ANNUAL REPORT

2017

Færch Plast Group A/S
Rasmus Færchs Vej 1
7500 Holstebro
Denmark
CVR No. 32 30 84 49

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27 April 2018

Nils Smedegaard Andersen
Chairman

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CONTENT

ANOTHER RECORD YEAR UNDER CHALLENGING MARKET CONDITIONS

Lars Gade Hansen
Group CEO

Our financial year 2017 beat last year's record despite challenging market conditions. We recorded a strong organic growth of 7.6% measured in number of trays sold. The revenue growth would have been significant higher than the recorded 9.0% if the Sterling decline not had continued throughout 2017 with a full year decline of 6.9% compared to 2016.

Despite not delivering on all our ambitions, 2017 was an exciting year and with new records achieved for the business. Again, the business achieved the highest number of trays sold in a single year of 5.5b pieces with growth in all market and all segments. The revenue also grew to another record of DKK 2,266.9m which in light of the tumbling Sterling is considered satisfactory. The achieved growth in our top line performance enabled us to also grow our EBITDA once again to DKK 514.5m despite market related tailwinds impacting our margins. The EBITDA-margin declined from 24.6% in 2016 to 22.7% in 2017 which still is considered a healthy margin within our industry and in light of the headwind on exchange and resin.

On a "like-for-like" comparison at constant currency rates, EBITDA for 2017 is negative impacted by more than DKK 50m due to sterling movements. 2017 was a year where our British business continued to be impacted direct and indirectly by the Brexit referendum through a low Sterling and "Brexit" infused inflation. We continued balancing the impact with countermeasures in terms of price increases and an increasing share of the portfolio being manufactured in the UK. This will continue and be accelerated in 2018. The development in our raw material prices also had an impact on our margins. We saw resin prices increase by 15% during 2017 as a combination of an increasing oil price, high demand and only limited supply for certain material types. 2017 was an untypical year as all resin types ended the year at a significant higher level compared to where it started the year and the price gap between virgin material and recycled material narrowed. We have in place with the majority of our customers pass-on price clauses in respect of market raw material changes which, however, when triggered do so only with a certain time-lag. As such in times of raw material increases as we saw in 2017 our margin with these customers is impacted at least in the short term.

In 2017 management was once again focused on further internal consolidation among the factories after having integrated three sites since the acquisition of Anson Packaging Limited and Sealed Air's European tray business in 2015. It has been encouraging to see the development across the sites and again in 2017 the cost to convert one kilo of raw materials into finished products declined without compromising Faerch's high quality. Cost leadership across all sites is paramount in our drive to outperform our competitors and is a continuous focus area.

Plastic packaging became a key discussion point in 2017. Faerch has always and continues to recognise our responsibility to address the sustainability agenda and to practise this in our daily operation. We pro-actively started this journey many years ago utilising recyclable plastic in our products. The principals of a circular economy have become part of our operating DNA and we welcome and

fully support the new European Strategy for Plastics in a circular economy. A more detailed description of our initiatives can be found in the sustainability section of this report.

New Owner

EQT decided to exit their investment in Faerch and end of August 2017 funds advised by Advent International became the new majority owner. Having the "right" owners is fundamental for the growth and development of our company. We have no doubt that Advent International is the right partner for the future to release the full potential further within Faerch.

The Group's strategy 2021 which sets out clear priorities and focus areas remains unchanged after the change of ownership. Faerch will continue to build on the success it has had over many years in winning market share in selected markets and applications.

The focus for 2018 will be to continue to champion cost leadership in all that we do and to also develop strategies to protect our margins in the face of continuing raw material and other competitive price pressures in our markets. Product and platform innovation through research and development is a key priority where Faerch in 2017 patented the "1mm stacking height" innovation. Looking into 2018 the product pipeline is extremely strong. We believe expansion into other segments over the coming year is a new opportunity combined with a stronger international geographic footprint.

Thank you

I would like to thank our employees, EQT and Advent International for the support and trust they have shown and given the company throughout 2017. We can continue to be proud of achieving a number of new records. The performance is strong and our ability to further excel in 2018 too are highly dependent on the engagement of our employees, their unique skills and dedication to go the extra mile for Faerch and our customers. On behalf of the Executive Management I would like to thank our employees for the outstanding achievement and hard work delivered during the year.

On behalf of the executive management team

Lars Gade Hansen
Group CEO

PRESENTATION OF FAERCH PLAST

Growth at Faerch Plast
Since being established in 1969, Faerch Plast has grown to become one of the leading plastic packaging manufacturers for the European food industry, with more than 1.000 employees across six manufacturing facilities, and regional sales offices covering all of Europe as well as selected non-European countries. Faerch Plast is owned by the private equity firm, Advent International.

Diverse product offering focused on three core product applications
Faerch Plast focuses on selected food segments where a plastic tray is a key product differentiator and value enhancer for the food producer, retailer and/or the end consumer. We strive to achieve a leading position in methods and products designed to protect food and ensure high standards of safety and quality. We are committed to comply with and stay ahead of legislative and regulatory requirements within food safety at all times. Moreover, our deep process knowledge and wide range of products have been developed and enhanced over decades in close cooperation with our customers. As a result, Faerch Plast can today present a strong product assortment within three distinct product applications, Ready meals, Fresh Meat and Food To-Go:

READY MEALS

The market for prepared meals made for heating is experiencing strong growth. Development is driven by consumers' increasing demand for convenience, along with food producers' strive for individualisation of brands while maintaining a cost-efficient setup. This places major requirements for end-to-end competencies on tray producers such as Faerch Plast. The ability to drive shelf impact through unique design while maintaining extreme temperature tolerances enables Faerch Plast to grow further into Ready Meal sub-segments that historically have been dominated by non-plastic packaging materials as aluminium and cardboard.

FRESH MEAT

Value added via the packaging format is changing the solution space within the market for chilled and marinated fresh meat, fish and poultry. Shelf life extension of premium meat through vacuum (skin) packaging and increased glass-clear transparency and robust sealing requirements for MAP packaging are providing an overall trade-up within this product application. The continued increasing interest in environmentally friendly materials and intelligent design supporting less food waste is shaping the agenda of both producers and consumers across all Fresh Meat categories. Local legislation and tariffs are expected to push forward solutions based on eco-friendly mono material, as MAPET® II, at the expense of older and more traditional material formats.

FOOD TO GO

The market for convenience meals not requiring heating is a broad and diverse sum of sub segments, each requiring a different set of features to producer and consumer. Faerch Plast remains focused on the advanced convenience sub-segments; where producer, retailer and end-consumers value innovative design, built-in convenience features as well as high quality and environmentally friendly materials. Delivering on these parameters allows Faerch Plast to tap into the trend of busy lifestyle, where on-the-go consumption of quality food becomes an increasing part of most households regardless if the purchase takes place at an urban cafe or in a major supermarket.

Adding value across the entire value chain

Great packaging is not only about protecting a product, and Faerch Plast 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 Plast 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 Plast engages on a daily basis in order to maintain and develop our position as adding value for the food industry.

Continued investment to deliver best in class

The plastics packaging industry is constantly changing

PRESENTATION OF FAERCH PLAST

(CONTINUED)

and the growing external demands require Faerch Plast to evolve by investing in technology as well as in process and material knowledge. Factors like precision, efficiency and automation play a crucial role in achieving success.

To offer our customers the optimal solutions at the lowest possible cost, our factories, processes and people receive substantial investments to ensure the highest standards and use of latest technology. Faerch Plast will continue to invest significant amounts every year to maintain and develop our leading position.

The right values

Value creation at Faerch Plast 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 Plast is fully supplied with renewable energy provided by sustainable energy sources, such as hydro and wind power plants.

Segment reporting

Faerch Plast 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 Plast operates with three different sales channels based on customers' characteristics; Industrial Food Producers, Distributors and Retailers.

Food Producers

Food producers comprise our largest segment, and constitute 79% of the Group's revenue in 2017. Food producers are large-scale industrial processors within

1: Core distribution channel, 2: Secondary distribution channel all chilled food and frozen segments (Fresh Meat, Ready Meals, and Food to go). They deliver mainly to independent retailers or own outlets. Faerch Plast 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 and dedicated 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 18% 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 smaller food producers and retailers mainly with a full packaging solution inclusive tray, top film, sealing equipment etc. Faerch Plast currently holds a strong position with select large distributors across Europe, but wishes to further expand our presence in this segment. Expansion will be driven by rolling out tailored service models building 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 3% of our revenue, where we mainly supply packaging for food products, which are prepared and packed on site. Direct servicing of retailers allows Faerch Plast to be on the forefront of innovation and customer demand, minimising dependency on any single food producer.

Faerch Plast has a specialized innovation unit to maintain and constant strive for bringing new innovative material and packaging formats to the market

OUR FOCUS AREAS

CONTINUED STRONG INVESTMENTS

222m

Investments to strengthen and develop cost leadership continued. In total, investments recorded DKK 222m in state-of-the-art production equipment to follow market demand, upgrade new sites and to enable further automation, which will support the Strategy 2021. The amount also included the new UK headquarter and design center in Ely and acquisition the Poole site.

FREE CASH FLOW

139.0m

Free cash flow was improved by DKK 139.4m from a better working capital management, lower tax payments and reduced investments.

EBITDA MARGIN OF

22.7%

Despite a margin decline from last year mainly caused by higher resin prices the EBITDA margin of 22.7% is considered healthy.

THE GROUP

REVENUE GREW BY

9.0%

CONTINENTAL EUROPE

THE SALES VOLUME GREW BY

18.0%

THE UK AND IRELAND

THE SALES VOLUME GREW BY

1.9%

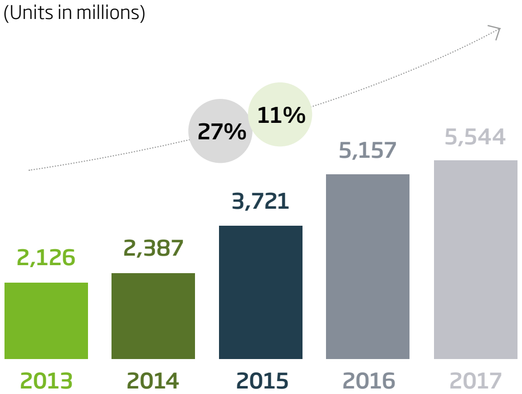
WORLDWIDE PRESENCE

Faerch has production at 6 sites in Europe in 4 countries and sell and exports to more than 30 countries.

FINANCIAL HIGHLIGHTS

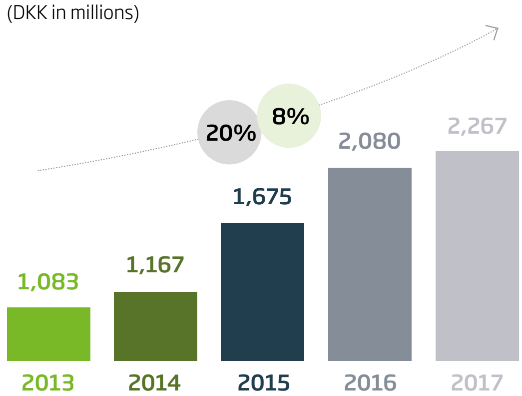
FAERCH PLAST HAS MORE THAN DOUBLED ITS BUSINESS SINCE 2014

Volume
(Units in millions)



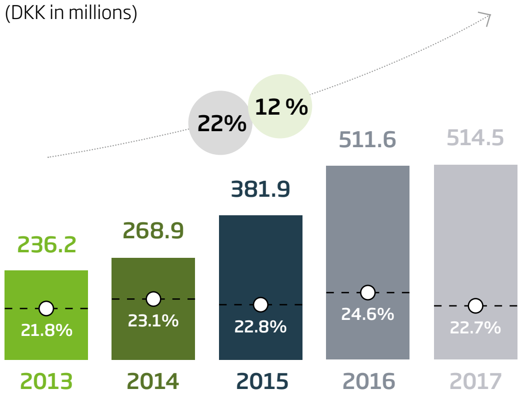
Faerch Plast has grown from a local champion to a pan-European player with focus on the most attractive product groups of Ready Meals, Fresh Meat and Food-To-Go.

Revenue
(DKK in millions)



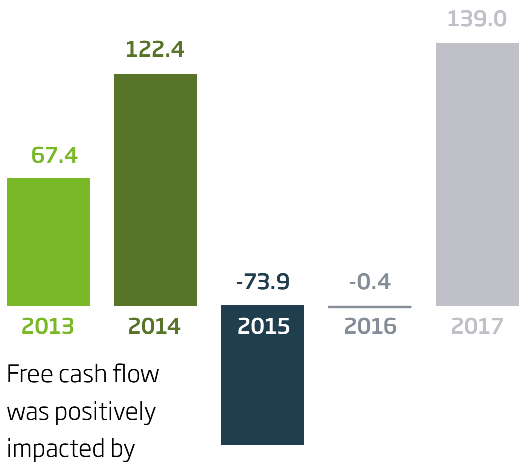
Revenue growth seen in all applications and in all markets. The 3pp difference to volume growth is primarily from price/mix impact from Sutton site as their selling price per tray is lower into the Food-to-Go segment than the average selling price.

EBITDA (before special items)
(DKK in millions)



EDITDA grew organically by 0.6% with all business areas performing well though with the UK business performance negatively impacted by the depreciation of sterling as well as increased input costs, especially high resin prices.

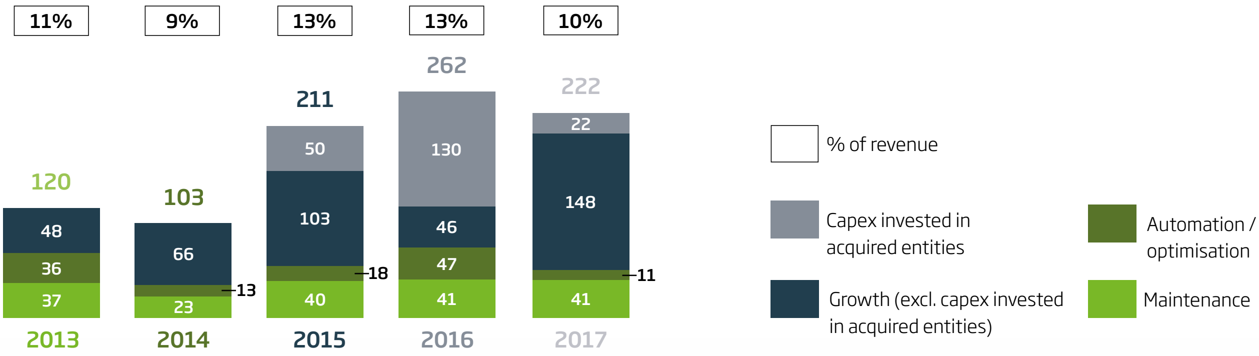
Free Cash flow
(excluding acquistions)
(DKK in millions)



Free cash flow was positively impacted by the strong cash flow generated from the operation, offset by investments. The average trade working capital to revenue improved from 22.4% in 2016 to 20.7% in 2017.

Organic CAGR   Total CAGR   - - -O- - - % margin

CAPEX
(DKK in millions)



The investment level reduced to 10% of revenue and 2017 capex were mainly spent on new thermoforming capacity, the new UK headquarter in Ely and the Poole site.

Through continuous improvement Faerch Plast strives for continued leadership in current as well as future generations of sustainable packaging and food safety

OPERATING AND FINANCIAL REVIEW

Tom Sand-Kristensen
Group CFO

Faerch is a leading supplier of rigid plastic packaging to the European food industry. We operate across Europe from six manufacturing facilities and five separate sales offices including two design centres located in Denmark and UK. During 2017 a new UK headquarter was opened in Ely and the former offices in Haddenham were vacated. Additional structural changes to the UK set-up are being implemented to ensure its continual strong competitive market position particularly in advance of any changes that may come as a result of Brexit.

EQT exited their investment in Faerch and on 23 August 2017 Advent International became the new owner. The deal structure included four new legal entities as direct and ultimate owners of the Faerch Plast Group A/S. The Faerch Plast Group A/S is now directly owned 100% by Faerch Plast BidCo ApS which was the acquiring entity in the transaction. An overview of the new legal structure with AI Roy (Luxembourg) S.á.r.l. as the ultimate owner of Faerch can be seen at page 110.

As Faerch Plast BidCo ApS was the acquiring legal entity all external funding were managed through this entity. The new bank facility agreement is described in section 3.2 and 3.3 of the consolidated financial statements. In connection with the transaction and the new funding, Faerch decided to obtain a rating from International credit rating agencies. As the external debt were in Faerch Plast BidCo ApS this was also the entity that achieved the rating. The rating process were finalised in July 2017 and Faerch were assigned a "B" rating by Standard & Poors and a "B3 CFR" rating by Moody's which were confirmed end of August 2017 when the refinancing were concluded.

As the consideration were paid by Faerch Plast BidCo ApS to EQT, the purchase price allocation of the consideration were recognised in the Faerch Plast BidCo ApS accounts for 2017. Intangible and tangible assets of DKK 3,547.6m were recognised and a goodwill of DKK 1,069m.

The business developed positive in 2017 recording the highest sales volume and highest revenue ever but were challenged by input costs increasing significantly. The British Sterling continued to decline following the Brexit referendum in 2016 and in light of the political and economic uncertainty going forward.

During the last quarter of 2017 a "project management office" were establish to secure projects are being managed, coordinated and executed efficiently. The benefit from the project management office is expected to materialise in the second half of 2018.

2017 were also focused on internal consolidation among the factories after having integrated three sites since the acquisition of Anson Packaging Limited and Sealed Air's European tray business in 2015. The continuous focus on factory integration and optimization of the Groups production platforms are paramount for Faerch to further develop and maintain its costs leadership.

In 2017 the Group decided to go for an early adoption of the International Financial Reporting Standard 16 - "Leases" (and applying IFRS 15). Under section 2.3 and 4.6 in the consolidated financial statement the impact of the early adoption of IFRS 16 has been described. Comparison figures in the income statement and balance sheet has not been adjusted.

Income Statement

In 2017, The Group reported a net revenue of DKK 2,266.9m (2016: DKK 2,079.9m) on the back of a strong organic growth in all segments and all applications, registering the highest sales volume recorded for Faerch of 5.5b pieces. The 5.5b pieces were an organic growth of 7.6% well ahead of the range of 5-6% communicated in the 2017 Outlook.

Following the Brexit referendum in 2016 and the continuous uncertainly of how the British exit from the EU will be structured the British Sterling continued to be weak and further depreciated by 6.9% on avarage against the average GBP/DKK rate in 2016. To compensate for the declining currency and Brexit infused input costs

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OPERATING AND FINANCIAL REVIEW

(CONTINUED)

increasing the UK selling prices were renegotiated as a reaction to defend margins and earnings. Also the resin price increases in part were reciprocated through to revenues in cases where the pass-through mechanism in sales agreements were triggered. In organic terms, net revenue grew by 9.0% driven by volume growth and UK price increases. Measured in constant currency the growth would have been 12.8 %, i.e. 2016 revenue at 2017 actual exchange rates.

Production costs amounted to DKK 1,622.7m (2016: DKK 1,472.2m). Production cost per kg decreased by 6.3% which is a key measurement for cost leadership. The reported gross profit margin declined from 29.2% in 2016 to 28.4% in 2017 as resin costs jumped by up to 15%. Other raw materials did also record increasing prices and combined with the high share of imported raw materials in the UK and together with increasing utility costs efficiency improvements were not sufficient to defend the margins. The strong organic sales volume growth of 7.6% did also put pressure on the factories to meet the required higher output levels combined with having the additional capacity installed simultaneously.

Sales and distribution costs amounted to DKK 226.6m (2016: DKK 203.6m). The increase of 11.3% were mainly driven by the higher sales volume seeing logistic costs, warehouse costs and customer bonuses increase from the higher activity. Also depreciations from leased assets of DKK 16.5m increased the sales and distribution costs.

Administrative costs amounted to DKK 97.3m (2016: DKK 78.9m). The high increase of 23.3% were mainly driven by hiring of senior specialists and senior managers with strong capabilities to develop the business and support the Group Strategy.

Other operating income of DKK 25.3m (2016: DKK 55.0m) is income from realised and unrealised forward contracts applied to manage the currency exposure in the UK market and gain from assets disposals in mainly Spain due to the exit of the foam manufacturing. The main reason for the reduced income against last year is the gain from the forward contracts which in 2017 were recognised by DKK 8.4m and in 2016 by DKK 42.8m.

Other operating expenses of DKK 5.9m (2016: DKK 16.0m) reduced by DKK 11.1m as less expenses were used on acquisition targets and strategic projects.

Operating profit before special items was DKK 339.7m (2016: DKK 364.3m). The decline of DKK 24.6m (-6.7%) was due to high input costs and especially resin prices whereby the time-lag on contractual pass-through mechanism led to a lower impact in 2017 through compensating sales price increases. Also the continuously weakening British Sterling impacted 2017 negative as compared to 2016. The sterling declined further to an average DKK/GBP 8.49 from 9.12 in 2016. The negative EBITDA impact from the Sterling against last year amounted to DKK 66.0m comprising DKK 31.6m from the 6.9% average decline and DKK 34.4m from realised and unrealised hedges. The above mentioned also explains the drop in the EBIT margin of 2.5% points to 15.0% and not achieving a stable EBIT development as expected in the 2017 Outlook.

Net special items (pre-tax) amounted to DKK 27.4m an increase of DKK 1.9m compared with 2016. Special items in 2017 were impacted by the foam phase-out in Spain and running-in costs for a new extrusion platform in the factory in Czech. The extruder at the Anson site causing challenges in 2016 has been operated as planned in 2017 with a strong output. 2017 is also impacted by a deposit provision of DKK 7.3m related to steel cages. Customer deposits on steel cages were earlier adjusted in the income statement whereas it going forward will be a balance sheet entry. A more detailed breakdown of special items is included in the section 1.4 of the consolidated financial statements.

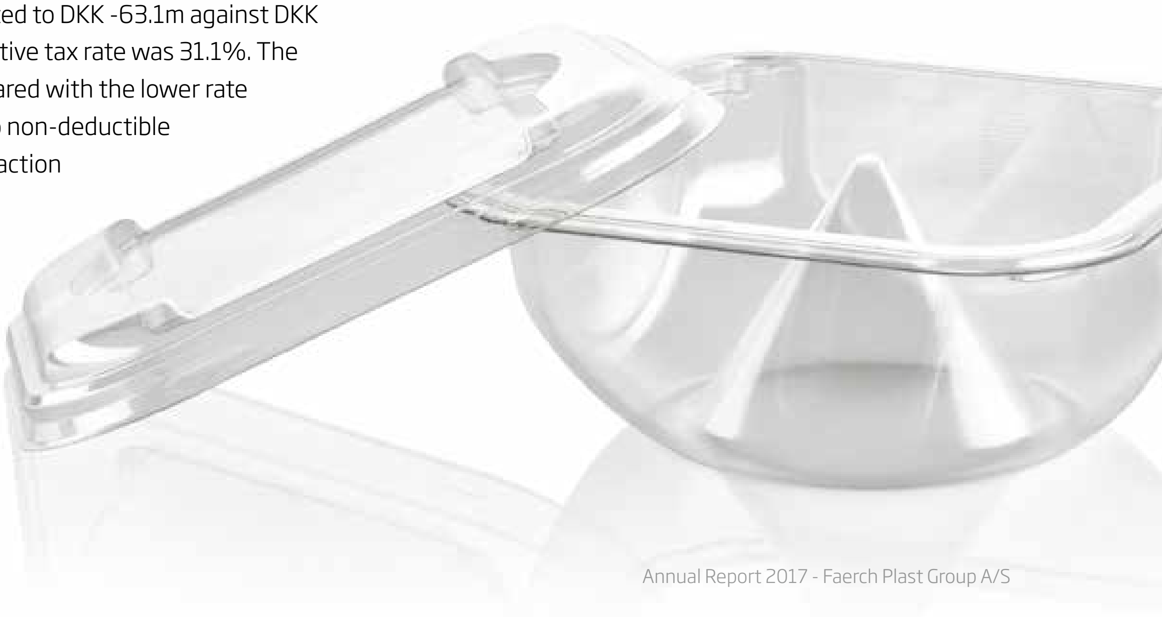
Net financials amounted to DKK -109.5m against DKK -133.0m in 2016. Net interest costs were DKK -91.1m against DKK -93.7m in 2016. Part of the reason for the lower interest cost is the new funding structure following the EQT/Advent International transaction in August 2017. A lower net interest bearing debt in the period up to August 2017 and a lower interest payment on British sterling denominated loans due to the depreciating currency reduced interest payments as compared with 2016. Net other financial items were DKK -2.2m against DKK -20.5m in 2016. The reduced other financial costs were mainly related to a higher income from financial instruments at settlement of the interest rate hedges combined with the refinancing of the debt. Currency translation adjustment were net DKK -16.1m against DKK -16.7m last year related to the the Groups positions in British sterling.

Tax for the period amounted to DKK -63.1m against DKK -40.5m in 2016. The effective tax rate was 31.1%. The significant increase compared with the lower rate in 2016 of 19.7% is due to non-deductible expenses related to transaction costs from acquisitions, interest rate deductible limitations in Denmark and an increase in tax provisions due to a transfer pricing case.

Profit for the year recorded DKK 139.6m (2016: DKK 165.2m). Despite the record sales volume and revenue the decline in earnings was due to increasing input costs and a continuously weakening of the British Sterling. Finally, the higher depreciations from the high investment activities in recent year and a higher effective tax rate took earnings further down as compared against 2016.

Investments

The Group's investments for 2017 were lowered to DKK 222.2m (2016: DKK 261.6m) equivalent to 9.8% of revenue. The main part of the investment amount continues to be capacity investments to meet the market demand as well as automation investment at all six factories to focus on cost leadership. Investment in 2017 did also include the new UK headquarter in Ely, Cambridgeshire and the purchase of the land in Poole from Sealed Air following the "option" in the agreement from 2015. The investments Outlook for 2017 were DKK 200m and adjusting for the UK headquarter and the land purchase in Poole, the 2017 investment level were as expected. As at 31 December 2017, the Group had total assets of DKK 4,012.2m against DKK 3,680.9m at 31 December 2016.



OPERATING AND FINANCIAL REVIEW

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Assets

As at 31 December 2017, total non-current assets amounted to DKK 2,849.0 an increase of DKK 120.6m against 2016. Intangible assets were lower by DKK 27.5m due to amortization of the Anson brand and the declining British Pound as both the Anson brand and part of the capitalised goodwill is denominated in GBP. The decline was off-set by higher tangible assets due to the invested capital of DKK 222.2m and recognised leased assets of DKK 104.7m off-set by assets depreciated due to the declining British Pound as well from normal depreciations and disposals.

Inventories increased by DKK 19.9m due to higher levels of raw materials and finished goods. Also the higher resin prices contributed to the increase in inventory value. Trade receivables increased due to increased activity levels and higher selling prices and were negative impacted by the development in the British currency. During the year, the amount of trade receivables being insured under credit insurance increased from 93.4% to 98.2% end of December 2017.

Other receivables declined by DKK 4.7m due to a lower value on forward contracts and prepayments increased slightly by DKK 3.2m against last year. Cash and cash equivalents amounted to DKK 368.4m an increase of DKK 144.1m due to a positive free cash flow and "cushion" cash received as part of the refunding in connection with the EQT/Advent International transaction.

Liabilities

Total equity as at 31 December 2017 were DKK 1,419.7m which increased from DKK 1,276.6m in 2016 due to the profit for the period of DKK 139.6m and DKK 3.5m due to currency impact. Besides the above, there were no further equity movements in 2017.

Total liabilities were DKK 2,592.5m compared to DKK 2,404.3m at 31 December 2016. Long term debt were due to the transaction changed from external bank debt to an intercompany debt with Faerch Plast BidCo ApS as the counterpart. The external borrowings relates mainly to a mortgage loan relating to the factory in Denmark. Short term borrowings decreased as a consequence of the new bank facility agreement with a tenure of 7-8 years and relates to drawing facilities in the cash pool.

Other short term debt

The Group reduced the net interest bearing debt from DKK 1,741.7m at December 2016 to DKK 1,645.9m at December 2017 due to the debt refinancing. Also a strong free cash flow and positive impact from the declining British currency on the GBP denominated debt.

Trade payables increased from DKK 222.4m as at 31 December 2016 to DKK 268.5m as at 31 December 2017. The increase in trade payables relates to raw material suppliers and investment creditors for new capacity to be installed beginning of 2018.

Cash Flow

Free cash flow amounted to DKK 139.0m versus DKK -0.4m in 2016.

Cash flow from operating activities were positive by DKK 378.4m (2016: DKK 257.0m) supported by the strong organic development.

The change in the working capital was DKK +36.9m due to higher trade payables towards suppliers and partners. Inventories increased by DKK 22.1m to secure sufficient stock positions for the higher trading level and trade receivables increased as well reflecting the

OPERATING AND FINANCIAL REVIEW
(CONTINUED)

higher activity. The average trade working capital to revenue continues to improve and reduced from 22.4% in 2016 to 20.7% in 2017. The change in other net working capital items was DKK +47.2m mainly due to a positive development in other payables. Net interest paid amounted to DKK 104.0m versus DKK 102.0m in 2016. The slightly higher interest payment in 2017 were due to the new bank facility agreement with a higher debt off-set by a reduction of the net-interest bearing debt up to August 2017 and due to the currency impact on interest nominated in GBP.

Corporation tax paid in 2017 were DKK 28.9m against DKK 59.4m in 2016. The reduction of DKK 30.5m is due to lower tax payments in Denmark as 2016 was impacted by high tax payments relating to the income year 2015.

Cash flow from investing activities amounted to DKK 239.4m for 2017 against DKK 257.4m in 2016. The investment in 2017 were mainly related to new capacity to meet the customer demand, the new UK headquarter in Ely, purchase of the Poole site from Sealed Air and finally an "earn-out" payment to Sealed Air as agreed under the 2015 transaction.

Total financing activities amounted to DKK -19.8m (2016: DKK -31.7m) and reflects the refinancing of the debt following the change in majority ownership end of August 2017.

The Groups cash position was end of 2017 DKK 114.3m (2016: DKK 29.9m).

5.5
billion trays
Volume

2,267
DKKm
Gross revenue

514.5
DKKm
EBITDA

139.0
DKKm
Free cash flow


TRADITIONAL
COD IN PARSLEY SAUCE WITH MASH
TRADITIONAL
STEAK IN ALE WITH CHEESY MASH
Any
3 for £6
£2.17
ITALIAN
SPAGHETTI & MEATBALLS
3 for £6
ITALIAN
SPINACH & RICOTTA CANNELLONI

OUTLOOK 2018

The Current expectations for 2018 are summarised below and reflect the Groups expectations end of 2017.

The Group Strategy that was agreed in 2016 was revisited during 2017 after the change in ownership and was confirmed with some minor amendments and increased focus on product recyclability. For 2018 the key priorities are:

Growth
Focus on profitable sales growth in UK & Ireland and in Continental Europe. Continue to develop the business with existing customers in strongholds and accelerate growth in relevant markets and segments.

New product development
Launch new products according to the development plan to drive market share and profitability.

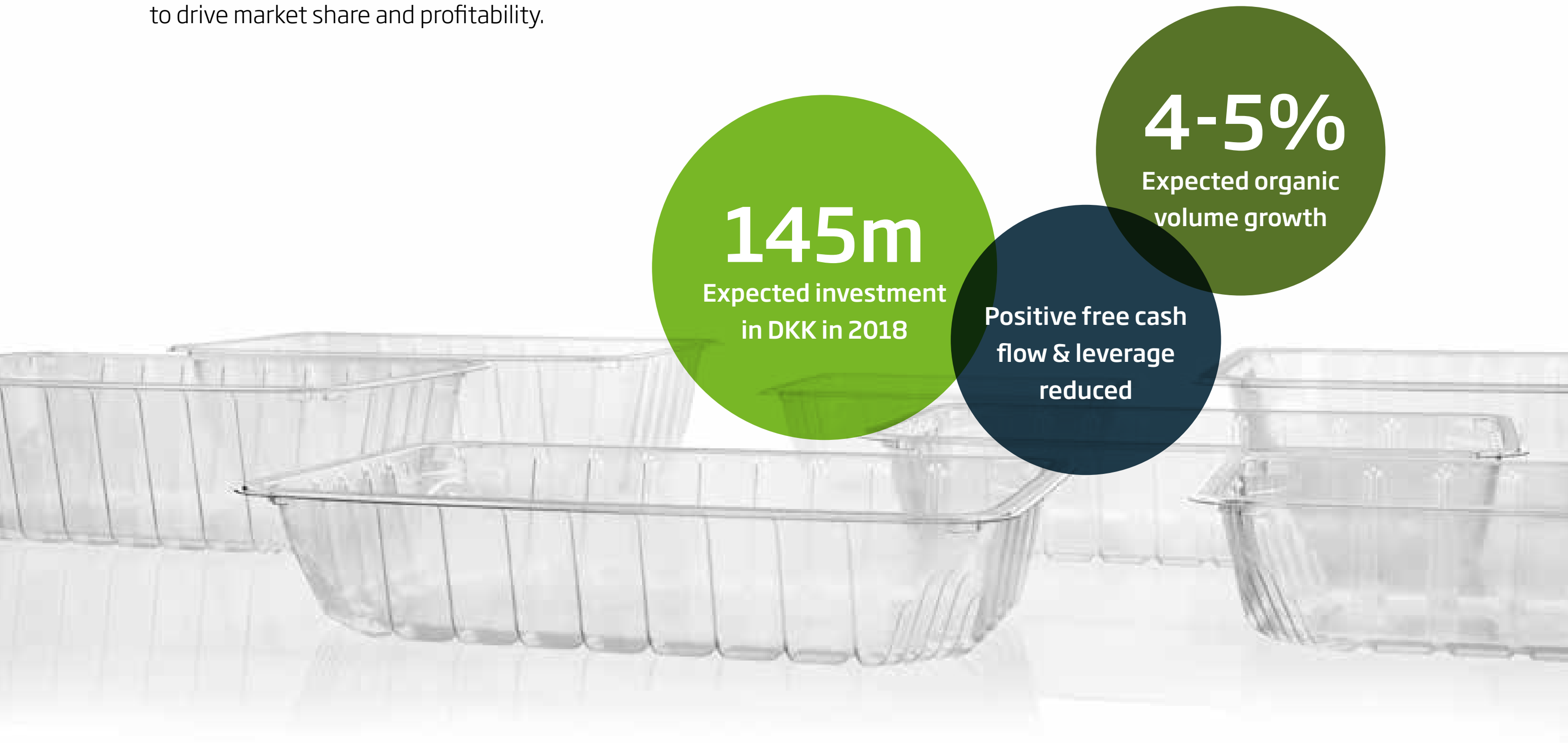
Cost leadership
Continue to invest, optimize and automate all productions facilities and production platforms to secure cost leadership.

Based on the above focus areas for 2018 the Group expect for 2018 to deliver:

- Organic volume growth of 4-5%.
- Organic revenue growth higher than the volume growth
- Stable EBIT margin
- Financial leverage reduction

The Group has applied a DKK/GBP rate of 8.50 for 2018 (2017: 8.49).

The Group expects to investment approximate DKK 145m in 2018 (acquisitions are not included) and generate a positive free cash flow.



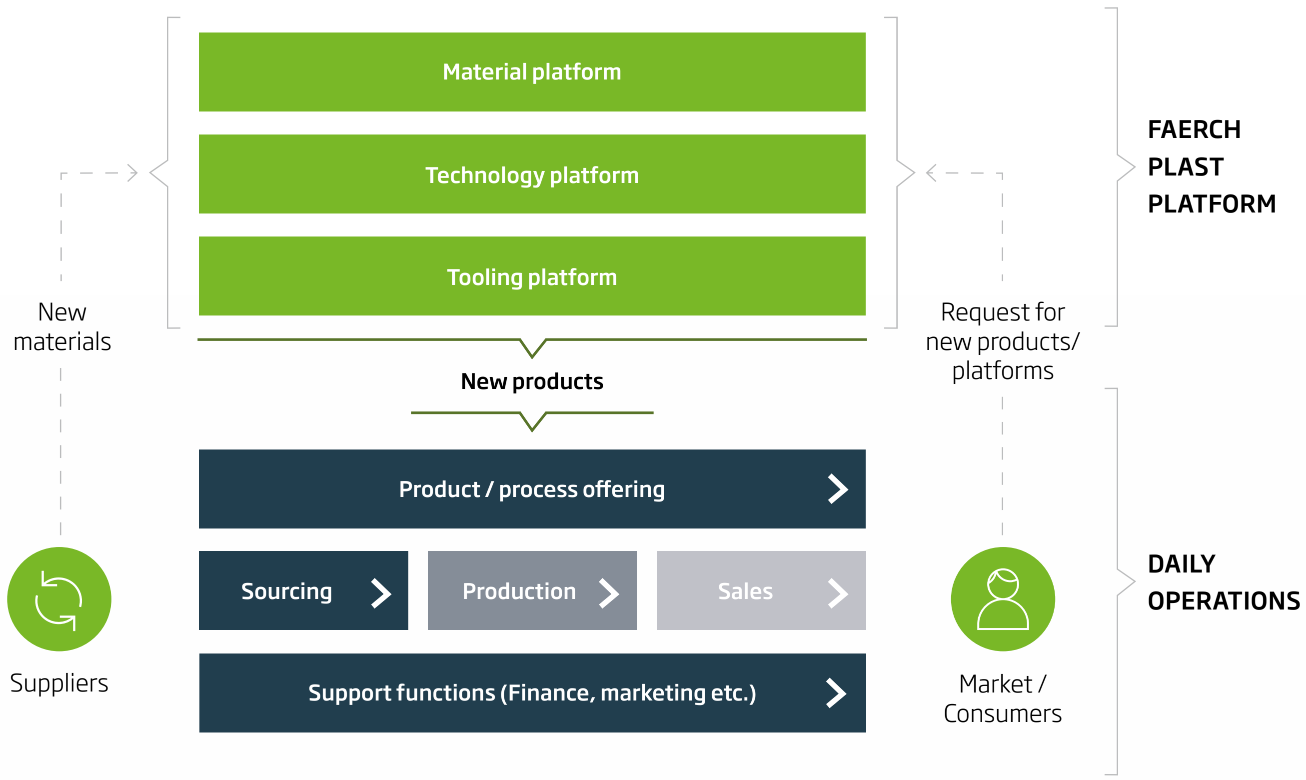
BUSINESS MODEL

Faerch Plast has a platform-oriented business model that drives a cost leadership position via standardisation, while providing the industry's broadest and most innovative product range to our customers. Combination of standardised manufacturing processes with a high level of operational flexibility to achieve a diverse product range, enables Faerch Plast to provide customers with innovative quality solutions, delivered on time, and at competitive prices.

In-depth material expertise and process know-how allow optimisation and reduce material loss in the production processes. It also generates an ability to use and re-use recyclable raw materials for development of sustainable offerings across product categories. In addition, Faerch Plast's material knowledge allows us to continue to push boundaries of our tray attributes to the benefit of customers – for example, dual color, high impact strength, 1 mm stacking height, sealing properties or glass clear transparency.

To maintain and grow our position in the market, while evolving with our stakeholders, Faerch Plast takes a long-term approach to our own development. By competing in carefully selected markets and applications where we know we can make a difference, and by maintaining significant investments in research, quality equipment and motivated employees, Faerch Plast is committed to staying true to our business model - our DNA.

PLATFORM STRATEGY AT THE HEART OF FAERCH PLAST'S BUSINESS MODEL



STRATEGY 2021

In 2016, following two strategic acquisitions and to reflect Faerch Plast's broader product offering, we completed and started the execution of a five-year strategy plan, highlighting mid-term priorities of the new Faerch Plast. The plan is an outcome of a six-month internal process leveraging inputs and support from all levels and functions across the Faerch Plast organisation. The strategy plan is in many ways a logical continuation of the Faerch Plast heritage, aiming to continue our healthy growth via a broad product portfolio tailored for attractive market segments and with an unrivaled focus on cost optimisation and process and material innovation.

Strengthen our geographical position

Our strengthened product offering in Food-To-Go and Fresh Meat, combined with our product leadership position for heated ready meal products and our ability to supply products in all leading base materials, will drive further penetration in our core western European markets as well as continue to build our position in central and Southern Europe

Our strategy will be two-folded, with the core focus on maintaining organic growth, combined with a continued screening for quality acquisition targets/partnerships for which strategic rationale is right and combined value can be realised.

Significant investment in New Product Development

With our new strategy comes an enhanced and even more explicit focus on our development work. Faerch Plast has grown, and so has our scale facilitating the opportunity to form specialised units. Since 2016, Faerch Plast has strengthened its full organisation to build the processes, materials and products of tomorrow. In 2017 the product pipeline were further finetuned and we enter 2018 with the strongest research pipeline in the history of the company and look forward to the expected added value delivered by both internal as well as partnering projects.

Continuous focus on cost optimisation

Driving cost improvements is a deeply embedded part of Faerch Plast's way of operating, and our technology and operational teams possess significant experience in developing and delivering on cost improvement targets. In the coming years, Faerch Plast will continue to invest significantly back into the business, for which a number of the identified projects will deliver cost optimisation and lowering of the overall loss of resources. Further automation across the production chain, leveraging the newest robotic technology and Faerch Plast best practice process principles, will contribute with savings in line with historical achievements.

A crucial part of "Strategy 2021" is the continued efforts of bringing and maintaining our newly acquired production sites to the Faerch Plast Group standard for production. This journey started in 2015, and since then a significant amount has been invested based on Faerch Plast expertise, in combination with the deep knowledge of the local teams. We are pleased to see that at end of 2017 we are on track for delivering optimisation to all our new sites, and we look forward to continuing these efforts and gain from the full potential in the coming years.

BUSINESS RISK

Faerch Plast Group has established a Risk Management program designed to identify and assess the likelihood of risks arising across the Group's core activities within primarily Procurement, Operation and Sale.

The key roles and responsibilities for the Group's Risk Management program are shown below and demonstrate the interaction between the different stakeholders.

THE BOARD
Overall responsible for corporate strategy, governance, performance, internal controls and risk management

AUDIT COMMITTEE
Review effectiveness of the risk management framework and internal controls on behalf of the Board.

GROUP EXECUTIVES
Management of the business and delivery of strategy.

RISK COMMITTEE
Group Legal is responsible for the overall Risk Management program

THE DIVISIONS & KEY MANAGERS
Responsible for implementation of risk mitigation actions and monitoring compliance with internal controls and procedures at the operational level of the business

Review the Risk Management program to identify risk trends and recommend actions

Delivery of project level risk management activities

Risk review process
The Risk Management program provides a consistent methodology by which the divisions and key employees, the Group executives and ultimately the Board of Directors assess the identified risks that the Group is exposed to. The identification of key risks for Procurement, Operation and Sale is based on annual questionnaires and follow-up interviews with key employees. Based on a risk evaluation, a strategy for each risk is selected in order to reduce or accept the risk identified.

Based on the identified key risks and the selected risk strategy for 2018, Faerch Plast has selected the following principal top 10 risks that require handling and monitoring.

Top 10 risks
The principal top 10 risks faced by the Group and the steps taken to mitigate such risks and uncertainties are summarised on the next pages.

However, the risks identified below is not a comprehensive list of all risks that challenge the Group as the overall risk register shows several lower categorized risks. Accordingly, the summary is not intended to be exhaustive.

AREA OF RISK	DESCRIPTION OF THE RISK	MITIGATION	RISK LEVEL ASSESMENT
1. Ability to source enough and the right raw material (volume) PROCUREMENT	The demand for Faerch Plast's key raw materials is tight, not only in Europe but also globally. PP & PET resins are stretched as the global economy grows approximately 2-3% pa, with little additional capacity coming on stream in the short/medium term. rPET material has become very short in supply as the demand for recycled materials increases at a faster rate than any additional capacity. Investment in recycling plastics has not been commercially attractive since the PET resin price fell, following significant resin plant investment in 2014 and the crude oil price drop in 2015. The post-consumer PET recycling industry is still relatively young, and historically little pressure on the bottle industry to use recycled materials. In 2017, this began to change and the momentum to use recycled materials in bottles is increasing rapidly now making the ability to source sufficient and the right rPET quality even more difficult. Post-consumer recycling of 'Pots, Trays & Tubs' (PTT's) is currently very small, with the majority of the PTT's volume going to export markets like China, or to energy from waste (incineration). The recycling of PTT's is developing slowly, and Faerch Plast must engage in this process & technology to develop suitable recipes and products.	Contracts have been entered into with the majority of key suppliers to secure Faerch Plast the necessary volumes for 2018. More dual and multiple-sourcing is in place for 2018, and Faerch Plast is becoming less dependent on PP supply. In 2018, searching for new suppliers will be ongoing, both with resin and rPET suppliers. In 2017, some new raw material suppliers were approved. In 2018, this will be accelerated. Faerch Plast's technical department are working with suppliers to develop new recipes to enable widening of the supply base. In 2018, Faerch Plast is investigating closer working relationships with key raw material suppliers of rPET.	1 **2** 3 4 **Responsible** Procurement **Reviews** Quarterly updates **Strategy** Reducing risk
2. Major failure on utilities OPERATION	Faerch Plast face the potential risk of operations being affected by disruption due to utilities failures. The loss of essential utility services could have a significant impact on Faerch Plast's ability to service its customers.	Faerch Plast ensures that alternative sources of supply are available (where possible). In 2018, Faerch Plast's focus will be on redundant (back up electrical supply for server rooms) and planned preventative maintenance programs to ensure redundant capacity are installed on most of the utilities such as electrical power and compressed air supply.	1 2 **3** 4 **Responsible** Operation **Reviews** Quarterly updates **Strategy** Reducing risk

Risk Rating 1: Most Unlike 2:Unlikely 3:Likely 4:Most Likely

AREA OF RISK	DESCRIPTION OF THE RISK	MITIGATION	RISK LEVEL ASSESMENT
3. **Purchased Material - Failure** PROCUREMENT	Faerch Plast's reputation as a quality business partner relies heavily on its ability to supply quality products on time and in full. The supply of faulty or contaminated products, especially within the food industry, could have serious consequences. The probability is low, however as mentioned above the consequences and economic impact could be high.	Faerch Plast employs strict control measures to ensure the safety and quality of products that are manufactured. In 2018, Faerch Plast's procurement team will carry out more internal reviews of critical suppliers. In addition, Faerch Plast's procurement team will update internal and external procedures of supplier audits to ensure adherence and that control systems are working effectively. The so-called 'Supplier Approval Process' will also be updated to ensure that Faerch Plast's supplier standards are not compromised as new suppliers deliver raw materials to Faerch Plast. Furthermore, Faerch Plast will review and update internal procedures to ensure that all raw materials delivered to Faerch Plast comply with product specification. Faerch Plast has also the appropriate insurances in place to cover product liability.	1 **2** 3 4 **Responsible** Procurement **Reviews** Quarterly updates **Strategy** Reducing risk
4. **Reputation of Plastic (in UK and in general) + CPET (black tray)** SALE	Plastic is an important material in our world and daily lives. However, the reputation of plastics is challenged because plastics are often produced and used in a circular approach that harms the environment (not recycled). Such reputation factors can change customers' preferences to plastics and packaging trends, which can affect demands.	In 2018, Faerch Plast will lay the foundation to a new plastics strategy where all of our designs and productions of plastic trays can be reused. More recycling (cradle-to-cradle) and sustainable materials will be developed and promoted. In addition, Faerch Plast will take a leading position on plastic packaging recyclability with the focus on 'closing-the-loop', and proactively influence the industry and market by an offensive effort. Faerch Plast actively monitoring the economic environments in which it operates and patterns of demands.	1 2 **3** 4 **Responsible** Sale **Reviews** Quarterly updates **Strategy** Reducing risk

Risk Rating 1: Most Unlike 2:Unlikely 3:Likely 4:Most Likely

AREA OF RISK	DESCRIPTION OF THE RISK	MITIGATION	RISK LEVEL ASSESMENT
5. **Major breakdown on machinery** OPERATION	Faerch Plast faces the potential risk of operations being affected by disruptions due to major breakdown of machinery. Major breakdown of machinery could have significant impact on Faerch Plast's ability to service and supply its customers.	In many cases, Faerch Plast has ensured that it will be possible to manufacture products from another site within the Group. In addition, all sites have established procedures to ensure business continuity in the event of a major breakdown of machinery. In 2018, Faerch Plast will further strengthen this area with planned preventative maintenance programs on the capacity and to ensure that critical spare parts are in stock (at least within Group sites). In case of major breakdown on extruders, Faerch Plast have already supply arrangements for sheets in place with several suppliers.	1 2 3 4 **Responsible** Operation **Reviews** Quarterly updates **Strategy** Reducing risk
6. **RansomWare and other cyber attacks** IT	Ransomware is a real threat to Faerch Plast, and potential exposure to this kind of attack is current and can result in major business disruption and loss of data.	Mitigate the risk by implementing a web-filtering solution. In the first quarter of 2018, Faerch Plast will test potential web-filtering solutions. The solution will help identifying infected machines (which are not detected by antivirus), and proactively identify IT-systems with high exposure level to future attacks.	1 2 3 4 **Responsible** IT **Reviews** Quarterly updates **Strategy** Reducing risk
7. **Key Employees** PROCUREMENT + OPERATION	Faerch Plast has long established relationship with key employees. In the short term, the loss of any one of these employees could affect the business.	In 2018, Faerch Plast will strengthen formal procedures to ensure that employee knowledge is well documented and filed. In 2018, Faerch Plast will also develop and strengthen the procurement team.	1 2 3 4 **Responsible** Procurement + Operation **Reviews** Annual update **Strategy** Reducing risk

Risk Rating 1: Most Unlike 2:Unlikely 3:Likely 4:Most Likely

AREA OF RISK	DESCRIPTION OF THE RISK	MITIGATION	RISK LEVEL ASSESMENT
8. **Freight** PROCUREMENT	The delivery to the customers are the final part of Faerch Plast's supply-chain process.	In second quarter of 2018, Faerch Plast will review the service level requirements. The future supplier(s) will be more cost effective and need to introduce improved tracking systems to enable tracking by pallet to final destination. Furthermore, a process will be established to monitor and audit external warehouse service level.	1 2 3 4 Responsible Procurement Reviews: Annual update Strategy Reducing risk
9. **Fire** **- On sites + external warehouses** OPERATION	The risk of fire represents a significant physical risk to Faerch Plast and the impact of a major catastrophe of this nature could be considerable. The health and safety of our employees is the number one priority at all of our sites and warehouses. The impact of a fire may result in major loss of stock and/or production area.	All sites have fire prevention (sprinklers and smoke detectors), which are regularly inspected by both internal and external specialists in order to drive our sites to best practice. Most of our external warehouses have also sprinklers and smoke detectors. 'Health and Safety' audits are regularly performed, in conjunction with internal and external specialist, to drive sites to best practice. All necessary insurances are in place.	1 2 3 4 Responsible Operation Reviews Annual updates Strategy Reducing risk
10. **RESIN Pass-ON Mechanism** SALE	Faerch Plast is exposed to economic risks in relation to the movement of the raw material prices. Typically, sales prices are adjusted at fixed intervals (mainly every quarter) based on the average raw material index development.	Today, the main part of Faerch Plast's customers are contractual regulated by a raw material price adjustment mechanism. In 2018, Faerch Plast will review the contractual raw material price adjustments and consider relevant amendments.	1 2 3 4 Responsible Sale Reviews Quarterly updates Strategy Reducing risk

Risk Rating 1: Most Unlike 2:Unlikely 3:Likely 4:Most Likely

FINANCIAL RISK

Faerch Plast's financial risk relates to:

- Currency
- Interest rate
- Credit risk
- Liquidity risk
- Tax

The Board has approved an updated Treasury Policy at the end of 2017, which covers the risk exposure related to currency, interest and credit. The policy is reviewed minimum once a year. The Group's CFO is responsible for the Treasury Policy and the Treasury Department is responsible for the daily management.

Currency Risk

The reporting currency is Danish Kroner, which is closely linked to the Euro within a narrow range of +/- 2,25%. However, a large part of the Groups invoiced sales are in British pound.

British Pound

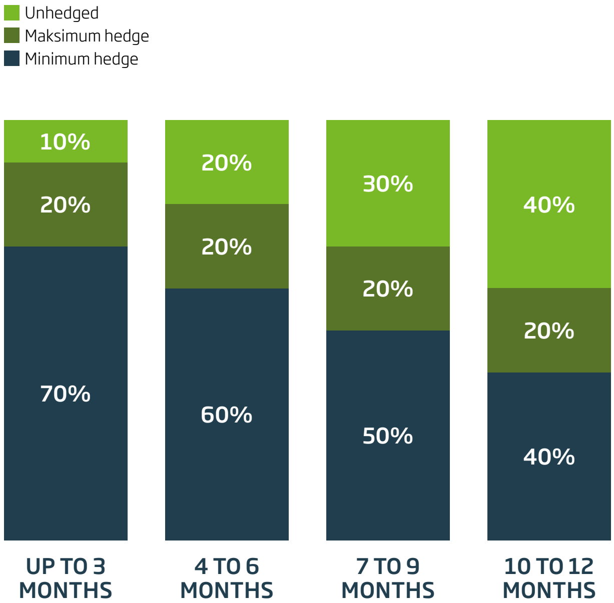
The Group has a surplus of approximately GBP 60 million yearly. Exchange rate movements in relation to the GBP is considered the company's biggest financial risk.

Before entering a financial year, the Group forecast the expected net GBP exposure the coming financial year.

The expected net GBP exposure will be recalculated three times the following financial year, and immediate if any events should occur that would have a significant impact at the forecast, i.e. like a Brexit.

To manage the exchange risk of the net GBP exposure, the Group use the following descending hedge ladder methodology.

Descending hedge ladder methodology



Entering into a new financial year the Group can according to the treasury policy have an unhedged GBP exposure of GBP 27 million (45%). A 5% +/- change in the GBP/DKK exchange rate will affect the Groups result by DKK 11.5 million.

Other currencies

The FX risk related to other currencies is considered low, as no other currency contributes more than 0.5% of the Group's total turnover besides DKK and EUR.

Interest rate risk

Faerch Plast is exposed to interest rate risk, as the Group borrows funds at variable rates of interest. The risk is monitored by Faerch Plast 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 2017 the Group entered into new loan agreements and at the end of 2017 the Group has hedged 75% of the loans for a three year period. All new loans and Interest Rate Swaps has been executed by Faerch Plast Bidco ApS, as Faerch Plast Bidco ApS also is the counterparty to the external debt.

For the remaining unhedged debt (25%), an increase on 100 basispoints in the floating interest rate will affect the Groups interest cost with DKK 9.7m.

The Group's mortgage loans are hedged to a fix rate or with a cap. 84% of the outstanding principal has been hedged.

At the end of 2017 the value of the interest rate hedges was DKK - 18.3m, reflecting the fixed rate on the hedges is higher than the fixed market rate.

Credit risk

Further information in note 3.3 (see page 94)

Liquidity risk

Further information in note 3.3 (see page 94)

Loan Covenants

The Group entered into new loan agreements in August 2017. The Group has complied with all covenants in the bank agreement, that was fully settled on 23 August 2017.

The new loan credit facilities are not subject to any financial covenants. However, the Groups revolving credit facility (RFC) is subject to a springing senior secured net leverage covenant of 8.66x. This covenant will be tested quarterly only if RCF is at least 40% drawn. Year-end 2017 there has not been drawn on the RCF.

End 2017 the Groups senior secured net leverage ratio was 5.32x.

Tax

By operating business globally, transfer pricing disputes with tax authorities may occur. Faerch Plast's policy is to pursue a competitive tax level in a responsible way, which means paying relevant tax in jurisdictions where its business activity generates profit. To manage uncertainties regarding tax, Faerch Plast has transfer pricing agreements on market terms.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and management are responsible for ensuring that the structure and control systems in the Group are suitable and function satisfactorily. The Board of Directors regularly assesses the overall and specific risks associated with the business and operation, and seeks to ensure that such risks are managed in a proactive and efficient manner.

A detailed annual planning and budget process has been established and variances are monitored on a weekly and monthly basis. This includes particular attention to development in sales and earnings. To ensure high quality in the financial reporting systems, the Board of Directors and Executive Board have adopted policies, procedures and guidelines for financial reporting including follow-up on variance from budgets and use of Group accounting policies and reporting instructions to secure alignment and transparency within the Group.

The responsibility for maintaining sufficient and efficient internal control and risk management in connection with financial reporting lies with the Executive Board. The Board of Directors has assessed the Group's existing control environment and concluded that it is adequate at the current stage in the company's development.

We are committed to make a difference applying the principles of a true closed loop by taking ownership on actual recycling


PRAWN
TIKKA MASALA
£3.50
TESCO finest
CHICKEN PANANG
TESCO finest
BEEF MADRAS
TESCO finest
BEEF MASSAMAN
TESCO finest
CHICKEN & KING PRAWN PAD THAI
Any 2 for £6.00
£3.50
TESCO finest
BEEF STROGANOFF
TESCO finest
CUMBERLAND SAUSAGES
TESCO finest
STICKY TERIYAKI PORK
£3.50
Any 2 for £6.00

SUSTAINABILITY GOVERNANCE STRUCTURE

Faerch operates its business with responsibility, integrity and with a fundamental respect for human and labour rights, environmental and climate considerations, principles of anti-corruption and fair competition. Consistently, we support the principles in the UN Global Compact as well as OECD's Principles of Corporate Governance and recognised best practice.

Our effort on sustainability is embedded in the organisational behaviour through the roles and responsibilities, and is defined as the governance structure. It is based on four levels through which we contribute to the long-terms sustainable development.

On executive management level, the guidance and direction for the comprehensive long-term work related to Faerch's sustainable development is provided.

On a business unit level, we secure resource allocation to enhance a continuous sustainable development in the individual business unit and report on non-financial data.

On a regional level, we work with specific focus areas supporting our ambition levels and priorities. We see external stakeholder engagement, bringing external focus into the business, as a key element in achieving a continued sustainable growth and meeting our obligations to the society, our partners and employees.

On a local level, we carry out concrete initiatives and improvements in the respective departments and working groups in line with the overall direction on sustainable development.

By means of policies, standards, management systems, procedures, processes and risk management, we ensure that high business practice standards are upheld in each country we operate.

The roles and responsibilities related to sustainable development in Faerch are defined and communicated in the 'Sustainability Governance'.

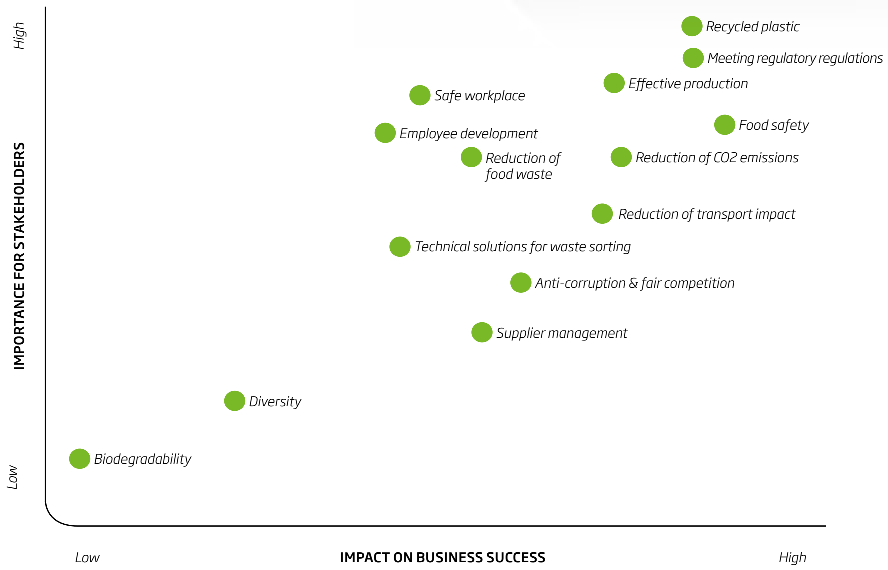
MATERIALITY

Faerch's materiality assessment reflects the areas creating impact on our business success and playing an important role for our stakeholders. Due to a significant growth combined with acquisitions the last two years, it is important for us to ensure that we are aware of and react to the changes in the external environment that can influence our business.

Therefore, we revised our materiality assessment in 2016, based on specific parameters within economic, environmental, ethical and social issues. Different stakeholder groups were mapped based on stakeholder interest to Faerch and influence on our business. It was essential to embrace external stakeholder perspective, bringing it into our business and by this strengthen our sustainability agenda even further.

In 2017, we experienced continued organic growth and kept integrating the recently acquired manufacturing sites under Faerch's framework. Consequently, we reviewed our materiality assessment, linking our KPIs to investment decisions that support our sustainable business growth.

Our key stakeholders are our customers, food producers (food packers), and non-governmental organisations. Additionally, end-users, employees and local communities play a significant role for the business and therefore, also considered important stakeholders to Faerch.



FOCUS AREAS & AMBITION LEVELS

Faerch's sustainability initiatives are based on the focus areas that have been defined through the materiality assessment.

For each focus area, we have established a long-term level of ambition supported by our actions. Our ambition is to be the leader in Sustainable Packaging and Food Safety.

For every focus area we have defined the KPIs supporting our long-term ambition and sustainable development.

SUSTAINABLE PACKAGING

Be the leader in 'closing-the-loop' and plastic recyclability

FOOD SAFETY

Be the leader in methods and products, which protect food, extend shelf life and reduce food waste

RESPONSIBLE OPERATIONS

To minimise CO_2 emissions from own activities

PEOPLE & ORGANISATION

To secure safe workplace with focus on employee development

BUSINESS ETHICS[1]

To ensure orderly and responsible business practice

LEVEL OF AMBITION
LEAD

'To lead' means we will create competitive advantages and market differentiation through innovative and sustainable products.

LEVEL OF AMBITION
DEVELOP

'To develop' means we will strengthen and ensure our position and good practice by being a responsible producer and company.

LEVEL OF AMBITION
COMPLY

'To comply' means that we will adhere to legislation and applicable standards within responsible and ethical business practice.

[1] The focus area 'Business Ethics' is available in the section 'Governance'.

SUSTAINABILITY IN THE VALUE CHAIN

As an international manufacturer of plastic packaging, we are aware that our activities have far-reaching environmental, social and economic impacts.

The graphic below shows the major stages of our value chain and the main impacts that our activities create.

To reduce any negative impacts, we have defined a set of actions on how we add value at each stage and deliver competitive advantages to our customers. We continue our effort towards embedding sustainability in our value chain, reducing our impacts and environmental footprint whenever possible.

SUPPLIERS & SOURCING

- Supplier Code of Conduct
- Supplier audits
- Responsible packaging activities

PRODUCTION:
Extrusion / Thermoforming

- Raw material: recycled plastic
- Reducing energy consumption through specific environmental projects
- Minimising plastic waste in the production
- Investing in energy effective technology
- Implementing specific activities to reduce work-related accidents
- Training our employees in occupational health

AT THE CUSTOMER

- Helping customers to extend food shelf life and optimise their packaging solutions
- Working with retailers on improving recycling rates of plastic trays
- Bringing new knowledge on sustainable packaging to our customers
- Testing packaging used in a closed loop system
- Helping customers reduce their CO2 footprint by offering alternatives to aluminium foil and cans
- Training our employees in anti-corruption and fair competition

AT THE END-USER

- Convenient packaging for single household, helping reduce food waste
- Long shelf life reducing food waste
- Positive food experience

PRODUCT DEVELOPMENT

- Delivering technical solution for Cradle-to-Cradle
- Packaging to extend food shelf life and reduce food waste
- Reducing packaging weight
- Reducing stacking height
- Meeting high standards & going beyond food safety legislation
- Innovative mono material solutions improving recyclability

LOGISTICS
Transport to customers: Producers, Retailers & Distributors

- Reducing shipment by producing trays closer to customer locations
- Compiling transportation by delivering more trays in one truckload due to reduced stacking height
- Optimising vehicle motors
- Reducing outer packaging

MAIN IMPACTS

Minimising plastic waste

Minimising CO2 emissions

Reducing work-related accidents

SUSTAINABLE DEVELOPMENT GOALS

Introduction of the UN's 2030 Sustainable Development Goals created a framework for addressing the issues and creating a plan of actions in the areas of critical importance for the global society. We see the role of businesses and industries in bringing own perception of the SDGs and supporting sustainable development.

It is our commitment and task to impact the SDGs by making them operational and identifying future business opportunities. From the areas of importance determined by the materiality assessment, we consistently explore how we can support the SDGs linking them to the value chain and our business.

MATERIALITY AREA	SUSTAINABLE DEVELOPMENT GOAL
Reduction of CO2 emissions	13 CLIMATE ACTION Take urgent action to combat climate change and its impacts.
Recycled plastic	12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns.
Technical solutions for waste sorting	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Reduction of food waste	12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns.
Recycled plastic	12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns.
Effective production	7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all.
Safe workplace	8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SUSTAINABLE DEVELOPMENT TARGET	FAERCH'S FOCUS AREA	FAERCH'S KPI	VALUE CHAIN INVOLVEMENT
13.2. Integrate climate change measures into policies, strategies and planning	Sustainable Packaging	CO2 emissions with increased use of recycled plastic.	Suppliers & Sourcing Product Development Production
12.4. Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	Sustainable Packaging	Quantity of recycled plastic used in production	Production Product Development
9.4. Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	Sustainable Packaging	Development of Cradle-to-Cradle approach through a colour pigment - black ID - to identify and sort black trays in the mixed household waste.	Customers End-users
12.3. Reduce food waste at the retail and consumer levels and reduce food losses along production and supply chains	Food Safety	Number of reported cases of migration tests Improvement sealing properties of trays to prolong food shelf life and reduce food waste.	Suppliers & Sourcing Product Development Customers End-users
12.5. Substantially reduce waste generation through prevention, reduction, recycling and reuse	Responsible Operations	Plastic waste as percentage of raw materials	Product Development Production
7.2. Increase substantially the share of renewable energy	Responsible Operations	Energy consumption '100% powered by electricity from renewable energy sources'	Production Logistics
8.8. Protect labour rights and promote safe and secure working environments for all workers	People & Organisation	Accident frequency	Production

SUPPORTING INTERNATIONAL STANDARDS

Our progress and reporting on sustainability is based on the principles of the UN Declaration on Human rights, the ILO conventions and the UN Global Compact.

Even though Faerch has not joined the UN Global Compact, it is our fundamental responsibility to follow its guidelines and recommendations in order to drive actions towards a sustainable future.

The table on the next page illustrates the way we approach and implement the ten principles UN Global Compact.

OUR POLICIES	HOW THE POLICY SUPPORTS THE UN GLOBAL COMPACT	EXAMPLE OF POLICY IMPLEMENTATION
• **Sustainability Policy** • **Human Rights Policy** • **Statement on the Prevention of Slavery and Human Trafficking** • **Trade Sanctions in the Product Supply Agreements for raw materials and packaging**	Ensuring continuous growth and development supporting and respecting the protection of internationally proclaimed human rights and good business ethics.	Anchoring sustainability by ensuring that roles and responsibilities related to sustainable development in Faerch are defined and communicated through Group Form on Sustainability Governance. Monitoring and measuring progress towards sustainability through Group Procedure on non-financial data on sustainable development. Ensuring that our economic and financial transactions are in line with the applicable economic sanction laws and international trade restrictions, including providing information to our distributors about product final destination.
Supplier Code of Conduct	Ensuring responsible supplier management, defining and communicating expectations to our suppliers in terms of developing responsible business practices.	Carrying out supplier audits of top suppliers in raw materials, additives, colours, packaging and supplementary range.
Environment, Health & Safety Policy	Reducing own footprint, meeting high health & safety standards and creating a workplace culture based on commitment and responsibility.	• ISO 14001 Management System • Risk assessment of production equipment • Prevention of work-related injuries through analysis tools.
People Policies • Health Promotion Policy • Employee Development Policy	Ensuring equal opportunities at the workplace, eliminating discrimination in respect of employment and occupation and recognising the right to collective bargaining.	Initiating health promoting initiatives; performing external training; defining individual development plans (as a part of Employee Performance and Development Review); supporting employee intercultural & professional development through international secondments.
Legal Compliance Policy • Gifts Policy • Anti-corruption Policy • Fair Competition Policy • Procurement Policy	Working against corruption in all its forms, increasing employees' understanding of the rules and minimising the risk of breaking the rules.	Training in fair competition and anti-corruption, including e-learning programme.

FROM RECYCLABILITY TO ACTUAL RECYCLING

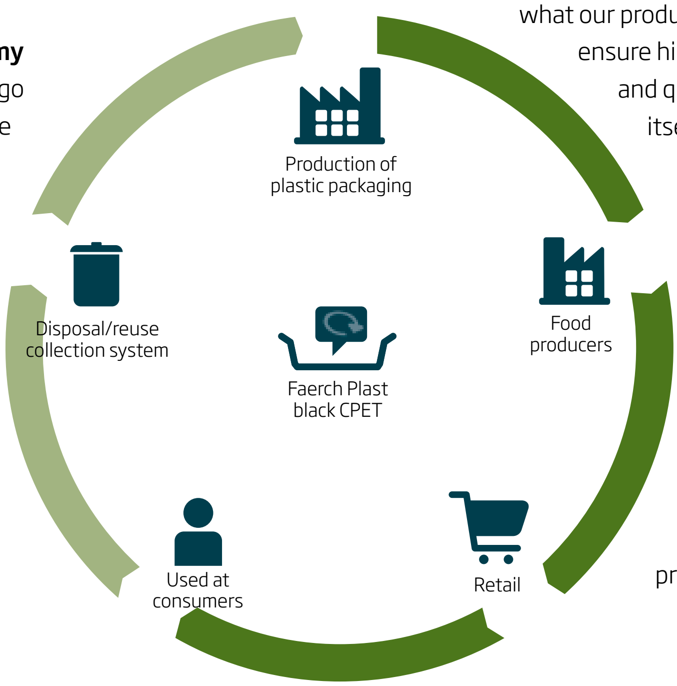
Our products are ready and designed for recyclability
Being an important material in the food industry, plastic has become part of our everyday life throughout our household, workplace, transport etc. Lightweight, unbreakable, flexible, durable, verified and documented reliable in relation to food contact safety – these are the key advantages that make end-users adopt this material.

As a responsible leading European manufacturer of plastic packaging for the food industry, it is our obligation to promote and enhance the advantages created for the end-users, delivering recyclable packaging.

Today, over 70% of our produced volume within PET material is based on recyclability. It is part of the DNA and the way Faerch develop, design and produce innovative and high-quality packaging. With intensive investments in systems and technology, Faerch are committed to move from using recyclable material to actual recycling adapting the principles of a circular economy. By doing this, we strive to achieve a true closed loop.

Towards a circular economy
The journey started years ago when Faerch began to utilise recycled plastic in our recipes and products, including investments in the technology that can upgrade recycled plastic to food grade in the most efficient manner.

The recycled plastic, rPET, mainly comes from soft drink bottles. The rPET is supplied to our facilities as flakes that are cleaned thoroughly and used as raw material in the production of new plastic packaging.



Consequently, rPET became an integrated part of the manufacturing processes and has developed over the years. In 2008, the share of rPET in the produced PET packaging was 3%, it increased significantly reaching approximately 50% in 2012 and during the last three years (2015-2017) achieved almost 80% at a Group level. Our total consumption of rPET in 2016 was more than double the PET bottle collection volume in Denmark of the same year, according to "PET recycle survey West Europe 2016" by Wood Mackenzie, August 2017.

No compromises on food contact safety
Plastic packaging for the food industry is frequently questioned in terms of its impact on human health, and this occurs regardless of plastic origin. It is our believe that this apparent concern is due to lack of knowledge about the true effects of plastic on human health. We see it as our task to improve communication externally on what our products do to protect food and ensure high standards of food safety and quality in the plastic packaging itself.

Each time a new product is designed, food safety is guaranteed by thorough investigations and tests conducted internally and by recognized third party laboratories. Subsequently, the products are tested and validated at our customers' premises. This ensures compliance with legislation for food contact safety. Our results on reported cases of migration tests are documented and we are transparent about our effort.

Going further than legislation requires

Faerch has decided to go even further than legislation requires, as we want to maintain our leading position in methods, procedures and product recipes designed to protect food and ensure high product standards. Therefore, we increased the focus on non-intentionally added substances (NIAS). NIAS are chemical compounds that are present in a material, for instance as a result of chemical reactions, which have not been added intentionally to the final products during the production process.

In 2015, Faerch defined a test method and set up a testing scheme on NIAS. In 2017, we developed the procedures and introduced the KPIs in order to report internally on NIAS tests. The twelve tests performed in 2017 showed no breaches of the established limits.

Faerch follows closely the international development of NIAS investigation methods and consider these methods the most appropriate approach to mitigate concerns related to food contact safety.

We understand and acknowledge that it may by difficult for consumers to distinguish between different types of plastic packaging and with what purpose the packaging is designed, as the tray on the shelf does not reveal its content or origin. By overall and specific analysis, performed systematically, Faerch strive to handle this situation by testing our trays for wider areas of applications than the trays were originally intended.

→

"Working towards sustainability goals has never been more important for the plastic industry. Plastics are highly visible and under constant media attention and consumer scrutiny. The time is now to either be part of the debate or risk the consequences of doing nothing. True sustainable leadership is practiced by those who act rather than talk and I am delighted to be working with a packaging company that is acting their way through these challenging times, rather than just talking about it. The work Faerch is doing to take ownership on recyclability, is extremely important and I am pleased to be working in partnership with them, to drive solutions that others talk about. The vision of creating a circular economy for plastic is the right vision to have and can only be achieved if we work together.

Dr Mark Caul,
Tesco Packaging Manager

FROM RECYCLABILITY TO ACTUAL RECYCLING
(CONTINUED)

Bringing plastics recyclability to the next level
Working further with product innovation, we kept investigating how Faerch in the long-term can deliver Cradle-to-Cradle flow. Our idea was to replace soft drink bottles with our own product, where recycled plastic rPET can be produced from plastic trays.

In 2014, in collaboration with the supermarket chains Marks & Spencer and Sainsbury's and other industrial players, Faerch initiated a project in Great Britain with the purpose of increasing the number of plastic trays (CPET) that can be identified and sorted in the mixed household waste.

Our contribution to this project was the development of a tray with a special colour pigment (black ID) that can be detected amongst household waste. Even though the tray appears black to a human eye, it is actually blue when being detected by recyclable equipment. When the trays are sorted from the waste, they can be cleaned and reprocessed in such a way that is approved for further application in food industry. Lars Gade Hansen, Group CEO of Faerch, says: "We ensure our trays can be sorted. In this way, the tray has become a resource, which can be used in a new life cycle."

In 2015, continuing our search to achieve a fully developed solution, we engaged in cooperation with the private organisation 'Eco Emballages'. The organisation is well-known by the French authorities for sorting black PP plastic, which is primarily used for fresh meat and ready meals applications. With our solution, it was possible to detect the black trays using near-infrared radiation (NIR technology) in a sorting plant, similar to the project in Great Britain, and reuse the trays by utilising them as raw material.

In 2016, we performed a number of tests at the sorting plants in France. The sorting sensors detected 100% of the trays with black ID as a coloured tray as well as a mono PP material.

In 2017, a 'real' life test was successfully conducted in France involving industrial food producers and anticipating a new long-term plastic packaging sorting evolution. Today, the sorting systems in France cover the area of approximately 15 million French citizens. We are aiming to double the coverage in 2018.

The industry is moving on
At the end of 2017, one of the recycling organisations in Europe announced the introduction of a new MIR sorting technology capable of recycling all types of PET trays on a large scale from the middle of 2018. Even though black sorting systems have been available for some years, this is the first larger commercial installation, and we consider this a major break-through in the transition towards a circular economy.

Faerch is committed to support and promote this development. However, we cannot do this alone, it should be done with partners and stakeholders. To a substantial degree, the progress of embedding in a circular economy requires a political decision and encouragement towards achieving greater recyclability on a national level. Lars Gade Hansen, Group CEO of Faerch, adds: "We have the knowhow, systems and technology to make it possible and recognize our responsibility to address the sustainability agenda and to practice this in our daily operations."

Our way to influence
Creating a change takes time and requires relentless efforts. Faerch are aware of this. Therefore, in 2017, we

dedicated a lot of effort and resources for our solutions, and by means of evidence-based approaches, we exhibited far-reaching efficiency with plastics recyclability, and the importance of black plastic and black colourants necessary to manage the carbon colour stream. .

We talk about the need for these solutions and our ambitions to be the leader in the use of recycled plastic, approaching a number of recycling industry organisations with the message to promote, stimulate and increase the levels of plastics recycling. This is the way Faerch suggest to proceed and the approach to a sustainable solution.

Faerch has initiated in dialogues with several non-profit organisations, suppliers, waste management organisations and other associations on the improvement of plastics recycling and establishing next-generation technologies to generate high levels of green energy. Faerch believe that through awareness and commitment we can achieve our common ambition to deliver innovative solutions that ensure 100% product recyclability across our business.

Challenges to be solved

IIt is our expectation that the European Strategy for Plastics in a Circular Economy will support the transformation of plastic products in Europe and add value to the market and plastics industry. We consider the need for the right strategy with the clear aim to ensure 100% product recyclability across our industry. We acknowledge this task and as European market leader in plastic

"Faerch Plast is a long standing supplier of packaging to the Mark &Spencer business and we have been working together over the last 5 years to find a solution to the recycling of black plastic. Faerch Plast has continued to support the use of recycled material in our packaging and we hope that this year we can complete the necessary work in the recycling of CPET in the UK.

Kevin Vyse, Marks and Spencer Senior Packaging Technologist, Circular Economy Lead

FROM RECYCLABILITY TO ACTUAL RECYCLING
(CONTINUED)

packaging for the food industry, Faerch are committed and will support and actively contribute to the success of the strategy.

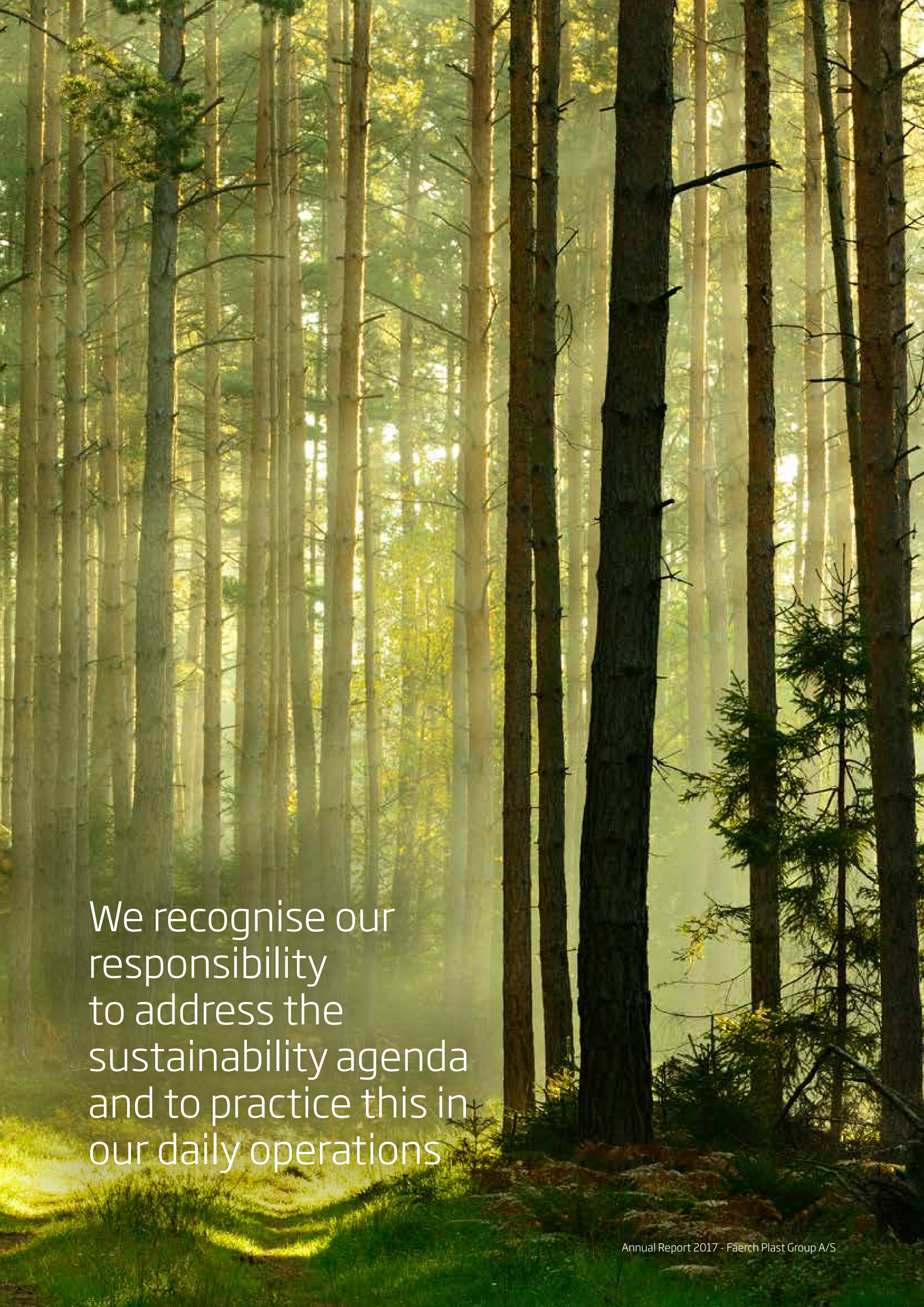
However, we should not forget the countries that are outside of Europe, where plastic waste management and its impact remains an immense challenge. There, we still have an unsolved task of building a new mentality and behaviour to move away from throwaway culture.

Another challenge causing growing public concern is the increasing quantities of plastic waste ending up in the oceans and generating significant economic and environmental damage. Even though plastic waste entering the oceans from Europe represents a small proportion of global marine litter, Faerch have committed to the best practices taking the first step to ensure that plastic materials, which flows through our facilities, are handled carefully, and do not end up in the oceans.

In 2017, at the Danish factory, we initiated an internal project under the 'Operation Clean Sweep' programme with the purpose of ensuring zero plastic pellet loss and, by this, to contribute to the clean marine environment. In 2018, we will promote the 'Operation Clean Sweep' programme across all our factories with a target to implement this initiative by the end of 2018.

A true closed loop is about making a difference
Consumers should expect food suppliers to make sustainable environmental choices, not only in terms of food content, but also in terms of packaging. Sustainability creates preconditions to make proper choices, leading consumers to "feel good" about their purchase, and creating a unique selling proposition for the food industry.

It is Faerchs commitment to raise the standard of sustainable food packaging. In all decisions, we are committed to make a difference applying the principles of a true closed loop by taking ownership and responsibility on actual recycling.



We recognise our responsibility to address the sustainability agenda and to practice this in our daily operations

SUSTAINABLE PACKAGING

Focus area overview

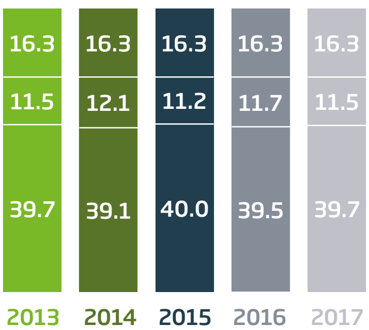
SCOPE	GUIDELINES	IMPACT	RISKS & CHALLENGES
Manufacturing of trays using rPET which is recycled plastic from products such as soft drinks bottles	European Strategy for Plastics in a Circular Economy. Reuse and recyclability of own materials in own operational setup and the market, reaching a true 'closing-the-loop'.	**Plastic waste** Impact mitigation by optimising design proposals to minimise material consumption, by developing partitioned packaging, and by designing trays with smaller portion sizes to avoid dispose of surplus food. **CO2 emissions** Impact mitigation by increasing the share of the recycled plastic in our product formulas and manufacturing processes; by rethinking product composition in the existing and new products, materials and processes.	Plastic waste management mainly outside Europe remains an immense challenge. The need to build a new mentality and customer behaviour moving away from throwaway culture.

Performance progress

CO2 emissions with increased use of recycled plastic (21 G CPET TRAY)[1]

Kg/CO2 equivalents per 1,000 trays

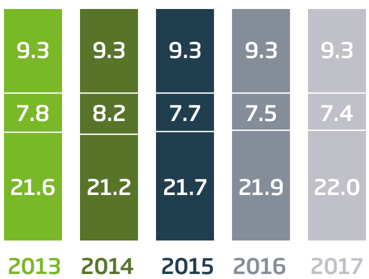
Bottom bars =Emissions with initiatives
Middle bars = Saved due to rPET
Top bars = Saved due to renewables



CO2 emissions with increased use of recycled plastic (12 G APET TRAY)[1]

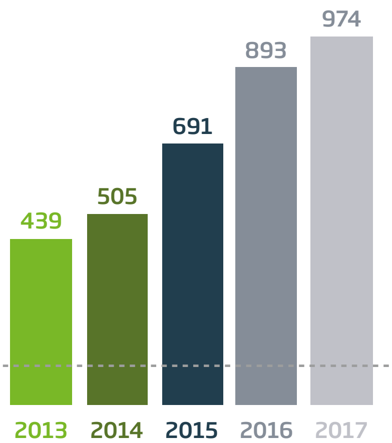
Kg/CO2 equivalents per 1,000 trays

Bottom bars =Emissions with initiatives
Middle bars = Saved due to rPET
Top bars = Saved due to renewables



Quantity of recycled plastic used in production

2010 = index 100



[1] Changed calculation principle. The historical figures were recalculated accordingly.

FOOD SAFETY

Focus area overview

SCOPE	GUIDELINES	IMPACT	RISKS & CHALLENGES
Continuously develop methods and approaches to improve food contact safety; optimise the benefits from protecting food; and reduce the environmental impact of plastic packaging.	Commission Regulation (EU) No. 10/2011. Guidelines on best practice on the risk assessment of NIAS in food contact materials and articles (July 2015, ILSI-Europe report). European Strategy for Plastics in a Circular Economy (16 January 2018)	**CO2 emissions** Impact mitigation be developing skin vacuum packaging solutions that makes it possible to increase food product shelf life and by this obtain waste reduction. Totally, this contributes positively to minimisation of carbon footprint.	It may be difficult for end-users to distinguish between different types of plastic packaging and for what purpose the packaging is designed for. Therefore, it is our task to be better in communicating externally what we do to protect food and ensure high standards of food safety and quality in the plastic packaging.

Performance progress

Number of reported cases of migration tests

0 CASES OUT OF 21 TESTS IN 2017

2016: 0 cases out of 21 tests
2015: 0 cases out of 10 tests
2014: 0 cases out of 24 tests
2013: cases out of 17 tests

OUR COMMITMENT TO FOOD CONTACT SAFETY

We work in an engaged manner to ensure high standards and compliance with legislation and regulatory requirements. We strive for continuous improvements in food contact knowledge by staying at the forefront of technologies and methods.

OUR COMMITMENT ON REDUCTION OF CARBON FOOTPRINT

We continuously aim to understand, support and develop the positive effects of packaging design and make the development as broadly available as possible to improve food quality, shelf life and reduce food waste.

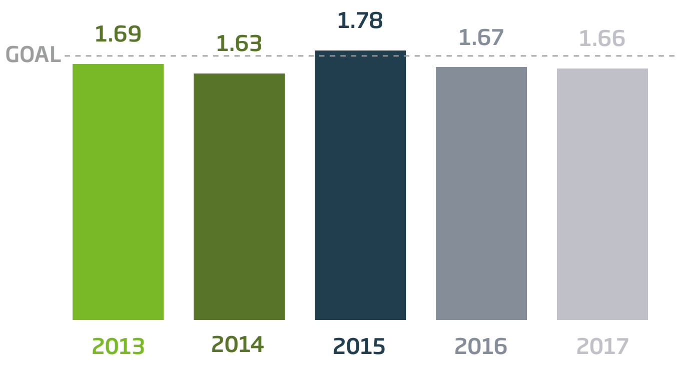
RESPONSIBLE OPERATIONS

Focus area overview

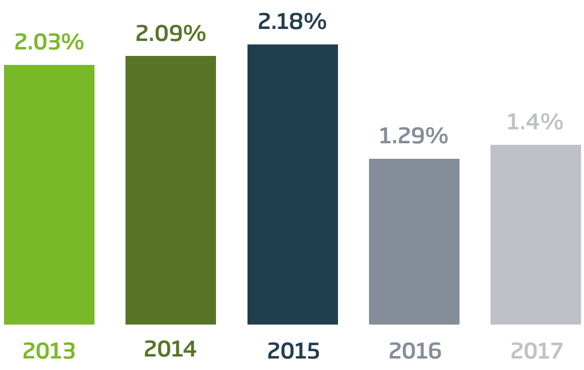
SCOPE	GUIDELINES	IMPACT	RISKS & CHALLENGES
Ensure that our production is effective in the way we utilise resources and by this minimising own environmental footprint	Group Quality Policy Group Environment, Health & Safety Policy ISO 14001 Management System	**Plastic waste** Impact mitigation by establishment of a common solution for transparent and comparable reporting on waste management. **CO2 emissions** Impact mitigation by defining and implementing specific projects, investing in sustainable technology, optimising transportation and minimising imperfections resulted in repeated work.	Importance to uphold high product quality level combined with intensive production efficiency and responsible manufacturing processes.

Performance progress

Energy Consumption[1]
Mwh / tonne produced finished goods



Plastic Waste
Plastic waste as a percentage of raw materials



[1] Changed calculation principle. The historical figures were recalculated accordingly.

PEOPLE & ORGANISATION

HEALTH & SAFETY

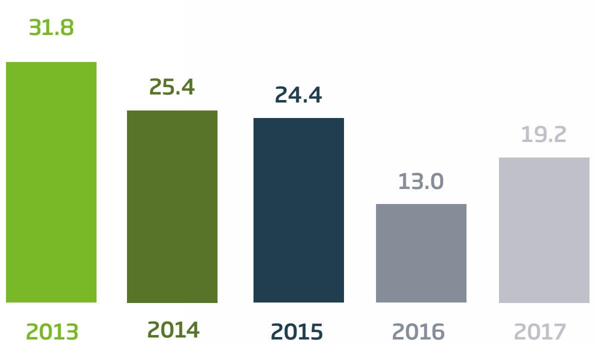
Focus area overview

SCOPE	GUIDELINES	IMPACT	RISKS & CHALLENGES
Maintaining high standards of health & safety at our workplace.	Environment, Health & Safety Policy. Health Promotion Policy.	**Work related accidents / heavy lifting** Impact mitigation by automating work processes in the operation areas and investing in the equipment to remedy risks of manual movements and muscular strain.	Importance to continue addressing safety performance as a key element of our operations and to act preventing workplace hazards and occupational risks in a busy working environment.

Performance progress

Accident frequency

Total work accidents per one million working hours



PEOPLE & ORGANISATION

PEOPLE

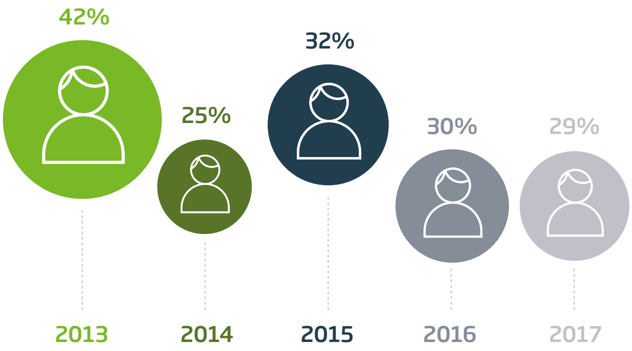
Focus area overview

SCOPE	GUIDELINES	IMPACT	RISKS & CHALLENGES
Ensuring our position as a responsible company by focus on employee development.	Human Rights Policy (incl. health & safety; training & development; and diversity). People Policies (incl. Employee Development Policy) Policy of gender equality	**Opportunities for individuals** Creating the preconditions for equal rights and opportunities for employee development.	Importance to enhance the opportunities for employee and career development for the employees at smaller production sites, as well as to gain practice of international secondment activities where employees from the production sites move to the headquarters.

Performance progress

Employee development

Career development, internal recruitment



Gender distribution among the members of the Board of Directors

According to the protocol of the board meeting of 22 August 2013, it was decided that within a period of 4 years, the Board of Directors will endeavor to ensure that the underrepresented gender will constitute 40 % of the shareholder-elected board members. Furthermore, on the board meeting of 22 August 2013 a policy of gender equality was approved. The disclosed policy is now fully implemented and ensures equal career opportunities for women and men in Faerch.

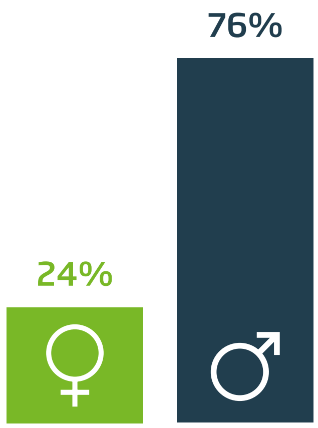
Færch Plast Group A/S have chosen only to report consolidated for subsidairies which individually are required to report on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act due to their obligation to report under reporting class large C.

The above mentioned limitation leads to that only Færch Plast A/S is to be included. Færch Plast A/S has set a target for the underrepresented gender on its Board of Directors. The current status is zero as the owners of Færch Plast A/S did not find it nessecary to make changes in 2017.

2013	2014	2015
20% women 80% men	0% women 100% men	0% women 100% men
2016	**2017**	**GOAL 2017**
0% women 100% men	0% women 100% men	20% women 80% men

Gender distribution on manager level 2017

In 2017, due to the structural reorganisation of our company with a subsequent split into the 'Region Continental Europe' and the 'Region UK & Ireland', we reviewed the approach to report on gender proportion on manager level. The data are measured and available from 2017, where we report on gender proportion totally for all managers in Faerch group merging 'Senior Manager' and 'Manager' into one reporting category.



Policy and initiatives to ensure more women in management

Faerch wants to ensure equal opportunities for women and men, valuing and respecting individual differences. The competitive advantage lies in continuing to develop a culture where all employees have the opportunity to realise their full potential. The company's policy to ensure more female managers will guide its efforts to increase the number of women at management level. The policy aims to improve the representation of women in management at Faerch in general, in accordance with Danish Financial Statements Act § 99b.

We want to develop potential female managers who are already in managerial positions at Faerch and to select more women with the potential to obtain a management position. This is being done to ensure an increase in the share of women in management at Faerch:

- To ensure that all aspects of Faerch's personnel policy promote women's and men's equal career opportunities, including in connection with the company's hiring procedures, recruitment and parental leave conditions.

- To ensure, as far as possible, that there are both female and male candidates in both internal and external recruitment.

GOVERNANCE

Number of reported cases about corruption

0

2017:0
2016: 0
2015: 0
2014: 0
2013: 0

Number of reported cases about cartels

0

2017:0
2016: 0
2015: 0
2014: 0
2013: 0

Number of reported cases about received gifts over EUR 200

4

2017:0
2016: 3
2015: 0
2014: 1
2013: 0

We take on responsibility
Faerch Plast Group is an international organization, which endeavors to act as a proper and responsible company through internal and external policies.

Training in fair competition and anti-corruption
Faerch Plast actively supports international anti-corruption and anti-competitive efforts and is dedicated to upholding the highest standards of integrity and business ethics among our employees and business partners.

Faerch Plast has a zero tolerance for corruption and anti-competitive activities.

By implementing guidelines, policies, e-learning and conducting on-site training for executives, managers, sale and procurement departments etc., Faerch Plast works seriously with inappropriate business conduct.

In 2017, 18 employees were trained in anti-corruption and fair competition - against 118 employees in 2016.

The training of employees is often done in smaller groups of 5-10 employees in order to obtain a good face-to-face dialogue. The training enables our employees to execute business negotiations, attend meetings and social event with knowledge and understanding of basic competition law and anti-corruption law in order to protect themselves but also to protect the reputation of Faerch Plast.

In the second quarter of 2018, Group Legal will give the UK organisation on-site training in Faerch Plast's policies and internal guidelines within fair competition and anti-corruption. In addition, the same employees must also pass the e-learning module in anti-corruption.

A good relationship with our suppliers
Faerch Plast values long-term supplier relationships based on a trusting collaboration. As part of this collaboration, written expectations towards the suppliers has been established in a 'Supplier Code of Conduct'. The 'Supplier Code of Conduct' reflects the ten principles of the UN Global Compact, which covers human rights, labour rights, the environment and anti-corruption.

Faerch Plast's 'Supplier Code of Conduct' has been accepted and signed by all of raw material suppliers as well as the majority of the machine suppliers, IT suppliers and toolmakers.

By the end of 2017, 475 suppliers in total has accepted and signed the 'Supplier Code of Conduct'

BOARD OF DIRECTORS

NILS SMEDEGAARD ANDERSEN (1958)

Chairman

Member since: 2018

Current position:
Professional advisor and investor

Other Board positions:
Chairman of Dansk Supermarked Group and Unifeeder, Non-Executive Director in BP and Unilever

Nationality: Danish

SÖNKE RENK (1965)

Member since: 2018

Current position:
CEO HOMANN Group

Other Board positions:
Currently no other board positions

Nationality: German

RONALD JOHN EDWARD MARSH (1950)

Member since: 2014

Current position:
Professional advisor

Other Board positions:
Currently no other board positions

Nationality: British

LAURENT BENDAVID (1970)

Member since: 2018

Current position:
CEO at Logista France

Other Board positions:
Currently no other board positions

Nationality: French

MARKUS BRETTSCHNEIDER (1974)

Member since: 2018

Current position:
Global Head of Sales at ABB Group/ SVP

Other Board positions:
Currently no other board positions

Nationality: German

EXECUTIVE MANAGEMENT

LARS GADE HANSEN   TOM SAND-KRISTENSEN   JAKOB WULFF MOESKJÆR   ARNE HOLME   ANDREW OSBORNE-SMITH

LARS GADE HANSEN (1968)

Group CEO

Member since: 2009

Previous experience:

Bodilsen - CEO
Vestfrost - COO
Kirk Acoustics - CEO
Terma - Vice President Man.

TOM SAND-KRISTENSEN (1971)

CFO

Member since: 2016

Previous experience:

Rockwool Asia - Regional Finance Director, South East Asia, India and Greater China
Rockwool Greater China - Managing Director
Privathospitalet Hamlet - CFO
Gourmet Bryggeriet A/S - Managing Director
Carlsberg Brewery Malaysia Berhad - CFO

JAKOB WULFF MOESKJÆR (1976)

Regional CEO - Continental Europe

Member since: 2015

Previous experience:

Færch Plast - CSO
Kompan A/S - Int. Sales Director
Kompan A/S - Regional Sales Director
Kompan A/S - Business Development Manager

ARNE HOLME (1973)

CTO

Member since: 2018

Previous experience:

Færch Plast - Director Operational Development
Færch Plast - Site Director Holstebro
Færch Plast - Production Manager
Færch Plast - Project Manager

ANDREW OSBORNE-SMITH (1964)

Regional CEO - UK & Ireland

Member since: 1998

Previous experience:

Anson Packaging – Managing Director
Pilkington Glass – Commercial Manager
Armed Forces – Royal Signals Officer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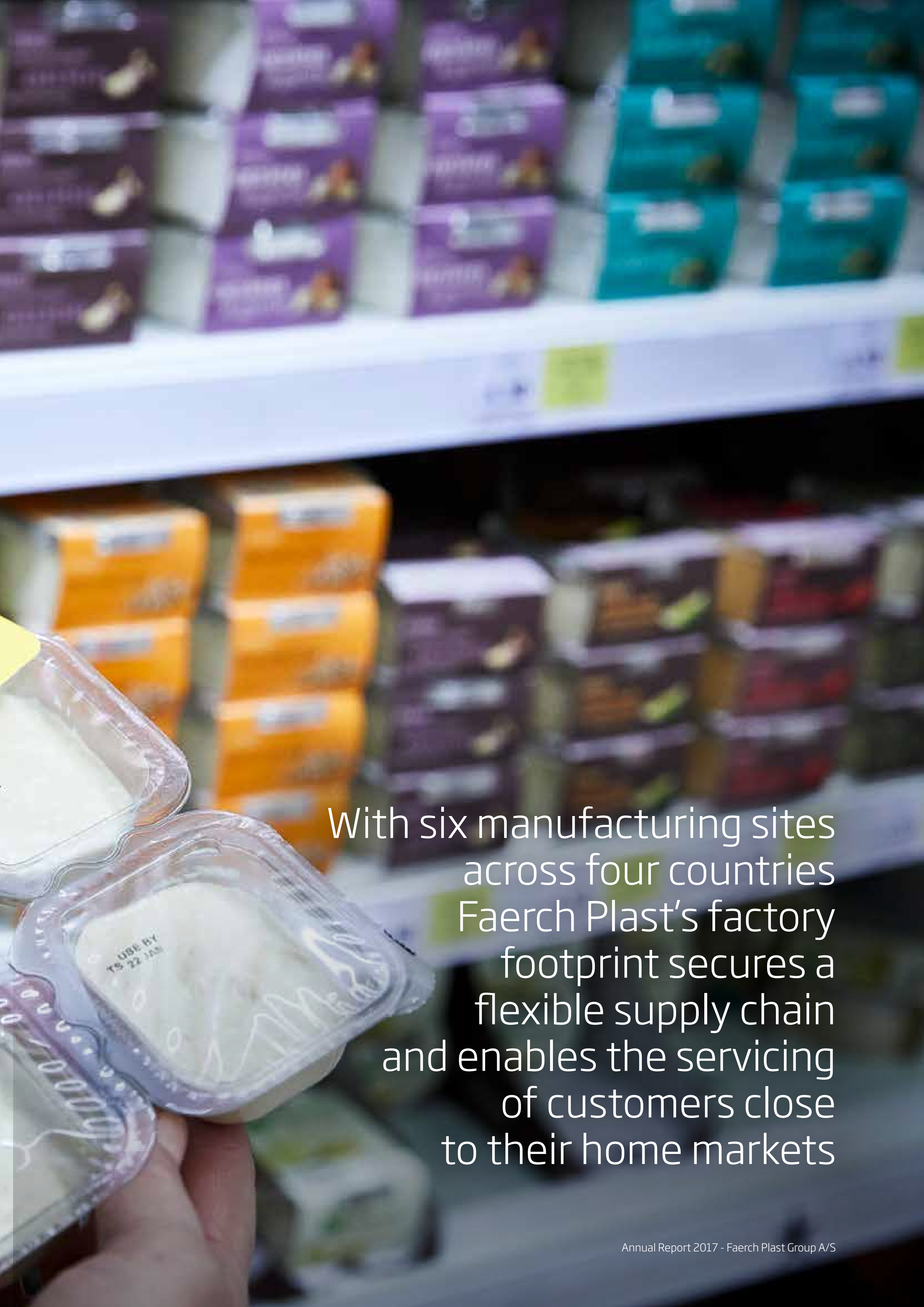

With six manufacturing sites across four countries Faerch Plast's factory footprint secures a flexible supply chain and enables the servicing of customers close to their home markets

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

1 January - 31 December

Note	(DKK million)	2017	2016
1.1	Revenue	2,266.9	2,079.9
1.2	Production costs	-1,622.7	-1,472.2
	Gross profit	**644.2**	**607.7**
1.2	Sales and distribution expenses	-226.6	-203.6
1.2	Administrative expenses	-97.3	-78.9
1.3	Other operating income	25.3	55.0
1.3	Other operating expenses	-5.9	-16.0
	Operating profit (EBIT) before special items	**339.7**	**364.3**
	Specification:		
	Earnings before interest, tax, depreciations and amortisation (EBITDA)	**514.5**	**511.6**
	Depreciation, amortisation and impairment losses	-174.8	-147.4
	Operating profit (EBIT) before special items	**339.7**	**364.3**
1.4	Special items	-27.4	-25.5
	Operating profit (EBIT)	**312.3**	**338.7**
3.1	Financial income	49.5	29.5
3.1	Financial expenses	-159.0	-162.5
	Profit before income tax	**202.8**	**205.7**
4.2	Tax on profit for the year	-63.1	-40.5
	Profit for the year	**139.6**	**165.2**
	Statement of comprehensive income		
	Profit for the year	139.6	165.2
	Items that will be reclassified subsequently to the income statement when specific conditions are met:		
	Foreign exchange adjustment on translation	3.5	-25.4
	Total comprehensive income for the year	**143.1**	**139.8**
	Total comprehensive income for the year is attributable to:		
	Shareholders in Færch Plast Group A/S	143.1	139.8

CONSOLIDATED BALANCE SHEET

31 December

Note	(DKK million)	2017	2016
	Assets		
	Goodwill	1,560.6	1,567.5
	Brand	118.2	139.0
	Development projects	17.1	16.9
2.1, 2.2	**Intangible assets**	**1,696.0**	**1,723.5**
	Land and buildings	435.9	336.3
	Plant and machinery	557.6	495.8
	Fixtures and fittings, tools and equipment	104.9	103.9
	Fixed assets under construction	50.0	50.9
2.3	**Tangible assets**	**1,148.3**	**986.8**
4.2	**Deferred tax assets**	**4.7**	**18.1**
	Total non-current assets	**2,849.0**	**2,728.4**
2.4	Inventories	301.8	281.9
2.5, 3.2	Trade receivables	435.9	407.3
3.2	Other receivables	17.3	22.0
3.2	Prepayments	12.2	9.0
	Current tax assets	27.6	8.0
3.2	Cash at banks	368.4	224.3
	Total current assets	**1,163.2**	**952.5**
	Total assets	**4,012.2**	**3,680.9**

CONSOLIDATED BALANCE SHEET

31 December

Note	(DKK million)	2017	2016
	Equity and liabilities		
3.5	Share capital	10.9	10.9
	Reserve for currency translation	-12.1	-15.6
	Retained earnings	1,420.9	1,281.3
	Total equity	**1,419.7**	**1,276.6**
3.2	Borrowings	269.1	1,483.0
	Debt to Parent Company	1,510.8	-
4.2	Deferred tax liabilities	64.0	65.1
	Total non-current liabilities	**1,843.9**	**1,548.1**
3.2	Borrowings	282.0	444.8
3.2	Trade payables	268.5	222.4
	Current tax liabilities	63.5	21.6
3.2, 3.4	Other short term debt	127.8	160.5
3.2	Deferred revenue	6.6	6.9
	Total current liabilities	**748.6**	**856.2**
	Total liabilities	**2,592.5**	**2,404.3**
	Total equity and liabilities	**4,012.2**	**3,680.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(DKK million)	Share capital	Reserve for currency translation	Retained earnings	Total Equity
Equity at 1 January 2017	**10.9**	**-15.6**	**1,281.3**	**1,276.6**
Profit for the year	-	-	139.6	139.6
Other comprehensive income	-	3.5	-	3.5
Total comprehensive income	**-**	**3.5**	**139.6**	**143.1**
Purchase of own shares	0.0	-	-	0.0
Total transactions with owners	**0.0**	**-**	**-**	**0.0**
Equity at 31 December 2017	**10.9**	**-12.1**	**1,420.9**	**1,419.7**
Equity at 1 January 2016	**10.9**	**9.8**	**1,116.8**	**1,137.5**
Profit for the year	-	-	165.2	165.2
Other comprehensive income	-	-25.4	-	-25.4
Total comprehensive income	**-**	**-25.4**	**165.2**	**139.8**
Capital issued to new owners	0.0	-	1.8	1.8
Purchase of own shares	-	-	-2.4	-2.4
Total transactions with owners	**0.0**	**-**	**-0.6**	**-0.6**
Equity at 31 December 2016	**10.9**	**-15.6**	**1,281.4**	**1,276.7**

CONSOLIDATED CASH FLOW STATEMENT

1 January - 31 December

Note	(DKK million)	2017	2016
	Profit before tax	202.8	205.7
4.1	Adjustments for non-cash transactions	271.5	270.6
2.6	Change in working capital	36.9	-57.9
	Interest paid	-104.1	-102.9
	Interest received	0.1	0.9
	Income taxes paid	-28.9	-59.4
	Cash flow from operating activities	**378.4**	**257.0**
2.1	Purchase of intangible assets	-8.9	-
2.3	Purchase of tangible assets	-222.2	-261.6
	Proceeds from sale of tangible assets	8.0	4.2
	Acquisition of subsidiaries	-16.3	-
	Cash flow from investing activities	**-239.4**	**-257.4**
	Free cash flow	**139.0**	**-0.4**
	Proceeds from capital increase	-	3.7
	Proceeds from borrowings	1,527.7	50.0
	Payments for shares bought back	-	-2.5
	Repayments of borrowings - Revolving Credit Facility	-27.0	-
	Repayments of borrowings	-1,520.5	-82.9
	Cash flow from financing activities	**-19.8**	**-31.7**
	Net increase in cash and cash equivalents	**119.1**	**-32.1**
	Cash and cash equivalents at 1 January	29.9	68.5
	Foreign exchange rate adjustments on cash and cash equivalents	-34.7	-6.5
	Cash and cash equivalents at 31 December	**114.3**	**29.9**
	Cash and cash equivalents are specified as follows:		
	Cash at bank and in hand	368.4	224.3
	Credit institutions	-254.1	-194.4
	Cash and cash equivalents at 31 December	**114.3**	**29.9**

NOTE 1.1 SEGMENT INFORMATION

Accounting policies

Revenue recognition

Revenue from the sale of trays and other similar products is recognised in the income statement, when delivery and risk of the products have passed to the buyer, the amount of revenue can be measured reliably, and collection is probable. Revenue comprises invoiced sales for the year less sales rebates, cash discounts, VAT and duties.

Segment information

The Group operates in three business segments based on distribution channels: Industrial, Distribution and Retail. The information is based on the management structure and internal management reporting to Group Management and constitutes the reportable segments.

Industrial include sales to food producers, where products are directly fed into production lines and packed.

Distribution include products sold through distributor channels, which mainly address smaller customers.

Retail include products sold directly to large retailers.

Headquarters costs are allocated to the business segments based on allocation keys used in the internal management reporting. These allocation keys are reassessed annually based on planned activity in the segments. Allocation keys for amortisation and depreciations are based on revenue to the distribution channels and are reassessed yearly. Financial income and expenses and income taxes are managed at Group level and are not allocated to business segments.

Total assets are allocated to the business segments based on revenue. Central functions' assets, cash and cash equivalents and deferred tax assets are unallocated.

Trade between the Group's reportable segments is carried out at arm's length.

(DKK million)	Industrial	Distribution	Retail	Unallocated	Total
2017					
Volume (m'pcs)	4,370.3	1,037.3	137.5		5,545.2
Revenue	1,799.5	397.0	70.4		2,266.9
Operating profit	246.4	56.2	9.6		312.3
Financial items				-109.5	-109.5
Profit before tax				202.8	202.8
Total assets	**2,892.4**	**638.2**	**113.2**	**368.4**	**4,012.2**
2016					
Volume (m'pcs)	4,150.3	860.1	145.8		5,156.2
Revenue	1,668.1	337.5	74.3		2,079.9
Operating profit	272.0	55.7	11.0		338.7
Financial items				-133.0	-133.0
Profit before tax				205.7	205.7
Total assets	**2,772.3**	**560.8**	**123.4**	**224.3**	**3,680.8**

NOTE 1.1 SEGMENT INFORMATION (CONTINUED)

Geographical information - total revenue

DKKm	Total non-current assets 2017	Total non-current assets 2016	Total revenue 2017	Total revenue 2016
North Europe	2,569.6	2,459.4	1,541.7	1,429.0
South Europe	132.2	115.5	515.0	385.7
Central Europe	142.5	135.4	189.0	240.3
Rest of the world	-	-	21.1	24.9
Total	**2,844.3**	**2,710.3**	**2,266.9**	**2,079.9**

Non-current assets do not include deferred tax assets.

The geographical distribution of "Total revenue" is based on the external customers country of residence.

The distribution of "Total non-current assets" is based on the actual geographical location of the assets.
No customer exceeds 10% of the Group's net sales neither this year nor last year.

NOTE 1.2.a STAFF EXPENSES

Accounting policies

Production costs
Production costs comprise cost incurred to achieve revenue for the year. Costs comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance, depreciation and amortisations etc.

Sales and distribution expenses
Sales and distribution expenses comprise costs related to distribution of products sold during the year and sales staff, research and development, advertising and exhibition expenses etc., including depreciations. Furthermore, provisions for bad debt are included.

Administration expenses
Administration expenses incurred in the course of the year relate to management and administration, including administrative staff, office premises and office costs, as well as depreciations.

NOTE 1.2.a STAFF EXPENSES (CONTINUED)

(DKK million)	2017	2016
Wages, salaries and remuneration	379.1	377.0
Termination benefits	-	2.5
Pension contribution (defined contribution plan)	17.2	16.6
Other social security costs	26.8	24.7
Total staff costs	**423.1**	**420.8**
Staff costs relate to:		
Production costs	290.8	310.3
Sales and distribution expenses	63.3	51.9
Administrative expenses	62.1	49.4
	416.2	411.7
Staff cost recognised as inventory or fixed assets	6.9	9.1
Total staff costs	**423.1**	**420.8**
Average number of full time employees	**1,175**	**1,085**
Remuneration for Key Management Personnel (Executive Management)		
Salaries and wages	12.9	10.8
Pension expenses	1.1	0.9
Short-term incentive plans	4.8	2.9
Total	**18.8**	**14.6**
Fee to Board of Directors	**0.7**	**1.0**

Short-term incentive plan is based on yearly performance.

NOTE 1.2.b DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

(DKK million)	2017	2016
Intangible assets, amortisation	26.7	26.6
Property, plant and equipment, depreciation	148.1	120.8
Total depreciation, amortisation and impairment losses	**174.8**	**147.4**
Depreciation/amortisation and impairment losses relate to:		
Production costs	155.9	144.0
Sales and distribution expenses	17.9	1.4
Administrative expenses	1.0	2.0
Total depreciation, amortisation and impairment losses	**174.8**	**147.4**

NOTE 1.2.c RESEARCH AND DEVELOPMENTS COSTS

(DKK million)	2017	2016
Research and development costs expensed during the year	3.9	3.3
	3.9	**3.3**

NOTE 1.3 OTHER OPERATING INCOME AND EXPENSES

Accounting policies

Other operating income and expenses comprise items secondary to the Group's primary activities.
These items comprise gains and losses relating to:

- Divestment of intangible assets and property, plant and equipment
- Gains and losses relating to financial instruments

(DKK million)	2017	2016
Gain on disposal of intangible assets and property, plant and equipment	4.0	2.4
Rent and other secondary income	0.7	0.1
Gain on financial instruments	8.4	42.8
Other items	12.2	9.7
Total other operating income	**25.3**	**55.0**
Loss on disposal of intangible assets and property, plant and equipment	0.2	0.9
Other items	5.7	15.1
Total other operating expenses	**5.9**	**16.0**

NOTE 1.4 SPECIAL ITEMS

Accounting policies

Special items include significant income and expenses of a special non-recurring nature which cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses include acquisition cost, cost to external consultants for strategic review and managements best estimate on cost related to unusual challenging and long lasting commissioning of new extruder. Deposits charged customers for steel cages has been recognized as a liability in the balance sheet.
These items are classified separately in the income statement, in order to provide a more transparent view of the Group's recurring operating profit.

(DKK million)	2017	2016
Commissioning extruder	6.7	26.6
Acquisitions cost	10.8	-
Deposit on steel cages	7.3	-
Other	2.7	-1.1
	27.4	**25.5**

NOTE 2.1 INTANGIBLE ASSETS

Accounting policies

Goodwill

Goodwill is initially recognised at the amount by which the purchase price for a business combination exceeds the recognised value of the identifiable assets, liabilities and contingent liabilities. Subsequently to initial recognition goodwill is measured at cost less impairment losses. The carrying amount of goodwill is allocated to the Group's cash-generating units that follow the management structure and internal financial reporting.
Goodwill is not amortised and impairment loss charges in previous years are not reversed.

Brand

The brand value relates to the purchase of the Anson Brand in connection with the Anson Packaging Ltd. acquisition.
The Anson brand is a strong brand with more than 40 years of presence in the rigid thermoforming packaging food market in the UK. Anson provides packaging solutions for all major UK retailer outlets.

Brand is initially recognised at cost. The cost is subsequently amortised on a straight-line basis over 10 years. The amortisation expenses are recognised under production cost in the income statement.
The Færch brand has subsequent to the acquisition in August 2017 been capitalized with a value of DKK 1,157.7m in the ultimate parent accounts.

Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources 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. Other development costs are recognised in the income statement when incurred.

Completed development projects are amortised on a straight-line basis over 3 years. Development projects in progress are not amortised, but are annually tested for impairment.

2017 (DKK million)	**Goodwill**	**Brand**	**Development projects**	**Total**
Cost at 1 January	1,567.5	166.8	40.3	1,774.6
Exchange rate adjustments	-6.9	-5.6	-0.2	-12.7
Transfer	-0.0	-0.0	8.9	8.9
Reclassification	-	-	1.8	1.8
Cost at 31 December	**1,560.6**	**161.2**	**50.8**	**1,772.6**
Amortisation and impairment at 1 January	-	27.8	23.4	51.2
Exchange rate adjustments	0.0	-1.1	-0.2	-1.2
Amortisation for the year	-	16.2	10.5	26.7
Impairments	-	-	-	-
Amortisation and impairment at 31 December	**0.0**	**43.0**	**33.7**	**76.7**
Carrying amount at 31 December	**1,560.6**	**118.2**	**17.1**	**1,696.0**

NOTE 2.1 INTANGIBLE ASSETS (CONTINUED)

2016 (DKK million)	Goodwill	Brand	Development projects	Total
Cost at 1 January	1,601.8	194.6	29.6	1,826.0
Exchange rate adjustments	-34.3	-27.8	-0.0	-62.0
Transfer	-	-	10.7	10.7
Cost at 31 December	**1,567.5**	**166.8**	**40.3**	**1,774.6**
Depreciation and impairment at 1 January	-	13.3	14.3	27.6
Exchange rate adjustments	-	-3.0	-0.0	-3.0
Amortizarion for the year	-	17.5	9.1	26.6
Amortisation and impairment at 31 December	**-**	**27.8**	**23.4**	**51.2**
Carrying amount at 31 December	**1,567.5**	**139.0**	**16.9**	**1,723.5**

NOTE 2.2 IMPAIRMENT TESTS

Accounting policies

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Group estimate the recoverable amount of the asset.

Goodwill
Goodwill relates to acquisition of the R. Færch Plast A/S in 2014 and Anson Packaging Ltd. in 2015. Anson Packaging is renamed to Faerch Plast UK Limited in 2018.

The carrying amount of goodwill is tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The recoverable amount is calculated as the present value of future net cash flows from the cash-generating unit to which the goodwill is related.

The estimated future free net cash flows is based on budgets for 2018 and business plans and projections for 2018-2021. The long-term growth rate in the terminal period has been set to equal the expected long-term rate of inflation of 2% for the euro region.

Key parameters are revenue development, profit margins, proposed capital expenditure and growth expectations for the following years.

A discount rate (WACC) is applied for the specific business areas based on assumptions about interest rates, tax rates and risks premiums. The goodwill capitalised relates to the geographical area "Northern Europe" and the WACC applied accordingly.

The impairment tests did not show any need for impairment losses to be recognised. In the Management's opinion, changes in key assumptions mentioned above will not cause significant impairment losses.

Significant accounting estimates and adjustments
Due to the nature of the business estimates are made of anticipated cash flows together with an assessment of the long-term growth rate and profitability. Additionally, an assessment of a reasonable discount rate is made, reflecting the risks inherent in the asset or cash-generating unit. This naturally result in a degree of uncertainty. Changes in the future cash flow or discount rate estimates used may result in materially different values.

Development projects in progress
For development projects in progress, the Management estimates on an ongoing basis whether each project is likely to generate future economic benefits for the Group in order to qualify for recognition. The development projects are evaluated on technical

as well as commercial criteria. In the Management's opinion, the development projects qualify for recognition.

The most significant goodwill allocations as well as the most significant assumptions for the performed impairment tests have been described below.

The reduction in the carrying amount of goodwill for Anson Packaging Ltd. is due to the adverse currency movement for the British currency.

(DKK million)	Carrying amount, goodwill	Discount rate, before tax	Growth in terminal period in %
2017			
R. Færch Plast A/S	1,362.7	8%	2%
Anson Packaging Ltd.	197.9	8%	2%
Total carrying amount at 31 December	**1,560.6**		
2016			
R. Færch Plast A/S	1,362.7	8%	2%
Anson Packaging Ltd.	204.8	8%	2%
Total carrying amount at 31 December	**1,567.5**		

The platform oriented business model is paramount for delivering superior and customized products and securing an industry leading cost position

NOTE 2.3 TANGIBLE ASSETS

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Assets in progress and land are not depreciated.

Cost
Cost comprises the the acquisition price as well as cost directly associated with the asset until such time as the asset is ready for its intended use. In case of self-constructed assets, cost comprises direct and indirect costs relation to materials, components and payroll that directly concerns the construction of assets. Subsequent expenditure items of property, plant and equipment are only recognised as an addition to the carrying amount of the item, when it is likely that incurring the cost will result in financial benefits for the Group. Other costs such as general repair and maintenance are recognised in the income statement when incurred.

Depreciation
The basis of deprecation is cost less estimated residual value. Property, plant and equipment are depreciated on a straight-line basis from the time of acquisition, or when the assets are available for use based on an assessment of the anticipated useful life.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The estimated useful lives are as follows:
- Buildings 30-50 years
- Plant and machinery 10-20 years
- Other fixtures, tools and equipment 3-5 years

Leases
Leases for the Group relates to two properties in the UK, warehouses, forklift trucks and vehicles.

The cost of assets held under finance leases is stated at the lower of fair value of the asset and the net present value of future minimum lease payments according to IFRS 16. When calculating the net present value, the interest rate implicit in the lease or an approximated rate at 5.16% reflecting the Groups marginal borrowing costs is applied as the discount rate. Leased assets are depreciated and amortized like other property, plant and equipment.

Uncertainties and estimates
Estimates are made in assessing the useful lives of items of property, plant at equipment that determine the period over which the depreciable amount of the asset is expensed to the income statement. The depreciable amount of an item of property, plant and equipment is a function of the asset's cost or carrying amount and its residual value. Estimates are made in assessing the amount that the Group can recover at the end of the useful life of an asset. An annual review of the appropriateness of the depreciation method, useful life and residual values of items property, plant and equipment is undertaken.

NOTE 2.3 TANGIBLE ASSETS (CONTINUED)

(DKK million)	Land and buildings	Plant and machinery	Fixtures and fitting, tools and equipment	Fixed assets in progress	Total
2017					
Cost at 1 January	362.0	642.1	183.5	50,9	1,238.5
Exchange rate adjustments	3.8	-8.6	-3.0	0,5	-7.4
Change in accounting principles	84.5	19.1	1.1	-	104.7
Additions	25.3	107.4	44.9	44,6	222.2
Transfer	4.1	31.7	1.4	-46,0	-8.9
Disposals	-1.6	-24.4	-5.9	-	-31.9
Cost at 31 December	**478.1**	**767.3**	**221.8**	**50.0**	**1,517.2**
Depreciation and impairment at 1 January	25.7	146.3	79.6	-	251.6
Exchange rate adjustments	1.1	-2.4	-1.8	-	-3.2
Depreciation for the year	17.1	87.0	43.9	-	148.1
Depreciation on disposals	-1.6	-21.8	-4.3	-	-27.6
Depreciation and impairment at 31 December	**42.3**	**209.2**	**117.4**	**-**	**368.9**
Carrying amount at 31 December	**435.8**	**558.1**	**104.5**	**50.0**	**1,148.3**
Of which assets held under finance lease	75.3	27.1	1.6	-	104.0
Depreciation for the year related to leased assets	8.4	0.3	6.9	-	15.6

Additions of leased assets for the year were DKK 14.9m
The total cash outflow for leases in 2017 was DKK 19.1m

(DKK million)	Land and buildings	Plant and machinery	Fixtures and fitting, tools and equipment	Fixed assets in progress	Total
2016					
Cost at 1 January	354.5	520.5	105.3	112.0	1,092.3
Exchange rate adjustments	-8.0	-42.6	-5.4	-8.0	-64.0
Additions	14.9	99.5	51.9	95.3	261.6
Transfer	0.6	103.4	33.8	-148.5	-10.7
Disposals	-	-38.6	-2.1	-	-40.7
Cost at 31 December	**362.0**	**642.1**	**183.5**	**50.9**	**1,238.5**
Depreciation and impairment at 1 January	18.3	112.8	37.0	-	168.1
Exchange rate adjustments	-1.2	-8.2	-1.3	-	-10.8
Depreciation for the year	8.6	72.4	39.8	-	120.9
Depreciation on disposals	-	-30.7	4.1	-	-26.6
Depreciation and impairment at 31 December	**25.7**	**146.3**	**79.6**	**-**	**251.6**
Carrying amount at 31 December	**336.3**	**495.8**	**103.9**	**50.9**	**986,8**
Of which assets held under finance lease	-	18.8	-	-	18,8

NOTE 2.4 INVENTORIES

Accounting policies

Inventories are measured at the lower of cost price according to the FIFO principle and net realisable value. The cost price of raw materials, consumable and purchased goods comprises the acquisition price including delivery costs. The cost price of finished goods and work in progress comprises costs of materials and direct labour plus production costs.

Production costs include indirect materials and wages, maintenance, rent of factory buildings and depreciation on plant and machinery, factory buildings and other equipment used in the production process as well as cost of factory administration and management.

The net realisable value of inventories is calculated at the expected selling price less cost of completion and costs necessary to make the sale.

Significant accounting estimates and judgements

Indirect production costs are calculated based on relevant assumptions with respect to capacity utilisation and other factors characterising to the product type. The assessment of the net realisable value requires judgement in relation to the estimate of the selling price of certain raw materials.

(DKK million)	2017	2016
Raw materials and consumables	118.7	113.7
Work in progress	48.1	57.3
Finished goods	135.0	110.8
Total inventory	**301.8**	**281.9**
Write-downs of inventories	8.9	7.4
Expensed adjustment of inventories to net realizable value included in production costs	-	1.7
Cost of materials included in production costs	1,175.9	1,131.5

NOTE 2.5 TRADE RECEIVABLES

Accounting policies

On initial recognition, the receivables are measured at fair value and subsequently at amortised cost, which normally correspond to fair value less provisions for expected losses. Provisions for expected losses are based on an individual assessment of each outstanding account.

(DKK million)	2017	2016
Trade receivables before provision for bad debts	436.0	407.9
Write-downs for bad debts	-0.1	-0.6
Total trade receivables, net	**435.9**	**407.3**
Write-down for bad debts at 1 January	-0.6	-0.6
Change in write-downs	0.5	-
Write-down for bad debts at 31 December	**-0.1**	**-0.6**

NOTE 2.5 TRADE RECEIVABLES (CONTINUED)

Age distribution of gross trade receivables

(DKK million)	2017	2016
Not overdue	357.0	332.4
Past due and impaired	0.4	-0.6
Overdue 0-30 days	68.9	66.2
Overdue 31-60 days	4.7	3.7
Overdue between 61-90 days	3.7	3.0
Overdue 91-180 days	0.3	1.9
Overdue more than 181 days	1.0	1.3
	436.0	**407.9**

NOTE 2.6 WORKING CAPITAL CHANGE

(DKK million)	2017	2016
Change in inventories	-22.1	-64.1
Change in trade receivables	-37.6	-48.1
Change in other receivables	-10.6	22.1
Change in prepayments	-2.5	-0.3
Change in trade payables	51.9	41.0
Change in other payables	57.8	-8.5
Total	**36.9**	**-57.9**

NOTE 3.1 FINANCIAL ITEMS

Accounting policies

Financial income and financial expenses
Interest income and expenses as well as capital gains and losses are recognised in the income statement at the amounts that can be attributed to the period. Additionally, financial items comprise realised and unrealised fair value adjustments of securities and currency adjustments on financial assets and financial liabilities as well as the interest portion of financial lease payments.

Additionally, realised and unrealised gains and losses on derivative financial instruments not classified as hedging contracts are included. Borrowing costs from general borrowing, or loans that directly relate to the acquisition, construction or development of qualified assets are attributed to the cost of such assets, and are therefore not included in financial expenses.

(DKK million)	2017	2016
Interest of financial assets measured at amortised cost	0.3	0.0
Foreign exchange adjustments	29.9	25.0
Leasing interest	4.9	0.0
Other financial income	14.3	4.5
Total financial income	**49.5**	**29.5**
Bank charges*	0.5	1.3
Interest on financial liabilities measured at amortised cost	91.1	93.7
Foreign exchange adjustments	49.5	41.7
Other financial expenses	17.9	25.8
Total financial expenses	**159.0**	**162.5**

* Bank charges mainly include letter of credit fees as well as bank commitment fees.

NOTE 3.2 FINANCIAL ASSETS AND LIABILITIES

Accounting policies

Loans and receivables
Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables are assessed for indicators of impairment at the end of each reporting period.

Bank debt and other financial liabilities
Bank debt and other financial liabilities are initially recognized at fair value less transaction cost and subsequently measured at amortised cost using the effective interest method. The difference between proceeds and the nominal value is recognised as a financial expense over the term of the loan. Other debt is recognised as a financial expense over the term of the loan. Other debt is recognised at amortised costs.

Derivative financial instruments
Derivative financial instruments are recognised and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively, and positive and negative values are set off (only relevant to currency hedging with banks) only where the company has the right and the intention to settle several financial instruments on a net basis.

Fair values of derivative financial instruments are calculated on the basis of observable data applying generally accepted valuation methods.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future cash flows and effectively hedge changes in the value of the hedged item are recognised in other comprehensive income. Profit or losses on such hedging transactions are transferred from the hedging reserve on realisation of the hedged item and are recognised in the same item as the hedged item.

Derivative financial instruments are recognised as other receivables/payables and measured at fair value.

Changes in the fair values of currency derivative financial instruments entered into for the purpose of hedging commercial cash flow which do not qualify for hedge accounting are recognised as they arise in other income and expenses in the income statement. Gains and losses on other derivative financial instruments are recognised as they arise in financial income and expense.

New loan agreements and cushion cash
In 2017 the Group entered into new loan agreements. All new external loans have been established in the company Faerch Plast Bidco A/S. All new loan have floating interest rate. According to the Groups Treasury Policy minimum 50% of the Groups debt, that are exposed to floating interest rate must be hedged to a fixed rate for a period of three years. End 2017 the Group has hedged 75% of the interest rate exposure for a period of three years, and all interst rate swaps have been established in Faerch Plast Bidco A/S.

For Faerch Plast Group A/S to be able to repay their old external loans, intercompany loans (Borrowing from Group Enterprises) have been establish from Faerch Plast Bidco A/S. In addition to this, the Group has been provided with cushion cash DKK 96,1m.

Uncertainties and estimates
The maturity analysis is based on all undiscounted cash flows, including estimated interest payments, which are estimated based on the current market conditions.

NOTE 3.2 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The undiscounted cash flows from derivative financial instruments are presented in gross amounts.

				Maturity		
2017 (DKK million)	**Carrying amount**	**Fair value**	**Total contractual cash flows**	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**
Measured at amortised cost (loans and receivables):						
Trade receivables	435.9	435.9	435.9	435.9	-	-
Other receivables	17.3	17.3	17.3	17.3	-	-
Prepayments	12.2	12.2	12.2	12.2	-	-
	465.4	**465.4**	**465.4**	**465.4**	**-**	**-**
Derivative financial instruments:						
Measured at fair value through the income statement	-2.9	-2,9	-4.5	-2.0	-2.5	-
	-2.9	**-2,9**	**-4.5**	**-2.0**	**-2.5**	**-**
Total financial assets	**462.5**	**462.5**	**460.9**	**463.4**	**-2.5**	**-**
Measured at amortised cost (liabilities):						
Mortgage credit institutions	194.4	194.4	209.7	20.9	82.2	106.7
Bank borrowings	55.0	55.0	55.0	51.4	3.6	-
Finance lease liabilities	86.3	86.3	86.3	10.1	20.5	55.7
Borrowings from Group Enterprises	1,510.8	1,510.8	2,100.9	73.9	295.6	1,731.4
Deferred revenue	6.6	6.6	6.6	6.6	-	-
Trade payables	268.5	268.5	268.5	268.5	-	-
Other short term debt	127.8	127.8	127.8	127.8	-	2.5
	2,249.6	**2,249.6**	**2,855.1**	**556.8**	**401.9**	**1,896.4**
Total financial liabilities	**2,249.6**	**2,249.6**	**2,855.1**	**556.8**	**401.9**	**1,896.4**

NOTE 3.2 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

2016 (DKK million)	Carrying amount	Fair value	Total contractual cash flows	Maturity Due within 1 year	Due between 1 and 5 years	Due after 5 years
Measured at amortised cost (loans and receivables):						
Trade receivables	407.3	407.3	407.3	407.3	-	-
Other receivables	22.0	22.0	22.0	21.9	0.1	-
Prepayments	9.0	9.0	9.0	9.0	-	-
	438.3	**438.3**	**438.3**	**438.3**	**0.1**	**-**
Derivative financial instruments:						
Measured at fair value through the income statement	9.6	9.6	-5.0	3.4	-8.4	-
	9.6	**9.6**	**-5.0**	**3.4**	**-8.4**	**-**
Total financial assets	**447.9**	**447.9**	**433.3**	**441.7**	**-8.3**	**-**
Measured at amortised cost (liabilities):						
Mortgage credit institutions	194.4	195.5	214.4	3.1	83.4	127.9
Bank borrowings	1,726.1	1,726.1	2,010.1	437.3	1,571.7	1.1
Finance lease liabilities	7.4	7.4	8.6	4.4	3.0	1.2
Deferred revenue	6.9	6.9	6.9	6.9	-	-
Trade payables	222.4	222.4	222.4	222.4	-	-
Other payables	79.2	79.2	79.2	76.7	-	2.5
	2,236.3	**2,237.4**	**2,541.6**	**750.8**	**1,658.1**	132.7
Total financial liabilities	**2,236.3**	**2,237.4**	**2,541.6**	**750.8**	**1,658.1**	**132.7**

Net interest-bearing debt

(DKK million)	2017	2016
Cash at banks	-368.4	-224.3
Long-term borrowings	1,760.2	1,591.9
Short-term borrowings	254.1	374.1
Total net interest-bearing debt	**1,645.9**	**1,741.7**

Financial assets and liabilities measured at fair value relate to derivatives. Calculation of fair value of these derivatives is based on observable inputs such as interest rates, currency rates etc.

Looking into 2018 the Group is having the strongest product pipeline ever

NOTE 3.3 FINANCIAL RISKS AND INSTRUMENTS

Financial risk management

Financial risks are an inherent part of the group's operating activities and hence, the Group's profit is impacted by the developments in currencies, interest rates and certain types of commodities. The global financial markets are volatile and thus, it is critical for the group to have a well implemented financial risk management approach in order to mitigate short-term market volatilities.

The Group's comprehensive financial risk management strategy builds on a thorough understanding of the interaction between the group's operating activities and the financial risks.

The treasury policy is approved by the Board of Directors, and sets the limits for the various financial risks and the derivatives used to hedge the risks. The treasury policy is adjusted on an ongoing basis and discussed in the audit committee to adapt to the market situation and states risk limits for each type of financial risk, permitted financial instruments and counterparties. An updated treasury policy is approved in December 2017 and the major changes in the new version is a new descending hedger ladder methodology for GBP exposure and a reduction of minimum interest rate hedge.

Currency risk

Currency risk arises due to imbalances between income and costs in each individual currency and also due to imbalance between assets and liabilities. Hedging of currency risk is carried out in GBP, where Færch has the the largest exposure. The hedging is managed by entering into derivatives such as forward contracts, currency options and swaps. Loans and deposits in foreign currencies are also utilized as hedging. Hedge effectiveness is assessed on a regular basis.

In 2017 it was the Group's policy to hedge at least 60 percent of the expected net cash flows in GBP for the following 6 months and at least 40 percent of the expected net cash flow for a horizon between 7 and 12 months. An updated treasury policy in December 2017 will secure, that from 2018 and going forward, the group will hedge GBP using the following descending hedger ladder methodology:

Exposure horizon	Hedge ratio range
Up to 3 month	70-90%
4 to 6 month	60-80%
7 to 9 month	50-70%
10 to 12 month	40-60%

Forward contracts are continually used for this hedging and are used for commercial and financial transactions.

Besides the foreign exchange rate risk relating to current transactions, the Group's equity is affected by foreign exchange rate risks relating to the translation of the Group's foreign subsidiaries from local currencies to DKK. This exchange risk has not been hedged. Further to this, the currency exposure arising from debt in other currency than DKK is not hedged. The group has debt in DKK, EUR and GBP.

(DKK million)	Contract value	Carrying amount	Fair value adjustment recognised in income statement
Forward exchange contracts - GBP			
2017	160.9	1.2	13.8
2016	259.9	15.0	26.5

The sensitivity analysis below shows the impact on net profit of a change of 10% in the DKK versus GBP and 1% change in the DKK versus EUR, which are the main currencies to which the Group was exposed on December 31, 2017 adjusted for hedge accounting.

The sensitivity analysis reflects the transaction and translation risk, and assumes that the exchange rates are changed on December 31 2017, and that all other variables remain constant. A similar negative change in exchange rates would have a similar opposite effect on profit before tax and equity.

NOTE 3.3 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

		2017		2016	
(DKK million)	**Change in exchange rate**	**Profit before tax**	**Equity**	**Profit before tax**	**Equity**
Exchange rate analysis on assets and liabilities					
GPB	10.0%	47.7	184.7	54.3	172.0
EUR	1.0%	0.6	2.1	0.6	2.5
Total		**48.3**	**186.8**	**54.9**	**174.5**

Interest rate risk

Interest rate risk concerns the interest-bearing assets and liabilities of the Group. The interest-bearing financial assets consist primarily of cash in financial institutions and the interest-bearing liabilities mainly consist of bank and mortgage debt, as set out in note 3.2. The main funding currencies of the Group are DKK, EUR and GBP.

According to the treasury policy, a minimum of 50 % of loans must be at fixed interest rates for a future period of minimum three years. Per 31.12.2017 75 % of loans were heged to fixed rate until november 2020. Hedging of the interest risk is managed by entering into fixed-rate loans and interest rate swaps.

Interest rate swaps are used to hedge the risk related to changes in interest rates. At 31 December 2017, the outstanding interest swaps had the following market value:

(DKK million)	**Contract value**	**Carrying amount**	**Fair value adjustment recognised in income statement**
Interest rate swaps			
2017	163.7	4.1	-23.4
2016	2,399.4	-19.3	-5.5

The sensitivity analysis below has been determined based on the exposure to interest rate for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the outstanding liability at the end of the reporting period was outstanding for the whole year.

An increase of 1 percentage in the average interest rate on the Group's net bearing-debt would have a negative effect on profit before tax of DKK 15.4m (2016: 4.7m) and equity of DKK 15.4m (2016: 15.5m). A corresponding decrease in interest levels would mean a correspondingly positive impact on profit for the year and equity.

Credit risk

The Group's balance sheet items that are subject to credit risk are primarily trade receivable and bank deposits.

The Group is also exposed to commercial credit risks, which arise from customers not paying their receivables. However no customers exceed 10% of the Group's net sales neither in 2017 nor last year.

Moreover, the credit risk related to trade receivables is managed by continuous risk assessment and credit evaluation of major customers. Credit risk on counterparties other than banks are minimized to the extent possible through the use of credit insurance and guarantees. Historically, the Group has only had limited losses on bad debts. At 31 December 2017 97.6% (2016: 93,4%) of the trade receivables have been credit insured.

Funds are placed with financial institutions with high credit ratings. Derivatives, including foreign exchange forward contracts and interest rate swaps, are entered into with such institutions only. Therefore, it is deemed that the credit risk related to funds is of no significance to the annual report.

NOTE 3.3 FINANCIAL RISKS AND INSTRUMENTS (CONTINUED)

Liquidity risk
Liquidity risk results from the Groups inability to cover its financial liabilities with cash (please refer to note 3.2).

The financial reserve is continually assessed and managed by the finance department. It is ensured, that the Group at all times has sufficient and flexible financial resources at its disposal to assure continuous operations and honour obligations when due. The finance department manages its short-term liability risks through cash pool arrangements in various currencies and by having short-term overdraft facilities in place with various financial institutions. Long-term liquidity risk is managed through committed financial facilities.

Loan covenants
Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- EBITDA to the ratio of net finance cost must be more than 3.43
- Ratio of net debt to EBTIDA must not exceed 5.34
- The aggregate capital expenditure must not exceed DKKm 287.

The Group has complied with these covenants throughout the reporting period.

From 23th August 2017 the group has entered into new borrowing facilities. In terms of financial covenants the Group has to comply with the following: If the original Revolving Facilities and any springing Covenant Revolving Facilities is over 40% drawn, the Consolidated Senior Secured Net Leverage Ratio must not exceed 8,66:1. From 23th August until 31th December there were no drawing on the Revolving Facilities.

NOTE 3.4 OTHER SHORT TERM DEBT

(DKK million)	2017	2016
Wage-related payables and other charges	36.8	38.7
VAT and other indirect taxes	16.6	12.5
Discounts	30.7	21.2
Other current liabilities	43.7	88.1
	127.8	**160.5**

NOTE 3.5 SHARE CAPITAL

Accounting policies

Own shares
Acquisition and sales prices for own shares and dividend received on these shares are recognised directly in equity under retained earnings.

Reserve for currency translation
The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the Færch Plast Group's presentation currency.

Reserve for hedge accounting
Reserve for cash flow hedges comprises accumulated changes in fair value of derivative financial instruments, which meets the conditions for hedging of future cash flows, where the hedged position has not yet been realised.

The changes in fair value are transferred to the profit and loss account, when the hedged positions are realised.
The share capital consists of shares at DKK 1 or multiples thereof. The shares have been divided into classes:

	Number	Nominal value (DKK million)
A-shares	9,418,577	9.4
B-shares	1,417,274	1.4
C-shares	25,412	0.0
D-shares	9,557	0.0
	10,870,820	**10.9**

The shares are fully paid up.
Each ordinary A-share of DKK 1 gives 1 vote, while each ordinary B-share, C-share and D-share do not provide any right to vote.

There is preferential right to dividends based on the class of the shares. Changes in share capital in the past four years:

(DKK million)	2017	2016	2015	2014
Share capital at 1 January	10.9	10.9	10.2	0.0
Capital increase	0.0	-	0.6	10.2
Capital decrease	-0.0	-	-	-
Share capital at 31 December	**10.9**	**10.9**	**10.9**	**10.2**

Færch Plast Group A/S has cancelled the 2.512 own shares of 1 DKK in 2017. The shares were acquired in 2016.

The Board of Directors recommends that no dividend is paid for financial year 2017. No dividend was paid for financial years 2015 and 2016.

NOTE 4.1 ADJUSTMENT FOR NON-CASH TRANSACTIONS

(DKK million)	2017	2016
Depreciation/amortization and impairment	174.8	147.4
Gain(-)/loss on disposal of tangible assets	-6.3	-1.5
Financial income	-49.5	-29.5
Financial expenses	159.0	162.5
Other, including provisions	-6.5	-8.3
Total	**271.5**	**270.6**

NOTE 4.2 TAX

Accounting policies

Income tax for the year, comprising the year's current tax and the change in deferred tax, is recognised in the income statement with the amount that can be attributed to the net profit or loss for the year and under other comprehensive income with the amount that can be attributed to items in other comprehensive income.

Current income tax payable and current income tax receivable is recognised in the balance sheet as the tax calculated on the year's taxable income adjusted for prepaid tax.

When calculating current tax for the year, the tax rates and regulations prevailing at the balance sheet date in the different countries are used.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statement and the corresponding tax based used in the computation of taxable profit. No deferred tax is recognised for goodwill, unless amortization of goodwill for tax purposes is allowed.

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the tax base and the carrying amount of assets and liabilities, except for deferred tax on temporary differences that arise either on initial recognition of goodwill or on initial recognition of transaction that is not a business combination, and where the temporary difference on initial recognition affects neither accounting profit or loss nor the taxable income. The effect of changes in the tax rates are stated in the income statement unless they are items previously entered in the statement of other comprehensive income.

Deferred tax is measured on the basis of the tax rules and the tax rate in force in the respective countries on the balance sheet date.

Changes in deferred tax due to tax rate changes are recognised in the income statement, except to the extent that they relate to items recognised in other comprehensive income.

Uncertainties and estimates

Deferred tax assets are recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. For this purpose, Management estimates the coming years' earnings based on budgets.

Tax on profit for the year (DKK million)	2017	2016
Current tax	54.8	37.5
Adjustment to current tax concerning previous years	-5.1	10.4
Change in deferred tax	6.1	-0.7
Impact from change in tax rate	0.0	-2.7
Adjustment to deferred tax concerning previous years	7.4	-4.0
Total	**63.1**	**40.5**

Reconciliation of tax rates (DKK million)	2017	2016
Calculated 22% on profit before tax	44.5	45.3
Adjustment of tax to local tax rate compared with group tax rate on 22%	-1.8	-2.0
Tax-effect of:		
Non-taxable income and non-deductible expenses	12.6	3.2
Impact of changes in the tax rate	0.0	-0.7
Adjustment concerning previous years	0.9	-6.8
Other	6.8	1.5
Total	**63.1**	**40.5**

Effective tax rate		
Tax on profit for the year (income statement)	63.1	40.5
Total taxes	**63.1**	**40.5**

NOTE 4.2 TAX (CONTINUED)

Deferred tax

(DKK million)	2017	2016
Deferred tax, net at 1 January	-47.0	-48.3
Exchange rate adjustments	1.1	6.1
Additions through acquisition of subsidiaries	-	1.6
Adjustments concerning previous years	-7.4	4.0
Deferred tax recognised in the income statement	-6.1	-10.4
Deferred tax, net at 31 December	**-59.3**	**-47.0**

Classified as:

(DKK million)	2017	2016
Deferred tax assets	4.7	18.1
Deferred tax liabilities	-64.0	-65.1
Total	**-59.3**	**-47.0**

(DKK million)	Deferred tax assets	Deferred tax liabilities	Deferred tax net
2017			
Intangible assets	0.0	-31.6	-31.6
Property, plant and equipment	1.8	-23.7	-21.9
Inventories	0.4	-1.8	-1.4
Foreign exchange hedging	0.0	0.8	0.8
Tax losses to be carried forward	-	-	-
Other	-	-	-
Set-off within the same legal entities and jurisdiction	2.4	-7.7	-5.3
Temporary differences	**4.7**	**-64.0**	**-59.3**
2016			
Intangible assets	0.0	-31.4	-31.4
Property, plant and equipment	11.1	-26.1	-15.0
Inventories	0.1	-1.6	-1.5
Foreign exchange hedging	-	-	-
Tax losses to be carried forward	-	-	-
Other	11.1	-10.2	0.9
Set-off within the same legal entities and jurisdiction	-4.2	4.2	-
Temporary differences	**18.1**	**-65.1**	**-47.0**

Unrecognised tax losses carry-forwards amount to DKK 0.0m (2016: 0.0m).

NOTE 4.3 FEES TO AUDITORS APPOINTED BY THE BOARD OF DIRECTORS

(DKK million)	2017	2016
Statutory audit of financial statements	1.8	1.6
Other assurance engagements	0.2	0.3
Tax advisory services	0.8	1.0
Other services	0.5	1.0
	3.4	**3.9**

NOTE 4.4 RELATED PARTIES

Related parties exercising control

Færch Plast Group A/S was subject to controlling influence by EQT VI Limited, which through Ferguson S.à.r.l.,23, Rue Aldringen, L-1118 Luxembourg holded 92.5% of the share capital until 22 August 2017.

From 23 August 2017 Færch Plast Group A/S is subject to controlling influence by AI Roy (Luxembourg) S.à.r.l., which holds 87% of the share capital.

Færch Plast Group A/S has registered the following shareholders who hold 5% or more of the share capital:

- AI Roy (Luxembourg) S.à.r.l., 23, Rue Beck 2-4, 1222 Luxembourg, Luxembourg

During 2017 there were no transactions with the controlling shareholder and companies owned or otherwise controlled by AI Roy (Luxembourg).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties exercising significant influence

Related parties in Færch Plast Group A/S with significant influence include the Group's Executive Management and Board of Directors and their close relatives. Related parties also comprise companies in which these individuals have material interests.

In the financial year, no transactions took place with the Board of Directors and the Executive Management other than the transactions as a result of conditions of employment, except for the following:
The Group has a rental agreement for two properties in UK with Horta Properties Ltd. in which previous Board member Mark Dujardin has siginificant ownership interest.

The two rental agreements run respectively until 2017 and 2025. The rent payment amounted to DKK 3.4m in the period January - August 2017 (2016 full year: DKK 5.5m).

All transactions were performed on an arm's length basis.

Other than these transactions and remuneration as set out in note 1.2, there has been no trading with key management personnel or their close relatives.

The reorganisation of the commercial team due to a new "Go-to-market" model ensures a diversified market strategy catering for food producers, distributors and retailers


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23 Jan

NOTE 4.5 CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES

(DKK million)	2017	2016
Carrying amount of land and buildings pledged as security for bank loans and mortgages	155.3	155.7
Carrying amount of plant and machinery pledged as security for bank loans and mortgages	16.0	18.1
Leasing assets pledged as security for leasing commitments.	16.3	18.8
Guarantee commitments		
0-1 year	-	9.3
1-5 years	-	27.9
Over 5 years	-	16.2
Operating rent commitments	**-**	**53.4**
0-1 year	-	8.0
1-5 years	-	9.3
Over 5 years	-	-
Operating lease commitments	**-**	**17.3**
Commitments in relation to agreements on the purchase of property, plant and equipment	1.4	20.8
Total commitment in relation to agreement	**1.4**	**20.8**

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

100% of the shares in the subsidiary R. Færch Plast A/S is placed as security with the Company's credit institutions.

The Group has placed assets in its subsidiaries as security with the Company's credit institutions.

The Parent Company and its subsidiaries have issued irrevocably and unconditionally jointly and severally guarantees towards the Group's credit institutions.

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

NOTE 4.6 GENERAL ACCOUNTING POLICIES

The Annual Report for the period 1 January - 31 December 2017 comprises the consolidated financial statement of the parent company Færch Plast Group A/S and subsidiaries controlled by the parent company (the Group) as well as separate financial statements for the parent company, Færch Plast Group A/S.

Statement of compliance

The consolidated financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

The Annual Report is the second Annual Report that is presented in accordance with IFRS.

The Annual Report for 2017 was discussed and approved by the Executive Management and the Boards of Directors (the Board) on 27 April 2018 and will be presented for approval at the subsequent Annual General Meeting on 27 April 2018.

Materiality in the financial reporting

For the presentation of the consolidated financial statements, the Group discloses the information required according to IFRS, unless such information is deemed immaterial or irrelevant.
A judgement is made of whether more detailed specifications are necessary in the presentation of the Group's assets, liabilities, financial position and results. All judgements are made with due consideration of legislation and the consolidated financial statements as a whole presenting a true and fair view.

Basis for measurement

The consolidated financial statement are presented in Danish kroner (DKK), which is the parent company's functional currency and rounded to the nearest million.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and provisions for the acquisition of non-controlling interests, which are measured at fair value.

Adoption of new or amended IFRSs

The group has implemented all new standards and interpretations effective in the EU from 2017.

IASB has issued accounting standard IFRS 15 "Revenue from contracts with customers" to take effect as of 1 January 2018. The standard establishes a single comprehensive framework for revenue recognition and replaces IAS 18 "Revenue". The standard permits early adoption and effective 1 January 2017 the Group adopted IFRS 15. The Group's previous practice for revenue recognition has proved to comply in all material aspects with the concepts and principles encompassed by the new standard.

IASB has issued accounting standard IFRS 16 "Leases" to take effect as of 1 January 2019. The standard requires capitalization of operational lease contracts and replaces IAS 17 "Leases".
The standard permits early adoption (as long as IFRS 15 is also applied) and effective 1 January 2017 the Group adopted IFRS 16 by recognizing an opening balance adjustment to increase both right-of-use assets and lease liabilities of DKK 104.7 million.

Accounting policies

Accounting policies related to specific line items are described in connection with the notes to which they relate. The description of accounting policies in the notes form part of the overall description of accounting policies. Accounting policies not directly related to a specific line item covered by a note are presented below.

Basis for consolidation

The consolidated financial statement comprise the financial statement of the parent company Færch Plast Group A/S and subsidiaries controlled by the parent company. Subsidiaries controlled by the parent company are fully consolidated from the date on which the parent company obtains control, and continue to be consolidated until the date that such control ceases. Control is obtained when the parent company directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or has control in some other way. The financial statements of the controlled subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.
All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost.

NOTE 4.6 GENERAL ACCOUNTING POLICIES (CONTINUED)

Translation policies

Functional currency and presentation currency

Assets, liabilities and transactions of each of the reporting entities of the Group are measured in the currency of the primary economic environment in which the entity operates (the functional currency). Transactions in currencies other than the functional currency are transactions in foreign currencies. The functional currency and the presentation currency of the parent company are Danish kroner (DKK).

Translation of transactions and amounts

Transactions in foreign currencies are initially translated into the functional currency at the exchange rates at the dates of transaction. Exchange adjustments arising due to differences between the transaction date rates and the rates at the date of payment are recognised as financial income or financial expenses in the income statement. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the rates at the balance sheet date and the transaction date rates are recognised as financial income or financial expenses in the income statement.

Translation of Group entities

On recognition in the consolidated financial statements of the foreign entities with a functional currency that differs from the presentation currency of the Group, income statements are translated at transaction date rates, and balance sheet items are translated at the exchange rates at the balance sheet date. The transaction date rates are based on average rates for the individual months to the extent that this does not materially distort the presentation of the underlying transaction. Exchange adjustments arising on the translation of the opening equity of foreign entities at exchange rates at the balance sheet date and on the translation of income statements from transaction date rates to exchange rates at the balance sheet date are recognised in other comprehensive income.

Income statement

Production costs

Production costs comprise cost incurred to achieve revenue for the year. Costs comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance depreciation and amortisations, etc.

Sales and distribution expenses

Sales and distribution expenses comprise costs related to distribution of products sold during the year and sales staff, research and development, advertising and exhibition expenses etc., including depreciations. Furthermore, provisions for bad debt are included.

Administration expenses

Administration expenses incurred in the course of the year relate to management and administration, including administrative staff, office premises and office costs, as well as depreciations.

Cash flow statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year. The cash flow effect of acquisitions and disposals of companies is shown separately under cash flows from investing activities.

Cash flow relating to acquired companies are recognized in the cash flow statement at the acquisition date, and cash flows relating to divested companies are included until the disposal date.

Cash flow from operating activities

Cash flow from operating activities are calculated according to the indirect method on the basis of profit before tax and adjusted for non-cash operating items, changes in working capital, paid financial items, received dividend and paid corporation taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payment in connection with the acquisition and disposal of companies and activities, intangible assets and property, plant and equipment.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital, the raising and repayment of long-term bank debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise bank account deposits and cash balances and the portion of the liability ""borrowings"" which constitutes overdraft facilities.

NOTE 4.7 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The consolidated financial statements have been prepared to give a true and fair view of the Group's assets, liabilities and financial position at 31 December 2017. The Executive Management makes various accounting estimates and judgments which affect the consolidated financial statements.

The judgements, estimates and assumptions made are based on historical experience and other factors that the Executive Management considers to be reasonable under the give circumstances. The actual outcome can differ from the estimates.

The estimates made and the underlying assumptions are reviewed on a continuous basis. Changes made to the accounting estimates are recognised in the financial period, where the change takes place and future financial periods, if the change affects both the period, where the change takes place, and the following financial periods.

The critical accounting estimates and judgements are described under the sections to which they relate.

Accounting estimate/judgement	**Note**
Goodwill	2.1
Targible assets	2.3
Inventories	2.4

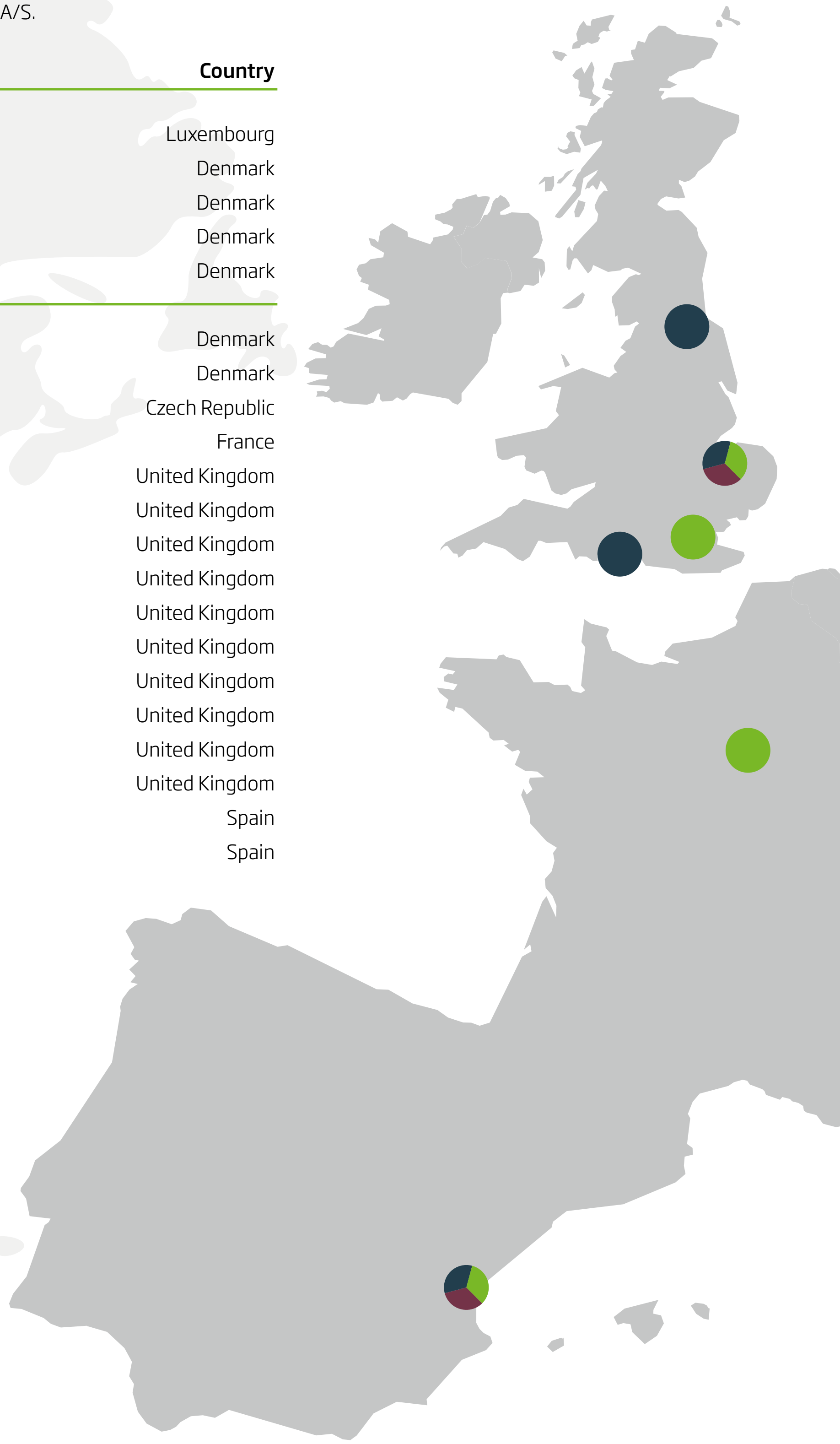
Continued success of Faerch Plast is highly dependent on the combined knowledge, expertise and drive of our 1.175 employees across the Group

NOTE 4.8 GROUP STRUCTURE

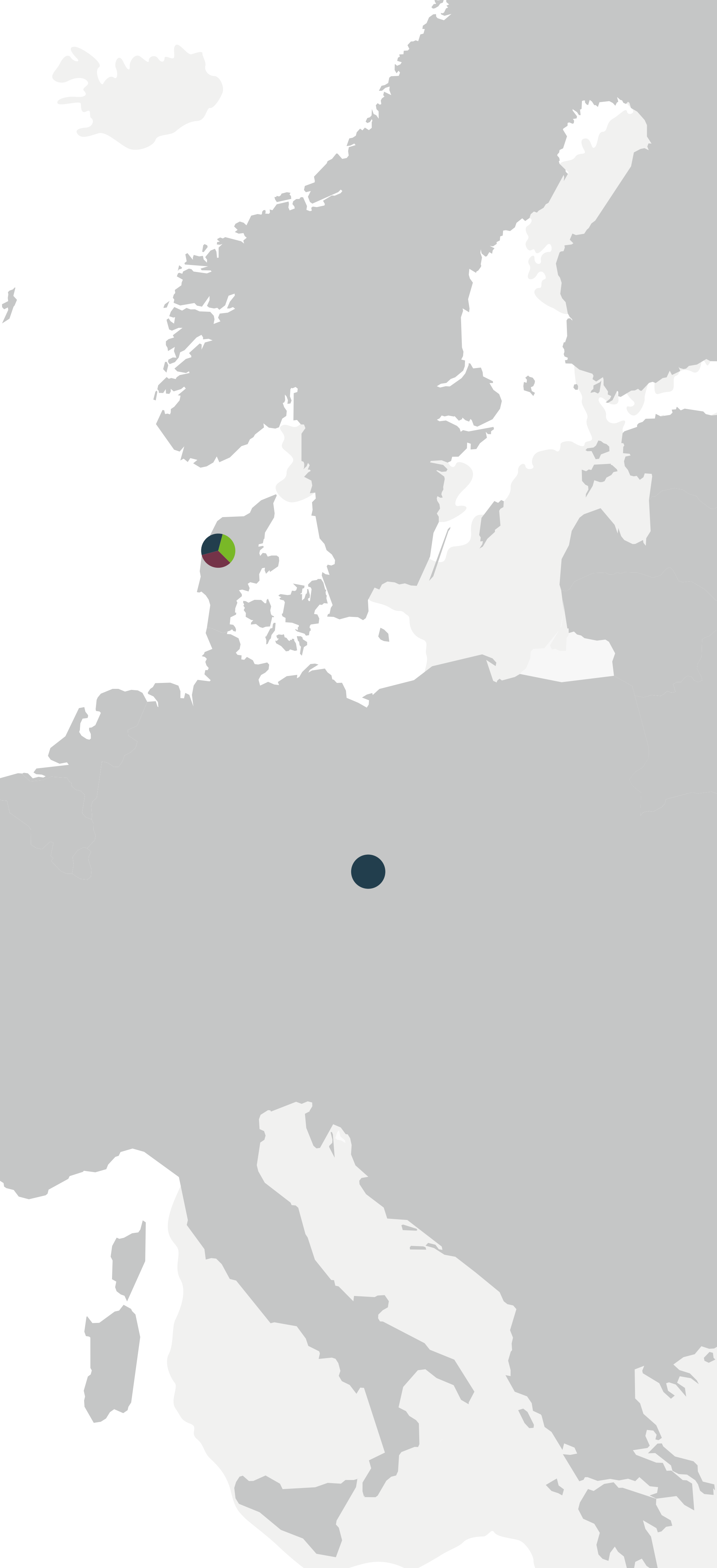
Investment in group companies comprise the following at 31 December 2017.
The companies are owned 100% by Færch Plast Group A/S.

Name of entity	Country
Al Roy (Luxembourg) S.á.r.l	Luxembourg
Faerch Plast HoldCo ApS	Denmark
Faerch Plast DebtCo ApS	Denmark
Faerch Plast MidCo ApS	Denmark
Faerch Plast BidCo ApS	Denmark

Færch Plast Group A/S	Denmark
R. Færch Plast A/S	Denmark
Faerch Plast s.r.o.	Czech Republic
Faerch Plast SAS	France
Faerch Plast Ltd.	United Kingdom
FP1988UK Ltd.	United Kingdom
Faerch Plast Manufacturing Ltd	United Kingdom
Avro Holdings Ltd.	United Kingdom
Anson Packaging Ltd.	United Kingdom
BDE Plastics Ltd. (dormant)	United Kingdom
Avro Industries Ltd. (dormant)	United Kingdom
Anson Food Services Ltd. (dormant)	United Kingdom
Faerch Plast Poole Ltd.	United Kingdom
FPH 2017 Ltd.	United Kingdom
Faerch Plast S.L.U.	Spain
Faerch Plast Bunol S.L.U.	Spain



- Manufacturing
- Sales
- Design & Innovation



MANUFACTURING LOCATIONS

Holstebro
Denmark

Liberec
Czech Republic

Durham
United Kingdom

Sutton
United Kingdom

Bunol
Spain

Poole
United Kingdom

NOTE 4.11 DEFINITION OF KEY FIGURES AND RATIO

The figures and ratios have been compiled based on the following definitions and formulas:

Gross margin = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

EBITDA margin before special items = $\frac{\text{EBITDA margin before special items}}{\text{Revenue}}$

Net interest-bearing debt = Bank debt - cash and cash equivalents

Net working capital ratio = $\frac{\text{Net working capital}}{\text{Revenue}}$

Profit before special items, after tax = Profit for the year adjusted for special items and tax on special items

Profit margin before special items, after tax = $\frac{\text{Profit before special items, after tax}}{\text{Revenue}}$

Return on equity = $\frac{\text{Profit for the year x 100}}{\text{Average equity}}$

KEY FIGURES

(DKK million)	2017 [3]	2016	2015	2014 [1]	2013 [1]
Income statement					
Revenue	2,266.9	2,079.9	1,166.5	1,082.6	1,064.0
Gross profit	644.2	607.7	491.7	443.8	430.1
EBITDA before special items [2]	514.5	511.6	268.9	236.2	220.9
EBIT before special items [2]	339.7	364.2	150.1	138.7	136.6
EBIT	312.3	338.7	150.1	138.7	136.6
Financial items, net	-109.5	-133.0	-50.7	-1.8	-4.0
Profit for the year	139.6	165.2	65.0	117.1	105.5
Financial position at 31 December					
Total assets	4,012.2	3,680.8	2,468.5	970.6	986.9
Net working capital	493.3	442.7	254.6	208.0	208.0
Equity	1,419.7	1,276.6	989.9	481.2	439.1
Net interest-bearing debt	1,741.0	1,827.0	1,159.0	308.0	313.8
Cash flow and investment					
Cash flow from operating activities	378.4	257.0	227.2	187.7	168.2
Cash flow from investing activities	-239.4	-257.4	-1,520.8	-120.4	-119.4
Investment in property, plant and equipment	-222.2	-261.6	-96.7	-114.3	-111.5
Free cash flow, excluding acquisitions	-0.4	-73.9	122.4	67.4	48.8
Key ratio					
Revenue growth	9.0%	78.3%	7.7%	1.7%	5.4%
Gross margin	28.4%	29.2%	42.2%	41.0%	40.4%
EBITDA margin before special items	22.7%	24.6%	23.1%	21.8%	20.8%
EBIT margin before special items	15.0%	17.5%	12.9%	12.8%	12.8%
Profit margin	13.8%	16.3%	12.9%	12.8%	12.8%
Net working capital ratio	21.8%	21.3%	21.8%	19.2%	19.5%
Total number of employees	1,175	1,085	510	494	512
Return on equity (ROE)	9.8%	1.9%	9.1%	25.5%	25.1%

[1] As of 1 January 2015, accounting policies were changed to IFRS. Comparative figures for 2013-2014 are presented in accordance with the Danish Financial Statement Act. Differences between the previous accounting policies and IFRS mainly relate to the accounting for amortisation of goodwill.

[2] Profit before special items, after tax are defined in key figures and ratios.

[3] IFRS 16 is applied in the 2017 figures but not adjusted in previous years.


wagamama
wagamama

FINANCIAL STATEMENT - PARENT COMPANY

INCOME STATEMENT - PARENT COMPANY

1 January - 31 December

Note	(DKK million)	2017	2016
	Revenue	-	-
	Production costs	-	-
	Gross profit	**-**	**-**
	Distribution expenses	-	-
	Administrative expenses	-0.5	-1.6
	Other operating income	-	-
	Other operating cost	-3.2	-
	Earning before interest and tax	**-3.7**	**-1.6**
1.1	Financial income	31.8	129.3
1.2	Financial expenses	118.4	191.0
	Profit before income tax	**-90.4**	**-63.4**
1.3	Tax on profit for the year	-11.7	-11.4
	Net profit for the year	**-78.7**	**-52.0**
	Proposed distribution of profit		
	Retained earnings	-78.7	-52.0
		-78.7	**-52.0**

BALANCE SHEETS- PARENT COMPANY

31 December

Note	(DKK million)	2017	2016
2.1	Investments in subsidiaries	1,991.9	1,991.9
	Financial assets	**1,991.9**	**1,991.9**
	Total non-current assets	**1,991.9**	**1,991.9**
	Receivables from Group enterprises	533.9	506.0
2.2	Deferred tax asset	-	3.2
	Corporation tax	16.9	19.4
	Receivables	**550.8**	**528.6**
	Cash at banks	**4.8**	**13.5**
	Total current assets	**555.6**	**542.0**
	Assets	**2,547.5**	**2,533.9**
2.3	Share capital	10.9	10.9
	Reserve for net revaluation under the equity method	-	-
	Retained earnings	832.9	900.8
	Equity	**843.8**	**911.7**
2.4	Credit institutions	-	1,366.0
	Long-term debt	**-**	**1,366.0**
	Credit institutions	250.0	239.8
	Payables to Group enterprises	1,453.6	0.0
	Other payables	0.1	16.4
	Short-term debt	**1,703.7**	**256.2**
	Debt	**1,703.7**	**1,622.2**
	Liabilities	**2,547.5**	**2,533.9**

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY

(DKK million)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2017	10.9	238.7	900.8	1,150.4
Change in accounting policies		-238.7		-238.7
Adjusted equity 1 January	**10.9**	**-**	**900.8**	**911.7**
Fair value adjustment of hedging instruments, end of year			13.9	13.9
Tax on adjustment of hedging instruments for the year			-3.0	-3.0
Net profit for the year			-78.7	-78.7
Equity at 31 December 2017	**10.9**	**-**	**832.9**	**843.8**

1.1 FINANCIAL INCOME

(DKK million)	2017	2016
Interest received from Group enterprises	28.2	127.1
Other financial income	3.5	2.2
Total	**31.8**	**129.3**

1.2 FINANCIAL EXPENSES

(DKK million)	2017	2016
Interest paid to Group enterprises	44.5	95.4
Other financial expenses	73.9	95.6
Total	**118.4**	**191.0**

1.3 TAX ON PROFIT/LOSS FOR THE YEAR

(DKK million)	2017	2016
Current tax for the year	-11.8	-11.3
Deferred tax for the year	3.2	-1.0
	-8.6	**-12.3**
which breaks down as follows:		
Tax on profit/loss for the year	-11.7	-11.4
Tax on changes in equity	3.1	-0.9
	-8.6	**-12.3**

2.1 INVESTMENT IN SUBSIDIARIES

(DKK million)	2017	2016
Cost at 1 January	1,991.9	1,991.9
Cost at 31 December	**1,991.9**	**1,991.9**
Value adjustments at 1 January	-	134.4
Change of accounting policies	-	-134.4
Value adjustments at 31 December	**-**	**-**
Carrying amount at 31 December	**1,991.9**	**1,991.9**

2.2 DEFERRED TAX ASSETS

(DKK million)	2017	2016
Deferred tax, net at 1 January	3.2	2.2
Deferred tax recognised in the income statement	-3.2	1.0
Deferred tax, net at 31 December	**-**	**3.2**

2.3 SHARE CAPITAL

The share capital is broken down as follow:	**Number**	**Nominal value**
		DKK '000
A-shares	9,418,577	9.4
B-shares	1,417,274	1.4
C-shares	25,412	0.0
D-shares	9,557	0.0

The share capital has developed as follows:

	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DK '000
Share capital at 1 January	10,873	10,863	10,241	0
Capital increase/decrease	-2	11	622	10,241
Share capital at 31 December	10,871	10,873	10,863	10,241

Shareholders that own more than 5% of the share capital:
AI Roy (Luxembourg) S.à.r.l., Rue Beck 2-4, 1222 Luxembourg, Luxembourg

2.4 LONG-TERM DEBT

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

(DKK million)	2017	2016
After 5 years	-	-
Between 1 and 5 years	-	1,366.0
Long-term parts	**-**	**1,366.0**
Within 1 year	250.0	239.8
Short-term part	**250.0**	**239.8**

2.5 CONTRACTUAL COMMITMENTS & CONTINGENT LIABILITIES

Contingent liabilities
The Company has as security with the Parent Company, Faerch Plast Bidco ApS', credit institutions placed shares in the subsidiary R. Færch Plast A/S and some of its subsidiaries; Faerch Plast Manufacturing Ltd, FP 2017 Ltd and Faerch Plast SLU and their subsidiaries.

The Company and the above mentioned subsidiaries have issued irrevocably and unconditionally jointly and severally guarantees towards the Group's credit institutions.

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

2.6 RELATED PARTIES AND OWNERSHIP

Færch Plast Group A/S is subject to controlling influence by AI Roy (Luxembourg) S.à.r.l., which holds 87% of the share capital.

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

Pursuant to section 98c(1) of the Danish Financial Statements Act, the Company does not disclose any information on transactions with related parties.

2.7 GENERAL ACCOUNTING POLICIES

The Financial Statement of the Parent Company have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies are the same as for the consolidated financial statements with the following exceptions.

The accounting policy regarding investments in subsidiaries has changed compared to the previous year.

Investments in subsidiaries have previously been measured according to the equity method, but is in the financial statement for 2017 and going forward measured at cost price or net realizable value if lower than the cost price.

Comparative figures have been changed in accordance with the Danish Financial Statements Act. The change ment a decrease in the company's total assets of DKK 238,8m, a decrease in liabilities of DKK 0,0 meaning a total effect on equity of DKK 238,8. Profit for the 2016 decreased with DKK 135,2m as a result of the change. All other accounting policies applied are unchanged compared to the previous year. Some reclassifications were made in the financial statements. These do not affect results or equity. Comparative figures have been restated.

Supplementary accounting policies for the Parent Company

Taxes
Current income tax, based on taxable income for the year, is expensed together with changes in deferred tax for the year.

Deferred income tax on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts is provided in full using the liability method.
The provision of deferred tax reflects the effect of any tax losses carried forward etc. to the extent it is considered likely that such items can be utilised against future taxable income. To the extent calculated deferred tax is positive, this is recognised in the balance sheet as a deferred tax asset at the expected realisable value.

Any changes in deferred tax due to changes in tax rates are recognised in the income statement.

Investment in subsidiaries
The items "Income from investments in subsidiaries" and "Income from investments in associates" 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.

Equity

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


STARBUCKS

MANAGEMENT STATEMENT

The Executive Management and Board of Directors have today considered and adopted the Annual Report of Færch Plast Group A/S for the financial year 1 January – 31 December 2017.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act and the Parent Company Financial Statements are prepared in ac-cordance with the Danish Financial Statements Act. Management's Review is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Group and the Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January - 31 December 2017.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Company, of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

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

Holstebro, 27 April 2018

Executive Management

Lars Gade Hansen
CEO

Arne Holme
CTO

Jakob Wulff Moeskjær
Regional CEO
Continental Europe

Tom Sand-Kristensen
CFO

Andrew Osborne-Smith
Regional CEO
UK & Ireland

Board of Directors

Nils Smedegaard Andersen
Chairman

Sönke Renk

Ronald John Edward Marsch

Markus Brettschneider

Laurent Bendavid

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Færch Plast Group

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2017 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Færch Plast Group for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Group 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent 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 Group or the Parent 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 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 evi-dence 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 27 April 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen	Lars Østergaard
State Authorised Public Accountant	*State Authorised Public Accountant*
mne23328	mne26806

DATA BASIS FOR SUSTAINABILITY

Applied reporting practices
The reporting practices are based on the significance criteria, which were prepared in connection with certification in accordance with ISO 14001:2004, ISO 9001, BRC/IoP Global Standard and national health and safety regulations for selected production sites. This report also serves as compliance by Faerch Plast with Sections 99a and 99b of the Danish Financial Statements Act. There are specific thresholds for when different conditions are deemed to be significant. The key figures and values in the report are calculated in accordance with the reporting practices described below.

Changes and updating of data
The same measurement and reporting method is used at all Faerch Plast locations. The accounting policies are changed compared to 2016 related to the figures for Gender distribution on manager level (page 60). It is not possible to recalculate the historical figures.

Management report
This report contains, according to the Executive Management opinion, the information that is necessary for the evaluation of the most significant social issues in the company's activities. This information is prepared in accordance with Act on Accounting for Social Responsibility and the under-represented gender, cf. Section 99a and 99b of the Danish Financial Statements Act.

Management process
In the winter of 2013, the Faerch Plast board and management adopted a policy whereby Faerch Plast would work more explicitly with its CSR communication, and thereby report annually on its social responsibility activities. The management also conducted an analysis to identify five focus areas assessed as being of particular relevance to the company and its stakeholders. The materiality assessment of focus areas was revised in 2016. The focus areas cover topics that are relevant now and that Faerch Plast believes will grow in importance in the years to come. The activities are all categorised under one of the five focus areas and will be reassessed annually by the management to ensure that the categories reflect new influences in society and the previous year's CSR activities. Stakeholders' interest in certain issues is central to Faerch Plast's choice of content. The collection of information and preparation of the report is carried out in collaboration with the following group functions: HR, Finance, Marketing, Legal, QHSE and Technology Development.

Data basis for key figures
Key figures are calculated by the company. The current report comprises the following companies:
- Færch Plast A/S
- Faerch Plast Manufacturing Ltd.
- Faerch Plast s.r.o.
- Faerch Plast Ltd.
- Faerch Plast sas
- Anson Packaging Ltd. (two locations)
- Faerch Plast Buñol S.L.U.
- Faerch Plast Poole Ltd.

This report is divided into topics relating to the five focus areas. The data and reporting practices for each of the five focus areas are listed below. Demarcations are stated for the individual focus areas.

Sustainable Packaging
CO_2 emissions for Faerch Plast trays are based on calculations made by an independent consultant, based on the actual types of plastic, and the product's full life cycle (except End-of-life treatment). The calculations were

made using a draft of PEF-methodology being developed by the EU Commission.

CPET
CO_2 emissions per 1,000 trays are calculated on the basis of average weight of produced trays in 2017 – 21 g.

APET
CO_2 emissions per 1,000 trays are calculated on the basis of average weight of produced trays in 2017 – 12 g.

Total consumption of recycled plastic in production is calculated as a share from the total raw materials purchased of APET and CPET trays.

The calculation of the savings in CO_2 emissions are made by comparing Faerch Plast trays with exact same tray but produced only with virgin material and with electricity mix based on EU average.

Food Safety
Information in this section is based on approved certifications and legislation.

Regulation 10/2011 is complied with and all new plastic types are tested internally and by an external analysis institute. All of the plastic types are tested and the data is stored internally.

The certifications, ISO 9001 for quality and BRC/IoP Global Standard for hygiene and product safety are followed and ensured through audits by external auditors.

Number of reported cases of migration tests
From 2016, in order to measure progress related to food contact safety, a quantitative target was introduced. The target is zero breaches of the established limits. Faerch Plast reports the total number of tests completed during the year, as well as the amount of breaches. The tests are performed in accordance to Faerch Plasts migration test program, which continuously monitor products released for production and encompass analysis of a product recipe involving examination of different substances in each recipe.

Responsible Operations
Energy Sector
The consumption of electricity and natural gas is measured in absolute amounts and reported by suppliers via invoices and by reading energy consumption data on the company's electricity meters.

The consumption of raw materials is calculated based on purchasing statistics and invoices from suppliers. Changes in stock from the beginning to the end of the year are included in the calculation.

Energy from renewable energy sources were purchased for the year in relation to the actual energy consumption and for the future in relation to budgeted amounts.

Plastic Waste
Key figures for plastic waste in Denmark are calculated on the basis of statistics from the waste recipient Wastenet. The result is calculated as a percentage in relation to the share of raw materials and data is collected internally by the purchasing department. Key figures for plastic waste in the Czech Republic, Spain and the UK are provided and documented by the recipient of the plastic waste and reporting from internal sources.

Plastic waste is defined as surplus plastic material in the production of plastic packaging that is not reused in

DATA BASIS FOR SUSTAINABILITY
(CONTINUED)

production. Plastic waste is disposed and removed by a different actor than Færch Plast A/S.

Data for plastic waste is calculated for all sites covered by this report.

Demarcation
This report covering electricity consumption and CO_2 emissions only applies to Faerch Plast's six factories. Energy consumption and the associated greenhouse gas emissions from Faerch Plast's two foreign sales offices are deemed insignificant in this context, as it comprises a relatively small percentage of the Group's total energy consumption.

Employee transport, emissions from energy consumption in the sales offices and energy consumption and the use of fossil fuels that are not a part of the production process are not included in the CO_2 calculations.

People & Organisation
Accident Frequency
The number of work accidents is calculated as the number of injuries in the given year that resulted in one or more days of absence from work. The accident rate is calculated as the number of work accidents per one million working hours.

The accident frequency for the period 2013-2017 covers both production and office employees.

Demarcation
Temporary workers are not included in the report, but any work-related accidents are reported to the Danish Working Environment Authority.

Career Development
The results in relation to internal recruitment and career development are calculated on the basis of internal reports from the HR department in the form of a HR report. The total number of internal recruitments and career development as a percentage of the total number of recruitments and career development in total.

Governance
The developed compliance program increases the employees' knowledge about fair competition and anti-corruption and consists of employee training, e-learning, reviewing group policies and manuals.

Information about the actual staff training is recorded in internal registration system.

The 'Supplier Code of Conduct' reflects Faerch Plast's expectations to our suppliers and is based on the ten principles of the UN Global Compact. Most of our major suppliers have already signed our Supplier Code of Conduct. Major suppliers are defined as suppliers of items, materials etc. to Faerch Plast.

Færch Plast Group A/S

Rasmus Færchs Vej 1
7500 Holstebro
Denmark

faerchplast.com