BEIERHOLM
VI SKABER BALANCE

Paranova Pack A/S

Marielundvej 46 D, 2.tv., 2730 Herlev

CVR no. 29 43 16 12

Annual report for 2017

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 25.04.18

Erik Pfeiffer
Dirigent

Table of contents

Company information etc.

The company

Paranova Pack A/S
Marielundvej 46 D, 2.tv.
2730 Herlev
Tel.: 44 66 32 00
Fax: 44 66 32 01
Registered office: Herlev
CVR no.: 29 43 16 12
Financial year: 01.01 - 31.12

Executive Board

Rasmus Helt Poulsen

Board Of Directors

Erik Bernhard Pfeiffer
Dirk Andreas Oltersdorf
Hans-Joachim Oltersdorf

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 for Paranova Pack A/S.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.17 and of the results of the the company's activities for the financial year 01.01.17 - 31.12.17.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Herlev, April 25, 2018

Executive Board

Rasmus Helt Poulsen

Board Of Directors

Erik Bernhard Pfeiffer Chairman	Dirk Andreas Oltersdorf	Hans-Joachim Oltersdorf

Independent auditor's report

To the Shareholder of Paranova Pack A/S

Opinion

We have audited the financial statements of Paranova Pack A/S for the financial year 01.01.17 - 31.12.17, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.17 and of the results of the company's operations for the financial year 01.01.17 - 31.12.17 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing 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 regarding the 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, we conclude that management’s review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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.

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 International Standards on Auditing 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 International Standards on Auditing 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.

Soeborg, Copenhagen, April 25, 2018

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jan Nygaard
State Authorized Public Accountant
MNE-no. mne11743

FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2017	2016	2015	2014	2013
Profit/loss					
Revenue	1.275.116	1.006.003	1.132.371	1.093.680	990.120
Index	129	102	114	110	100
Gross profit	61.506	37.905	19.434	22.719	26.433
Index	233	143	74	86	100
Operating profit/loss	38.722	15.958	284	4.931	9.491
Index	408	168	3	52	100
Total net financials	-691	-253	-5.462	730	-310
Index	223	82	1.762	-235	100
Profit/loss for the year	30.341	12.217	-4.047	4.415	3.612
Index	840	338	-112	122	100
Balance					
Total assets	357.376	366.478	316.512	412.852	353.354
Index	101	104	90	117	100
Equity	60.876	30.535	32.831	38.770	32.947
Index	185	93	100	118	100

Ratios

	2017	2016	2015	2014	2013
Profitability					
Gross margin	5%	4%	2%	2%	3%
Profit margin	3%	2%	0%	0%	1%
Equity ratio					
Equity interest	17%	8%	10%	9%	9%

Ratios - continued -

	2017	2016	2015	2014	2013
Others					
Number of employees (average)	36	36	30	28	28

Gross margin: $\dfrac{\text{Gross result x 100}}{\text{Revenue}}$

Profit margin: $\dfrac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Equity interest: $\dfrac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Primary activities

Paranova Pack A/S is the operational company within the Paranova Group.

Development in activities and financial affairs

The income statement for the period 01.01.17 - 31.12.17 shows a profit/loss of DKK'000 30,341 against DKK'000 12,217 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK'000 60,876.

The management considers the net profit for the year to be satisfactory.

Outlook

Management expects for next year a result at the same level as the current year.

Special risks

Price risks

Currency risks

A significant share of the sourcing is in foreign currencies. Part of this hedged through currency contracts, but there is a risk involved for the remaining part.
It is company policy to hedge commercial currency risk . The Company does not engage in speculative currency positions.

Interest rate risks

The Company's interest-bearing receivables and debt substantially relate to balances with group enterprises that carry interest according to concluded agreements. The Company's most significant risk relates to foreign currency adjustments of balances that are booked in local currencies.

Corporate social responsibility

With reference to the Danish Financial Statements Act – article 99 a the company can declare that is has established policies for Corporate Social Responsibility – including human rights, social responsibility, environmental- and climate responsibility and anti- corruption

Target figure for the underrepresented gender

Target figures for the Board of Directors

Pleae refer to the consolidated Annual Report for the parent company Paranove Group A/S.

Income statement

Note		2017 DKK '000	2016 DKK '000
	Revenue	**1.275.116**	**1.006.003**
	Other operating income	384	384
	Costs of raw materials and consumables	-1.203.771	-960.422
	Other external expenses	-10.223	-8.060
	Gross profit	**61.506**	**37.905**
1	Staff costs	-22.350	-21.516
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**39.156**	**16.389**
	Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-434	-431
	Profit/loss before net financials	**38.722**	**15.958**
3	Financial income	12.412	18.231
4	Financial expenses	-13.103	-18.484
	Profit/loss before tax	**38.031**	**15.705**
	Tax on profit or loss for the year	-7.690	-3.488
	Profit/loss for the year	**30.341**	**12.217**

5 Distribution of net profit

Balance sheet

ASSETS

Note		31.12.17 DKK '000	31.12.16 DKK '000
	Acquired rights	1.085	115
6	**Total intangible assets**	**1.085**	**115**
	Other fixtures and fittings, tools and equipment	104	174
7	**Total property, plant and equipment**	**104**	**174**
	Total non-current assets	**1.189**	**289**
	Raw materials and consumables	6.531	52.946
	Manufactured goods and goods for resale	107.240	112.269
	Prepayments for goods	4.413	30.415
	Total inventories	**118.184**	**195.630**
	Trade receivables	6.556	2.833
	Receivables from group enterprises	214.170	147.420
10	Deferred tax asset	12.135	18.323
	Income tax receivable	0	531
	Other receivables	3.684	0
8	Prepayments	1.456	1.248
	Total receivables	**238.001**	**170.355**
	Cash	**2**	**204**
	Total current assets	**356.187**	**366.189**
	Total assets	**357.376**	**366.478**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.17 DKK '000	31.12.16 DKK '000
9	Contributed capital	500	500
	Retained earnings	60.376	30.035
	Total equity	**60.876**	**30.535**
11	Payables to group enterprises	12.500	12.500
	Total long-term payables	**12.500**	**12.500**
	Trade payables	5.112	14.888
	Payables to group enterprises	274.241	279.331
	Income taxes	970	0
	Other payables	3.677	29.224
	Total short-term payables	**284.000**	**323.443**
	Total payables	**296.500**	**335.943**
	Total equity and liabilities	**357.376**	**366.478**

12 Contingent liabilities
13 Charges and security
14 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.16 - 31.12.16			
Balance pr. 01.01.16	500	17.331	15.000
Fair value adjustment of hedging instruments	0	487	0
Dividend paid	0	0	-15.000
Net profit/loss for the year	0	12.217	0
Balance as at 31.12.16	500	30.035	0
Statement of changes in equity for 01.01.17 - 31.12.17			
Balance as at 01.01.17	500	30.035	0
Net profit/loss for the year	0	30.341	0
Balance as at 31.12.17	500	60.376	0

Notes

	2017 DKK '000	2016 DKK '000

1. Staff costs

Wages and salaries	18.427	18.953
Pensions	1.605	1.356
Other social security costs	227	158
Other staff costs	2.091	1.049
Total	22.350	21.516
Average number of employees during the year	36	36

2. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	110	161
Other assurance engagements	124	11
Total	234	172

Notes

	2017 DKK '000	2016 DKK '000

3. Financial income

	2017 DKK '000	2016 DKK '000
Interest, group enterprises	5.777	4.285
Other interest income	1	0
Foreign currency translation adjustments	6.634	13.946
Other financial income	6.635	13.946
Total	12.412	18.231

4. Financial expenses

	2017 DKK '000	2016 DKK '000
Interest, group enterprises	4.449	4.420
Other interest expenses	16	22
Foreign currency translation adjustments	8.696	13.825
Other financial expenses	-58	217
Total	13.103	18.484

5. Distribution of net profit

	2017 DKK '000	2016 DKK '000
Retained earnings	30.341	12.217

6. Intangible assets

Figures in DKK '000	Acquired rights
Cost as at 01.01.17	135
Additions during the year	1.335
Cost as at 31.12.17	1.470
Amortisation and impairment losses as at 01.01.17	-21
Amortisation during the year	-364
Amortisation and impairment losses as at 31.12.17	-385
Carrying amount as at 31.12.17	1.085

7. Property, plant and equipment

Figures in DKK '000	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.17	660	1.674
Cost as at 31.12.17	660	1.674
Depreciation and impairment losses as at 01.01.17	-660	-1.500
Depreciation during the year	0	-70
Depreciation and impairment losses as at 31.12.17	-660	-1.570
Carrying amount as at 31.12.17	0	104

	31.12.17 DKK '000	31.12.16 DKK '000

8. Prepayments

Other prepayments	1.456	1.248

9. Share capital

The share capital consists of:

500 shares, each with a nominal value of DKK 1.000	500	500.000

No shares hold particular rights.

10. Deferred tax

Balance as at 01.01.17	19.825	21.164
Deferred tax recognised in the income statement	-7.690	-2.841
Balance as at 31.12.17	12.135	18.323

Deffered tax asset mainly concerns tax losses carried forward. On basis of the expectations for the coming years results, deffered tax assets has been recognized at nominal value.

11. Longterm payables

Figures in DKK '000	Outstanding debt after 5 years	Total payables at 31.12.17	Total payables at 31.12.16
Payables to group enterprises	0	12.500	12.500
Total	0	12.500	12.500

12. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 14-29 months and average lease payments of DKK 296k, a total of DKK 6.436k.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The maximum liability totals DKK 0 at the balance sheet date, of which DKK 0 is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

13. Charges and security

The company has not provided any other security over assets.

14. Related parties

Controlling influence:	Basis of influence
Paranova Group A/S	Moder

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

The company is included in the consolidated financial statements of the parent Paranova Group A/S.

15. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

15. Accounting policies - continued -

DERIVATIVE FINANCIAL INSTRUMENTS

Fair value adjustment of derivative financial instruments that are used to hedge net investments in independent foreign subsidiaries and associates/subsidiaries/associates are recognised directly in equity.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

15. Accounting policies - continued -

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	3	
Plant and machinery	5	
Other plant, fixtures and fittings, tools and equipment	3-5	

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

15. Accounting policies - continued -

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

15. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

15. Accounting policies - continued -

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

15. Accounting policies - continued -

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal

15. Accounting policies - continued -

value of such payables.

CASH FLOW STATEMENT

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared as the enterprise is included in the consolidated cash flow statement.