity in our workforce, we promote and encourage equal opportunities, ensuring that all aspects of our personnel practices promote women's and men's equal career opportunities, including hiring procedures and conditions, recruitment and parental leave conditions. Additionally, we strive, where possible, to find both female and male candidates in both internal and external recruitment.

Management's Review (continued)

Leading the industry's transition towards true circularity
Food packaging plays a crucial role in ensuring the safety of food products. But we need to be mindful of the impacts that our activities can have on the world around us. As a leading provider of food packaging and PET recycling, we are aware of our responsibility to address the challenges our industry is facing. Responsible business practice and sustainability have long been at the heart of our DNA, business strategy and daily operations, and we are committed to help driving our industry towards true circularity.

Over the years, we have been at the forefront of leading technology, expert knowledge and best practice within the packaging industry. We have introduced products with market-leading shares of post-consumer recycled content, and with our recycling facilities at 4PET in the Netherlands, we have become the only food packaging company in the world to operate as an integrated tray recycler, allowing us to recycle used food trays back into new food grade products at industrial scale.

Over the course of 2020, we continued our focus on making food packaging circular. With food trays made from up towards 100% post-consumer recycled content, we are proud to claim that true circularity in food packaging is not a distant vision but a reality at Faerch today. The Evolve by Faerch concept is a perfect example of how to achieve a circular economy. The trays are made from European post-consumer recycled content and are fully recyclable into new food grade trays of the same quality – again and again.

Financial review 2020:
Profit for the year ended with a strong result of DKK 236.5m. The impact of COVID-19 and the lock-downs initiated by governments across all markets was immediately visible in Faerch's supplies to the airline industry basically reducing the volume to zero. Also the Food To-Go business was negatively impacted with lower sales from high street stores and people working from home. Finally, also the food service business with sales into fast-food, catering and restaurants saw a steep decline in April to May 2020 but has subsequently rebounded especially in the UK with increasing sales of take-away/pick-up and home deliveries. The fresh meat market experienced an increase as consumers went "back to basic" for home cooking. The dairy segment saw less impact from the COVID-19 as some large projects were initiated prior to the pandemic. In addition to above and general for all segments, a significant amount of new signed business has been postponed reducing the realised growth as compared to the expectations for the year.
The result for 2020 in Faerch A/S was lower than expected due to COVID-19.

Total assets increased in 2020 to DKK 4,870.5m from DKK 4,355.5m in 2019. This mainly due to huge increase in Receivables from group enterprises of DKK 706.0m. Increase on Liablities mainly on Payables to group enterprises with an increase of DKK 413.2m from DKK 1.017.2m in 2019 to DKK 1,430.2m in 2020.
Total equity end 2020 with a value of DKK 3.017.2m

Interest rate risk
Faerch is exposed to interest rate risk, as the Group borrows funds at variable rates of interest. The risk is monitored by Faerch and hedging is applied in accordance with the Treasury Policy.
In accordance to the Treasury Policy, the Group's total debt (Senior and subordinated) must be hedged at a minimum of 50% for a future period of minimum three years.
In 2018 the Group entered into new loan agreements and at the end of 2020 the Group has in average hedged 50% of the loans for the following year.

Outlook for 2021
Looking into 2021, we are facing yet another year challenged by the impacts of COVID-19. However, with a new strategy that will be finalised in cooperation with our new owner in 2021, I am confident that we are wellpositioned to face the challenges that lie ahead.
We will continue to provide our customers and industry with our expertise and innovative solutions while having an unrivalled focus on cost optimisation, automation and circular packaging solutions. We will use our position as market leader of circular packaging solutions to expand beyond our core market segments.
Revenue for 2021 is expected to end around DKK 1,250m and a profit for the year of DKK 250m

Income statement

1 January - 31 December

DKKm	Note	2020	2019
Revenue	1	1,193.1	1,268.2
Production costs	2	-793.7	-837.5
Gross profit		399.4	430.7
Sales and distribution costs	2	-90.9	-88.5
Administrative expenses	2	-25.1	-30.2
Other operating income		5.2	2.4
Other operating cost	2	-54.7	-48.9
Earnings before interest and tax		233.9	265.5
Income from investments in subsidaries		-	1,224.7
Financial income	3	153.4	165.8
Financial expenses	3	-73.8	-39.0
Profit before income tax		313.5	1,617.0
Income tax expenses	4	-77.0	-88.4
Profit for the year		236.5	1,528.6

Balance Sheet

31 December

Note	DKKm	2020	2019
5	Completed development projects	24.6	17.6
	Intangible assets	24.6	17.6
6	Land and buildings	146.3	149.6
6	Plant and machinery	170.7	158.9
6	Other fixtures and fittings, tools and equipment	45.4	43.5
6	Fixed assets in progress	22.2	49.4
	Property, plant and equipment	384.6	401.4
7	Investments in subsidiaries	538.2	538.2
	Fixed assets investments	538.2	538.2
	Fixed assets	947.4	957.2
8	**Inventories**	116.6	135.9
	Trade receivables	30.2	142.4
	Receivables from group enterprises	3,737.2	3,031.2
	Other receivables	39.1	12.7
	Receivables	3,806.5	3,186.3
	Cash at bank and in hand	-	75.9
	Current assets	3,923.1	3,398.1
	Assets	4,870.5	4,355.3

Balance Sheet
31 December

Note	DKKm	2020	2019
9	Share capital	73.0	73.0
	Reserve for hedging instruments	7.1	-
	Reserve for currency adjustments	-54.4	-
	Reserve for development costs	19.2	13.7
10	Retained earnings	2,972.4	2,740.7
	Equity	3,017.2	2,827.4
11	Provision for deferred tax	34.4	28.8
	Provisions	34.4	28.8
	Mortgage loans	119.9	138.4
	Leasing	6.0	5.5
12	**Long-term debt**	125.9	143.9
	Mortgage loans	18.6	18.8
	Leasing	4.1	3.6
	Credit institutions	4.3	50.1
	Trade payables	74.4	108.1
	Payables to group enterprises	1,430.4	1,017.2
	Corporation tax	59.2	93.0
13	Other payables	96.2	58.6
	Deferred income	5.9	5.8
	Short-term debt	1,693.0	1,355.2
	Debt	1,818.9	1,499.1
	Liablities	4,870.5	4,355.3

14 Contingent assets, liabilities and other financial obligations
15 Related parties and ownership
16 Events after end of financial year
17 Accounting Policies

Statement of changes in equity

DKKm	Share capital	Reserve for hedging instruments	Reserve for currency adjustments	Reserve for develop-ment costs	Retained earnings	Total
Equity 1 January	73.0	-	-	13.7	2,741.3	2,828.0
Capitalized development costs				5.5	-5.5	-
Fair value adjustment of hedging instruments		9.1				9.1
Tax on adjustment of hedging instruments		-2.0				-2.0
Currency adj. in investments in subsidaries			-69.7			-69.7
Tax on currency adj. in investments in subsidaries			15.3			15.3
Net profit for the year					236.5	236.5
Equity 31 December	73.0	7.1	-54.4	19.2	2,972.4	3,017.2

Note 1 Revenue

DKKm	2020	2019
Geographical segments		
North Europe	656.1	677.4
South Europe	141.5	172.4
Central Europe	355.3	358.6
Rest of the world	40.3	59.9
Total	1,193.1	1,268.2

Note 2a Staff expenses

	2020	2019
Wages and salaries	169.9	176.3
Pensions	12.4	11.2
Other social security expenses	3.9	4.5
Total	186.1	192.0
Including remuneration to:		
Executive Board	17.1	12.7
Board of Directors	1.6	1.4
Total	18.7	14.1
Average number of employees	**358**	**338**

Note 2b Depreciation, amortisation and impairment losses

	2020	2019
Intangible assets, amortisation	11.4	9.8
Leasing, depreciation	4.1	4.1
Property, plant and equipment, depreciation	57.6	57.5
Total depreciation, amortisation and impairment losses	73.1	71.4
Depreciation/amortisation and impairment losses relate to:		
Cost of goods sold	62.3	60.7
Sales and distribution costs	5.8	6.0
Administration cost	5.0	4.8
Total depriciation, amortisation and impairment losses	73.1	71.4

Note 2c Special items included in other operating cost

	2020	2019
Acquisition	38.2	16.1
Integration	1.9	7.3
COVID-19	2.4	-
Other	0.2	-
Total special items	42.6	23.3

Note 3 Financial items

	2020	2019
Interest received from group entreprises	148.6	146.9
Other financial income	4.8	19.0
Total financial income	153.4	165.8
Interest paid to group enterprises	34.9	23.3
Other financial expenses	38.9	15.6
Total financial expenses	73.8	39.0

Note 4 Tax

	2020	2019
Current tax for the year	58.1	91.6
Deferred tax for the year	5.5	0.8
Adjustment of tax concerning previous years	-	0.7
Tax on profit for the year	**63.6**	**93.1**
Which breaks down as follows:		
Tax on profit/loss for the year	77.0	88.4
Tax on changes in equity	-13.3	4.7
Total tax	**63.6**	**93.1**

Note 5 Intangible assets

Projects that are clearly defined and identifiable, the the technical feasibilty , sufficient ressources and a potential future commercial or utilization opportunity within the Group is demonstrated, and where the Group intends to produce, market or use the project are recognized as Intangible assets provided that future benefits are probable. The projects are recognised in the Income statement when incurred.

DKKm	2020 Completed development projects
Cost at 1 January	80.2
Additions	18.4
Cost at 31 December	98.5
Amortization and impairment at 1 January	62.6
Amortization for the year	11.4
Amortization and impairment at 31 December	74.0
Carrying amount at 31 December	**24.6**

Note 6 Property, plant and equipment

DKKm	Land and buildings	Plant and machinery	Other fixtures and fitting, tools and equipment	Fixed assets in progress	Total
Cost at 1 January	274.7	820.0	361.0	49.4	1,505.1
Additions	2.1	42.8	27.7	16.9	89.4
Reclassification	-	-	-	-	-
Disposals	-	-3.3	-4.2	-44.0	-51.5
Cost at 31 December	276.8	859.6	384.4	22.2	1,543.0
Depreciation and impairment at 1 January	125.2	661.1	317.4	-	1,103.7
Depreciation for the year	5.4	31.0	25.4	-	61.8
Depreciation on disposals	-	-3.3	-3.7	-	-7.0
Depreciation and impairment at 31 December	130.5	688.8	339.1	-	1,158.4
Carrying amount at 31 December	**146.3**	**170.7**	**45.4**	**22.2**	**384.6**

Including assets under finance leases amounting to DKK 4.7m for Plant and Machinery and DKK 4.8m for Other fixtures

Note 7 Investment in subsidaries

	2020	2019
Cost at 1 January	538.2	334.1
Additions for the year	-	340.2
Disposals for the year	-	-136.1
Cost at 31 December	538.2	538.2
Value adjustments at 1 January	-	-
Value adjustments at 31 December	-	-
Carring amount at 31 December	538.2	538.2

Investments in subsidaries are specified as follows:

Name	Place of registered office	Share capital	Equity	Profit for the year
Faerch Plast s.r.o.	Liberec, CZ	CZK 500.200k	CZK 721.646k	CZK 38.214k
Faerch Plast SAS	Semoy, France	EUR 3.010k	EUR -3.617k	EUR -3.618k
Faerch Plast Bunol S.L.U.	Bunol, Spain	EUR 4.500k	EUR 12.185k	EUR 2.204k
FPH 2017 Ltd.	Sutton, UK	GBP 39.903k	GBP 36.586k	GBP -3.318k
Faerch Netherland B.V.	Duiven, NL	EUR 10	EUR 50.588K	EUR 54.033k

All subsidiaries are 100% owned by the company.

All foreign subsidiaries are recognised and measured as separate entities.

Figures for 2019, as financial statement for 2020 is not approved yet.

Note 8 Inventory

	2020	2019
Raw materials and consumables	51.8	53.6
Work in progress	25.1	37.7
Finished goods	39.6	44.6
Total inventory	116.6	135.9

Note 9 Share Capital

The share capital is broken down as follows:

	Number	Nominal value
		DKK '000
A-shares	13	13,000
B-shares	60	60,000
Total		73,000

The share capital has developed as follows:

DKKm	2020	2019
Share capital at 1 January	73.0	73.0
Capital increase/decrease	-	-
Equity 31 December	73.0	73.0

Note 10 Proposed profit appropriation

	2020	2019
Reserve for development projects	5.5	2.0
Proposed dividends for the year	-	-
Retained earnings	231.1	1,526.6
Total	236.5	1,528.6

Note 11 Provision for deferred tax

Deferred tax	2020	2019
Deferred tax, net at 1 January	28.8	28.0
Adjustments concerning previous years	-	0.1
Deferred tax recognised in the income statement	5.5	0.7
Deferred tax, net at 31 December	34.4	28.8

Note 12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in logn-term debt.
The debt falls due for payment as specified below:

Mortgage loans	2020	2019
After 5 years	45.9	63.9
Between 1 and 5 years	74.0	74.4
Long-term part	119.9	138.4
Within 1 year	18.6	18.8
Total mortgage loans	138.5	157.2

Leasing	2020	2019
After 5 years	0.2	0.3
Between 1 and 5 years	5.8	5.2
Long-term part	6.0	5.5
Within 1 year	4.1	3.6
Total leasing	10.1	9.1

Note 13 Fair value of hedging

Agreements have been made on hedging contracts in terms of swaps.	2020	2019
Value of hedging 1 January	-9.3	-
Additions	9.1	-9.3
Value of hedging 31 December	-0.2	-9.3

	2020	2019
Contracts concerning sale of foreign exchange	124.8	258.2

Contract of GBP 15m has been made with an average rate of GBP/DKK 8.32 which will expire in 2021.

Note 14 Contingent assets, liabilities and other financial obligations

Security	2020	2019
The following assets have been placed as security with mortgage credit institutions:		
Land and buildings with the carrying amount of	146.3	149.6
Plant and machinery and other fixtures with the carrying amount of	216.1	202.5

The Company has concluded contracts with a number of suppliers. The contracts do not entail any obligations other than those normally involved in tradig relationships.

Faerch A/S has handed over part of it's receivables to Midtfactoring A/S through a factoringcontract.
Total receivables is DKK 103.3 mio the 31. December 2020. By handing over these receivables to Midtfactoring A/S the Cash flow for Faerch A/S has improved.
The factoring agreement is a non-recourse agreement.

Contingent liablities

The Company has placed the shares of the subsidiaries; FPH 2017 Ltd and Faerch Bunol SLU and their subsidiaries as security with the Groups credit institutions.

The Company and its subsidiaries have issued irrevoably and unconditionally jointly and severally guarantess towards the Group's credit institutions.

The Company is not involved in any lawsuits which are expected to have a material effect on the financial position of the Company.

Note 15 Related parties and ownership

Controlling interest	Basis
Faerch Group A/S, Rasmus Færchs Vej 1, 7500 Holstebro, Denmark	Parent Company
The Company's subsidiaries, see group structure	Subsidiaries

Transactions

Related parties with significant influence comprise group enterprises as well as the Board of Directors and the Executive Board of the Company.

Pursuant to section 98c(7) of the Danish Financial Statements Act, the Company transact with related parties on market terms.

Ownership

Faerch A/S, Holstebro, Denmark is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital in Faerch Group A/S.

Consolidated Financial Statements

The Company's Annual Report is included in the Consolidated Financial Statements of:
Faerch Group A/S, Holstebro, Denmark, CVR No 38 81 24 24.

The Annual Report of Faerch Group A/S may be obtained at the following address:
Faerch Group A/S, Rasmus Færchs Vej 1, 7500 Holstebro, Denmark

Note 16 Events after the end of the financial year

After the end of the financial year, Faerch A/S acquired Sirap Inline Poland SP ZOO. Furthermore, there has been a capital increase in Faerch Italy Holding and Faerch Bunol. This as a part of the total acqusition from Faerch Group of Sirap business.

Note 17 Accounting Policies

Basis of Preparation

The Financial Statements of Faerch A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C. The Financial Statements for 2020 are presented in DKK millions.

Accounting policies applied are unchanged compared to the previous year.
With reference to section 112 (1) of the Danish Financial Statements Act and to the consolidated financial statements of Faerch Group A/S, CVR No 38 81 24 24. the Company has not prepared consolidated financial statements.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act and to the Cash Flow statement included in the Consolidated Financial Statement of Faerch Group A/S, CVR No 38 81 24 24. The company has not prepared a Cash Flow Statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.
Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Note 17 Accounting Policies (continued)

Leases

Leasing contracts are recognized in the balance sheet corresponding to the value of the calculated leasing obligation. The lease obligation is measured at the present value of the lease payments, calculated using the internal interest rate cf. the lease, or the company's marginal borrowing rate as a discount rate if the internal rate of return is not available. Leasing assets are depreciated and written down according to the same practice as established for the company's other fixed assets.

The company has chosen to apply the reductions regarding leases with short maturities and low value. These leasing assets are therefore not recognized in the balance sheet as assets and liabilities. The costs are therefore recognized on a straight-line basis in the income statement
over the lease term.

The leasing obligation is recognized in the balance sheet as a debt obligation and is adjusted on an ongoing basis with installments paid. Simultaneously interests are accrued to the liability. Interest expenses are expensed on an ongoing basis in the income statement.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement when realised. Unrealised changes in the fair value instrument and adjusted in equity.

Note 17 Accounting Policies (continued)

Segment reporting

Segment information is presented relating to the distribution of revenue on geographical segments.

Based on this, it is the Company's assessment that it has one business segment which is "production and sale of plastic packaging" and four geographical segments which are "North Europe", "South Europe", "Central Europe" and "rest of the World".

Income Statement

Revenue

Revenue from contracts with customers is recognised in the income statement after IFRS 15 happens on the time where control of the delivered product/service is handed over to the customer.

The control is seen as handed over when:
- There is a binding sales agreement
- Delivery has taken place before the end of the financial year,
- The selling price is fixed, and
- The payment has been received or can be expected to be received with reasonable certainty.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprises, including gains and losses on the sale of intangible assets and property, plant and equipment.

Note 17 Accounting Policies (continued)

Income from investments in subsidiaries

The items "Income from investments in subsidiaries" in the income statement include dividend adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Intangible assets

Costs incurred in connection with development projects are recognised as assets if they are expected to bring future economic benefits. Other development costs are expensed as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the periode of the expected aconomic benefit. The period of amoritsation is three years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indi rect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Note 17 Accounting Policies (continued)

Property, plant and equipment (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30-50 years
Plant and machinery	1-20 years
Other fixtures and fittings, tools and equipment	1-10 years

Investments in subsidiaries

Investments in subsidiaries are recognised and measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Note 17 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning subscriptions.

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Note 17 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on investment	$\frac{\text{Earnings before interest and tax x 100}}{\text{Total assets at year end}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$