

Plus Pack A/S

Energivej 40
5260 Odense S

Annual Report 2017

Co. Reg. No. 37 75 40 13

The financial statements were presented
and approved at the Company's
annual general meeting on 16 of April 2018.

Chair of the Meeting

Jens Albert Harsaae

CORPORATE INFORMATION

HEAD OFFICE

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Co. Reg. No. 37 75 40 13
Financial year 1 January – 31 December
Registered office: Odense

BOARD OF DIRECTORS

Jens Albert Harsaae, Chairman
Torben Sørensen
Carsten Bo Pedersen
Steen Haustrup
Jens Kristensen
Camilla Haustrup Hermansen
Pia Lyneborg Andersen, Employee Representative
John Helmuth Madsen, Employee Representative
Torben Käehne Rasmussen, Employee Representative

MANAGEMENT

Anders Top Haustrup, CEO
Søren Bender Egesborg, Group Sales Director

AUDITORS

Deloitte
State Authorised Public Accountants
Tværkajen 5
DK- 5000 Odense
Customer responsible partner:
Lars Knage Nielsen
State Authorised Public Accountant

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STATEMENT BY THE MANAGEMENT

The Board of Directors and Management have today discussed and adopted the financial statements of Plus Pack A/S for the financial year 1 January – 31 December 2017.

The financial statements have been presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a true and fair view of the Group's and the Parent Company's assets, liabilities, financial position as at 31 December 2017, operating profit and cash flow for 2017.

In our opinion the Directors' report contains a fair view of the affairs and conditions referred to therein.

The financial statements are recommended to the Annual General Meeting of shareholders for adoption.

Odense, 16 of April 2018

Management

Anders Top Hastrup
CEO

Søren Bender Egesborg
Group Sales Director

Board of Directors

Jens Albert Harsaae
Chairman

Torben Sørensen

Carsten Bo Pedersen

Steen Hastrup

Camilla Hastrup Hermansen

Jens Kristensen

John Helmuth Madsen
Employee Representative

Torben Käehne Rasmussen
Employee Representative

Pia Lyneborg Andersen
Employee Representative

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Plus Pack A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Plus Pack A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going

concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

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

tained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 16 of April 2018

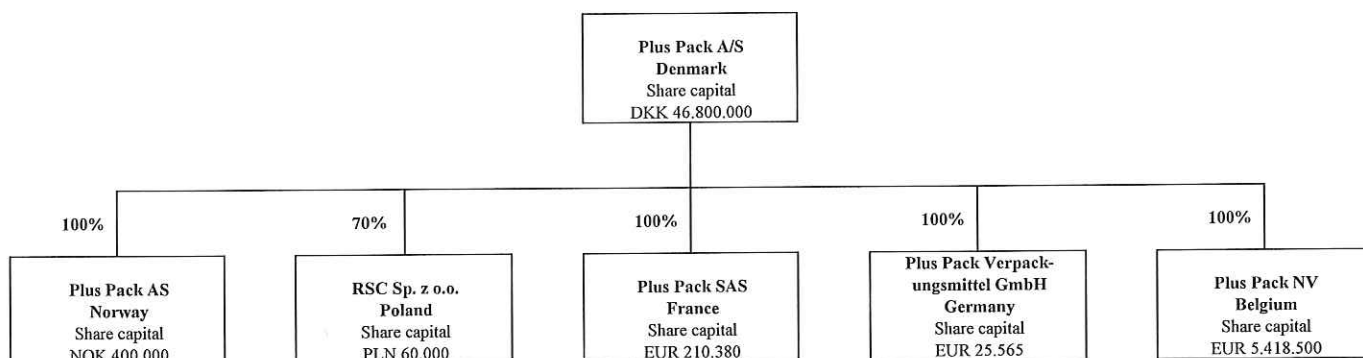
Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

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State-Authorised
Public Accountant
MNE no mne9905

Allan Dydensborg Madsen
State-Authorised
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GROUP ORGANISATIONAL CHART



PLUS PACK GROUP COMPANIES

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Sales Manager
Jaroslaw Czerwinski

Based on consolidated figures

(tdkk)	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
KEY FIGURES					
Net turnover	583.627	565.483	546.571	547.310	577.822
Gross profit or gross loss	168.206	167.262	152.805	139.376	128.737
Profit before financial items	34.045	38.276	30.377	21.735	-1.457
Profit from financial items	-5.905	-7.393	-9.312	-11.790	-13.180
Profit for the year after tax	21.793	24.041	18.029	8.088	-15.871
Balance sheet total	307.367	278.756	275.306	293.106	307.866
Investments in fixed assets	11.936	23.658	18.114	9.241	23.000
Equity	107.096	95.806	71.245	52.818	46.164
Subordinate loan capital	10.059	10.000	10.000	15.750	15.000
No. of employees	221	216	198	205	219

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
RATIOS					
Net turnover index, (2013 = index 100)	101	98	95	95	100
Gross profit margin	28,8%	29,6%	28,0%	25,5%	22,3%
Net profit ratio	5,8%	6,8%	5,6%	4,0%	-0,3%
Return on investment	11,6%	13,8%	10,7%	7,2%	-0,5%
Equity ratio	34,8%	34,4%	25,9%	18,0%	15,0%
Equity ratio incl. subordinate loan capital	38,1%	38,0%	29,5%	23,4%	19,9%
Return on equity	21,5%	28,8%	29,1%	16,3%	-29,8%

DIRECTORS' REPORT

CORE ACTIVITIES

Plus Pack's promise is to make food stand out. Plus Pack designs, develops, manufactures and sells packaging solutions for food with a special focus on fresh convenience food and meals.

The key business areas are:

- Standard aluminium packaging: one of the widest assortments in Europe with many designs, shapes and sizes for multiple food applications.
- Specialist and portion packaging: aluminium solutions for food which need to be preserved over a longer period of time.
- Ready2Cook®: packaging concept comprising sealable aluminium packaging with plastic lids for freshly packed hot and cold food and ready meals.
- Thermoformed plastic packaging: standard and customised plastic solutions for hot and cold ready meals, snacks, take-away and food service.

Plus Pack has considerable insight into regional food markets and trends through local sales organizations in Europe and representatives globally.

THE YEAR 2017

Plus Pack remains committed to its leading position as a provider of both standard and customized, innovative packaging solutions.

The Group's net revenue for the 2017 financial year was DKK 583.627 million, which is DKK 18.144 million higher than in 2016. Profit before tax amounted to DKK 28.140 million, compared with a profit before tax of DKK 30.883 million the year before. Profit of the year was DKK 21.793 million in 2017, compared with DKK 24.041 million in 2016.

The financial result was negatively impacted by higher raw material costs, which increased substantially during 2017. Moreover, Plus Pack experienced higher than expected costs from the implementation of a new ERP system, which was finalized at the end of the year. Taking these costs into consideration, the result for 2017 is satisfactory.

Equity improved to DKK 107.096 million at 31 December 2017, compared with DKK 95.806 million at the beginning of the year. Including the subordinate loan capital the base capital was DKK 117.155 million end 2017 compared with DKK 105.806 million end 2016.

In 2017, operations showed a positive cash flow of DKK 13.082 million. Plus Pack's total investments during the 2017 financial year amounted to DKK

23.417 million compared with DKK 22.987 million in 2016.

The number of employees within the Plus Pack group averaged 221 in 2017, compared to 216 in 2016.

EVENTS SINCE THE END OF THE FISCAL YEAR

From the reporting date until today, no events have taken place to change the assessments made in the Annual Report.

THE FUTURE

In 2018, Plus Pack will continue to strengthening the company's position as a preferred partner for innovative packaging solutions.

The financial result in 2018 is expected to be marginally higher than 2017. Investments are expected to be at the same level as 2017.

FINANCIAL RISKS

Plus Pack continually seeks to reduce the Group's risks in relation to commodity purchases and currency transactions through hedging within a specified timeframe. Interest rate risks relating to the Group's loan financing are hedged as far as this is deemed profitable. Plus Pack does not pursue a policy of participating in speculative financial transactions, and hedging relating to commodities, interest and currencies is always founded on underlying business transactions.

Plus Pack is working proactively in partnership with existing financing partners to exercise diligence in relation to Plus Pack's financial risks and in such a way that the Company maintains its competitive engagement at all times.

SOCIAL RESPONSIBILITY

Plus Pack has established policies within social responsibility covering equality, working environment, human rights, suppliers and use of energy and resources.

For further information please visit the Plus Pack website: <https://pluspack.com/wp-content/uploads/2018/04/plus-pack-csr-report-2017.pdf>

SHAREHOLDERS

At the end of the year, the following shareholders were registered as holding at least 5% of the votes or share capital (the shareholders' ownership interest and voting shares are identical).

- A/S Haustrup Holding, Odense

ACCOUNTING PRINCIPLES

GENERAL

The financial statements of Plus Pack A/S are presented in accordance with the regulations relating to Class C, large companies, of the Danish Financial Statements Act.

The annual report for 2017 is compiled in DKK thousand.

The accounting principles applied for the annual report are consistent with those applied last year.

General information on inclusion in calculations and measurement

The accounts have been prepared based on the historical cost price principle.

Income is included in the income statement as it is earned. Adjustments in the value of financial assets and liabilities measured at fair value or amortised cost price are also included. The income statement also includes all the costs that have been paid to achieve the annual income, including amortisation and depreciation, write-downs and provisions as well as reversals as a result of the changed accounting estimates of amounts which were previously included in the income statement.

Assets are included in the balance sheet where it is likely that the Company will benefit from future economic advantages and the value of the asset can be measured reliably.

Liabilities are included in the balance sheet where it is likely that the Company will lose future economic advantages and the value of the liability can be measured reliably.

When first included, assets and liabilities are measured at cost price. Assets and liabilities are subsequently measured as described for each individual account item below.

Certain financial assets and liabilities are measured at amortised cost price where a constant effective interest over the maturity period is included. The amortised cost price is calculated as the original cost price less principal payments plus/minus the cumulative amortisation of the difference between the cost price and the nominal amount. In this way capital losses and gains are amortised over the maturity period.

When including and measuring, consideration is given to the foreseeable losses and risks that occur prior to the presentation of the financial statements

and that confirm or invalidate circumstances on the balance sheet date.

DKK will be used as the measurement currency. All other currencies will be regarded as foreign currency.

Leasing

Leases where the Company bears all the significant risks and advantages associated with ownership (financial leasing) are included in the balance sheet at the fair value of the asset or the current value of lease payments, whichever is the lowest, calculated using the lease's internal interest rate or an approximate value thereof as a discount factor. Financially leased assets are amortised and written down using the same method laid down for the Company's other fixed assets.

The capitalised residual lease obligation is included in the balance sheet as a liability and the lease payment's interest rate component is charged on an ongoing basis in the income statement.

All other leases are considered to be operating leases. Lease payments for operating leases are included directly in the income statement over the lease term.

Consolidation

The consolidated financial statements include Plus Pack A/S (the Parent Company) and the companies (subsidiaries) in which the Parent Company directly or indirectly holds more than 50% of the voting rights or in some other way has a controlling influence. Companies in which the Group owns between 20% and 50% of the voting rights and has a significant, but not controlling, influence are regarded as associated companies. An overview of the Group is shown earlier in the annual report.

The consolidated financial statements are prepared as an amalgamation of the audited financial statements of the Parent Company and the individual subsidiaries, which are all prepared in accordance with the Group's accounting principles. Intragroup income and expenditure, shareholdings, balances and dividends are eliminated, as are unrealised internal gains and losses.

In the case of the acquisition of new companies the acquisition method is used, whereby the assets and liabilities of the newly acquired company are converted to market values at the time of acquisition. If the cost price exceeds the net asset value for accounting purposes calculated after revaluation, the remaining positive difference is capitalised as goodwill in the year of acquisition and is amortised

systematically in the profit and loss account in accordance with an individual assessment of the economic lifetime of the asset, which shall not exceed 20 years.

Translation of foreign currencies

Transactions in foreign currencies are translated during the year at the exchange rate on the transaction date.

Unrealised and realised gains and losses on forward exchange contracts, which are hedging transactions, are included in the profit and loss account at the same time and under the same item as the exchange rate adjustment of the hedged transactions.

Receivables, debt and other items in foreign currency not settled on the balance sheet date are translated at the exchange rate on the balance sheet date.

To the extent that the value of receivables, debt and other items in foreign currency are hedged through forward exchange contracts, the items are translated at the hedged rates without accrual of premiums and discounts.

Other realised and unrealised exchange rate adjustments are included in the profit and loss account under financial items.

The balance sheet items of foreign subsidiaries are translated at the exchange rate on the balance sheet date. The profit and loss accounts are translated at the average exchange rates for the year. Exchange rate adjustments on investments in subsidiaries and associated companies are taken directly to equity.

Derivatives

Derivative financial instruments are initially recorded on the balance sheet at their cost price and are subsequently assessed at their market value. Positive and negative market values of derivatives are included as accruals under assets or liabilities respectively.

Any changes in the market values of derivatives which are classified as, and meet the criteria for, the hedging of the market value of an included asset or liability are recorded in the profit and loss account together with any changes in the market value of the hedged asset or liability.

Any changes in the market value of derivatives which are classified as, and meet the criteria for, the hedging of expected future transactions relating to purchases and sales in foreign currency or the hedging of interest are included as accruals or as equity under retained earnings. If the expected future transaction results in the recording of an asset or liability, the amount which was deferred under

shareholders' equity is transferred from shareholders' equity and is included in the cost price of the asset or liability. Amounts which are deferred in equity are transferred to the profit and loss account in the period in which the hedged item affects the profit and loss account.

Segment information

With reference to Danish Financial Statements Act § 96 3rd sentence, segment information is omitted, as the submission of this information could cause seriously damage to the company, which is justified by the relatively few competitors in the industry.

PROFIT AND LOSS ACCOUNT

Net revenue

Net revenue is included in the profit and loss account if delivery and transfer of risk took place prior to the end of the financial year.

Production costs

Production costs include materials consumed and expenses incurred, including depreciation and wages, in order to achieve the net revenue for the year.

Sales and distribution costs

Sales and distribution costs include expenses relating to shipping, sales staff, warehouse staff, advertising and exhibitions etc. and depreciation.

Administration costs

Administration costs include expenses relating to administrative staff, management, office premises and office expenses etc. and depreciation.

Other operating income/expenses

Other operating income and other operating expenses cover accounting items of a secondary nature in relation to the Company's core activity.

Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities, payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt etc

Tax

Tax on profits for the year comprises current year tax and deferred tax for the year and is included in the income statement to the extent that it can be attributed to the profit for the year, and is taken directly to equity to the extent that it can be attributed to items taken directly to equity.

Any changes in deferred tax as a result of amendments to tax rates are included in the income statement.

The Group is jointly taxed with the Group's Danish and foreign subsidiaries (international joint taxation). The Group's subsidiaries are included in the joint taxation from the date on which they are recognised in the consolidated financial statements and until the date on which they cease to be recognised in such statements.

The relevant Danish corporation tax is distributed fully between the jointly taxed Danish subsidiaries according to their taxable income (full distribution).

C&A Invest A/S, the ultimate parent company, acts as a management company.

Current tax liabilities are included on the balance sheet under short-term debt to the extent that they have not been paid.

Deferred tax liabilities are included on the balance sheet as a provision. The deferred tax liability is included as tax on temporary differences with the exception of goodwill which does not qualify for a depreciation allowance. The deferred tax liability is calculated at 22%.

A provision for deferred tax is made at the tax rate expected in the country concerned. Changes in deferred tax as a result of changes in tax rates are included in the income statement.

BALANCE SHEET

Intangible assets

Intangible assets are valued at their cost price less accumulated depreciation and writedowns. Amortisation and depreciation are applied on a straight-line basis over the expected lifetime of the asset, which is:

Goodwill up to 20 years
Know-How up to 20 years
Software 5 years

Assets with a short lifetime and low-value assets are charged to expenses in the year of acquisition.

The amortisation period of up to 20 years for goodwill and know-how is determined on the basis of the Management's experience in the Group's areas of business and, in the Management's opinion, reflects the best estimate of the acquired company's economic lifetime.

Property, plant and equipment (PPE)

Property, plant and equipment (PPE) is assessed at its cost price less accumulated depreciation and writedowns.

The cost price includes the cost of materials, components, services of external suppliers, direct wage costs and indirect production costs. Interest and other borrowing costs are not included in the cost price.

Property, plant and equipment (PPE) is depreciated on a straight-line basis over the expected lifetime of the asset to the expected residual value. The lifetime of major assets is determined on an individual basis, but the lifetime of other assets is determined for groups of assets of the same type. The expected lifetimes of the latter assets is:

Plant and machinery, aluminium prod. 10–20 years
Plant and machinery, plastic prod. 5–10 years
Tools for aluminium production 10 years
Tools for plastic production 5 years
Other plant, equipment and fixtures
and fittings 3–8 years

Assets with a cost price of less than DKK 13,200 per unit are charged in the year of acquisition.

The costs of repair and maintenance of property, plant and equipment (PPE) is included in production costs in the profit and loss account.

Gains or losses on the disposal or scrapping of property, plant and equipment (PPE) are calculated as the difference between the sales price (less dismantling, sales and reinstatement costs) and the book value and are included in the profit and loss account as other operating income or as costs of production, sales and distribution and administration costs.

Investments in subsidiaries

Investments in subsidiaries are recognised and assessed in the Parent Company's financial statements in accordance with the net equity method.

The financial statements of the Parent Company include a pro rata share of the subsidiaries' profit after tax for the year less amortisation of goodwill under the item "Income from holdings in subsidiaries".

A pro rata share of the companies' net asset values, calculated in accordance with the accounting principles of the Parent Company and adjusted for the share of unrealised intragroup profits or losses and for positive or negative goodwill, is recognised on

the balance sheet under the item "Investments in subsidiaries".

Subsidiaries with negative net asset values are valued at DKK 0, and any receivables from these companies are written down by the Parent Company's share of the negative net asset value. If the negative net asset value for accounting purposes exceeds the value of receivables, the residual amount is recorded under "Other provisions".

Net revaluations of investments in subsidiaries in excess of the dividend received from the company are taken to equity as "Reserve for net revaluation in accordance with the net equity method" under shareholders' equity.

Other securities and holdings

Other securities and holdings are assessed at their market value. Unlisted securities are assessed at their estimated sales value.

Depreciation of fixed assets

The accounting values of intangible assets and property, plant and equipment (PPE) are reviewed annually to determine whether there is any indication of a reduction in value over and above that expressed by regular depreciation. Where this is the case, the asset is written down to its lowest recovery value. The recovery value of the asset is calculated as the greater of the net sales price and the capital value. If it is not possible to determine the recovery value of a particular asset, an assessment is made of the writedown requirement for the smallest group of assets for which it is possible to calculate the recovery value.

Goodwill and other assets for which it is not possible to assess any capital value because the assets do not in themselves generate future cash flows are assessed for the purpose of their writedown requirements together with the group of assets to which they can be attributed.

Stocks

Stocks are assessed at their cost price in accordance with the FIFO method or at the net realisable value (the expected sales price less any finishing costs and costs of sales) if this is lower.

The cost price of goods for resale, raw materials and ancillary materials includes the invoice price plus delivery costs.

The cost price of manufactured, finished goods and of work in progress includes the purchase price of the materials used and direct wage costs plus indirect production costs. Indirect production costs include indirect materials and wage costs, the maintenance and depreciation of machinery, factory buildings and

equipment used in the production process, and factory administration and management costs. Any borrowing costs during the manufacturing period are not included.

Receivable

Receivable are assessed at their nominal value less writedowns for expected losses on the basis of individual assessments.

Provisions

Provisions are included where the Company has a legal or actual liability as a result of an event which occurred before or on the balance sheet date and it is likely that financial assets will have to be surrendered in order to meet the liability.

Financial liabilities

Fixed-interest loans such as mortgage loans and bank loans which are expected to be held to maturity are recorded at the raising of the loan as the funds received less transaction costs incurred. In subsequent periods the loans are assessed at their amortised cost price, which corresponds to the capitalised value on the basis of the effective interest rate, such that the difference between the funds received and the nominal value (the capital loss) is included in the profit and loss account over the term of the loan.

Other liabilities are assessed at their amortised cost price, which largely corresponds to the nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the consolidated cash flow for the year and the Group's liquid assets at the beginning and end of the year.

Cash flow from operations

The cash flow from operations is presented indirectly and is calculated as the profit for the year adjusted for non-liquid operating items, changes in working capital, financial and extraordinary items paid and corporate tax paid.

Cash flow to investments

The cash flow from investment activities includes payments in connection with the purchase and sale of fixed assets and payments in connection with the purchase and sale of companies.

Cash flow from financing

The cash flow from financing activities includes payments to and from shareholders and the raising and repayment of secured debts and other long-term debt.

Liquidity

Liquidity includes liquid funds and realisable securities with insignificant risk of value adjustments less short-term bank loans payable on demand which are included in the ongoing liquidity management.

SUMMARY OF KEY FIGURES AND RATIOS

The key figures are presented in accordance with the recommendations of the Danish Society of Financial Analysts.

The key figures were calculated as follows:

Gross profit margin =
 $\text{Gross profit/net revenue} \times 100$

Net profit ratio =
 $\text{Profit before financial items/net revenue} \times 100$

Return on investment =
 $\text{Profit before financial items/average assets} \times 100$

Equity ratio =
 $\text{Equity as at 31 Dec/assets as at 31 Dec} \times 100$

Return on equity =
 $\text{Profit for the year after tax/average equity} \times 100$

INCOME STATEMENT 1 January - 31 December

Notes (tdkk)	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Net sales	583.627	565.483	523.550	510.005
1 Production expenses	-415.421	-398.221	-419.009	-404.435
GROSS PROFIT	168.206	167.262	104.541	105.570
1 Selling and distribution expenses	-100.442	-93.358	-58.980	-55.201
1 Administration expenses	-33.611	-35.417	-23.966	-25.030
Other operating income	434	336	0	0
1 Other operating expenses	-542	-547	0	0
PROFIT BEFORE FINANCING	34.045	38.276	21.595	25.339
2 Income from holdings in subsidiaries	0	0	9.214	8.893
3 Financial income	1.274	1.280	1.275	1.533
3 Financial expenses	-7.179	-8.673	-7.105	-7.665
PROFIT BEFORE TAX	28.140	30.883	24.979	28.100
4 Tax on profit for the year	-6.347	-6.842	-3.503	-4.295
5 PROFIT FOR THE YEAR	21.793	24.041	21.476	23.805

BALANCE SHEET 31 December

Assets

Notes (tdkk)	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Goodwill	6.978	8.244	0	0
Other intangible assets	10.758	1.347	10.758	1.347
6 INTANGIBLE FIXED ASSETS	17.736	9.591	10.758	1.347
Land and buildings	6.074	6.413	0	0
Tools and machinery	57.487	54.294	61.079	59.814
Process materials and fixtures and fittings	11.061	7.850	9.628	7.082
Fixed assets in process of construction	10.907	20.676	10.907	20.676
7 TANGIBLE FIXED ASSETS	85.529	89.233	81.614	87.572
2+8 Investments in subsidiaries	0	0	38.585	34.795
Deposits	8.146	8.134	7.991	7.980
FINANCIAL ASSETS	8.146	8.134	46.576	42.775
FIXED ASSETS	111.411	106.958	138.948	131.694
Raw materials	33.031	36.397	32.457	35.822
Finished goods	46.901	40.164	46.238	38.709
INVENTORIES	79.932	76.561	78.695	74.531
Receivables from sales and services	97.143	80.101	46.152	34.501
Receivables from related companies	41	0	12.051	6.977
9 Deferred tax	6.663	7.211	0	0
Other receivables	2.643	5.028	2.640	3.257
10 Accruals	7.246	2.181	4.348	1.034
RECEIVABLES	113.736	94.521	65.191	45.769
CASH	2.288	716	0	53
CURRENT ASSETS	195.956	171.798	143.886	120.353
TOTAL ASSETS	307.367	278.756	282.834	252.047

BALANCE SHEET 31 December

Liabilities

Notes (tdkk)	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
11 Share capital	46.800	46.800	46.800	46.800
Retained earnings	47.941	36.742	47.941	36.742
Minority interests	355	264	0	0
Proposed dividend	12.000	12.000	12.000	12.000
EQUITY	107.096	95.806	106.741	95.542
9 Deferred tax	3.989	537	3.989	537
2+8 Negative investments in subsidiaries	0	0	116	38
Other provisions	3.899	3.691	0	0
PROVISIONS	7.888	4.228	4.105	575
Other long-term debt	6.844	10.942	6.725	10.792
12 LONG-TERM DEBT	6.844	10.942	6.725	10.792
Bank loans	65.981	38.034	49.943	15.216
Subordinate loan capital	10.059	10.000	10.059	10.000
Trade creditors	61.160	69.120	53.641	62.389
Debts to related companies	0	0	18.663	20.835
Corporation tax	3.696	3.160	3.062	2489
Other debt	44.643	47.466	29.895	34.209
SHORT-TERM DEBT	185.539	167.780	165.263	145.138
TOTAL DEBT	192.383	178.722	171.988	155.930
TOTAL LIABILITIES	307.367	278.756	282.834	252.047

13-19 Provision of collateral, contingent liabilities, employees and other information.

EQUITY 31. December

Equity are specified as follows:

Equity at 1 January 2017	46.800	36.742	12.000	264	95.806	71.520
Profit for the year	0	9.476	12.000	317	21.793	24.041
Dividend paid out	0	0	-12.000	0	-12.000	0
Dividend minority interests	0	0	0	-215	-215	-237
Exchange rate adjustment	0	-129	0	0	-129	7
Adjustment of current value via equity	0	1.852	0	-11	1.841	475
Equity at 31 December 2017	46.800	47.941	12.000	355	107.096	95.806

PARENT COMPANY

Equity are specified as follows:

	<u>Share-capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Minority interests</u>	<u>2016 Total</u>	<u>2015 Total</u>
Equity at 1 January 2017	46.800	36.742	12.000	0	95.542	71.245
Profit for the year	0	9.476	12.000	0	21.476	23.805
Dividend paid out	0	0	-12.000	0	-12.000	0
Exchange rate adjustment	0	-129	0	0	-129	7
Adjustment of current value via equity	0	1.852	0	0	1.852	485
Equity at 31 December 2017	46.800	47.941	12.000	0	106.741	95.542

CASH FLOW STATEMENT

(tdkk)

CASH FLOW FROM OPERATIONS

	2017	2016
Profit for the year before tax	28.140	30.883
Depreciation inc. gain/loss on disposal of tangible fixed assets	19.020	17.254
Minority interests part of subsidiaries profit	-317	-236
Provisions and other adjustments	3.149	1.079
Corporate tax paid	-2.354	-2.269
Change in inventories and receivables	-23.538	-6.794
Change in trade creditors and other debt	-11.018	9.243
CASH FLOW FROM OPERATIONS	13.082	49.160

CASH FLOW FROM INVESTMENTS

Purchase of intangible fixed assets	-11.481	0
Purchase of tangible fixed assets	-11.936	-23.658
Proceeds from sale of fixed assets	0	671
CASH FLOW FROM INVESTMENTS	-23.417	-22.987

CASH FLOW FROM FINANCING

Dividend paid out	-12.000	0
Subordinate loan capital	59	0
Change in borrowing from financial and credit institutions	-4.259	-5.193
New loan from credit institutions	0	3.879
CASH FLOW FROM FINANCING	-16.200	-1.314

CASH FLOW FOR THE YEAR

Cash and cash equivalents as at 1 January	-33.052	-57.911
Cash and cash equivalents as at 31 December	-59.587	-33.052

NOTES TO THE FINANCIAL STATEMENT

(tdkk)	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
1 DEPRECIATION				
Depreciation of intangible and tangible fixed assets for the year are included in the statement of income as follows:				
Production expenses	14.247	13.196	15.242	14.573
Selling and distribution expenses	28	27	0	0
Administration expenses	4.378	3.893	2.921	1.586
Other operating expenses	0	13	0	0
	18.653	17.129	18.163	16.159

2 INVESTMENTS IN SUBSIDIARIES – PARENT COMPANY

(tdkk)	Nominal value		Share of ownership		Original cost	
Plus Pack AS, Norway	400 tnok		100%		442	
RSC Sp. z o.o., Poland	60 tpln		70%		696	
Plus Pack NV, Belgium	5.419 teur		100%		73.964	
Plus Pack SAS, France	210 teur		100%		23.005	
Plus Pack Verpackungsmittel GmbH, Germany	26 teur		100%		31.483	
					129.590	
	Book value at 01.01.2017	Profit share bef. tax	Tax	Dividend	Other adjustments	Book value at 31.12.2017
Plus Pack AS, Norway	1.727	2.172	-528	-1.170	-180	2.021
RSC Sp. z o.o., Poland	615	927	-188	-571	46	829
Plus Pack NV, Belgium	29.469	4.041	-544	0	53	33.019
Plus Pack SAS, France	2.984	4.249	-1.503	-2.980	-34	2.716
	34.795	11.389	-2.763	-4.721	-115	38.585
Plus Pack Verpackungsmittel GmbH, Germany	-10.606	588	0	0	-14	-10.032
	-10.606	588	0	0	-14	-10.032

The negative booked value of subsidiaries is offset against receivables from subsidiaries.
 Negative booked value more than receivables are booked under provision.

NOTES TO THE FINANCIAL STATEMENT

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
(tdkk)				
3 FINANCIAL INCOME/EXPENSES				
Interests from intercompany receivables	0	0	374	402
Interest on intercompany receivables	0	0	-2.226	-1.759
4 CORPORATE TAX				
Tax calculated on the year's taxable income	2.867	4.409	573	2.395
Adjustment of tax relating to previous years	0	-12	0	0
Adjustment of provision for deferred tax	4.002	2.582	3.452	2.037
Tax for the year	6.869	6.979	4.025	4.432
tax for the year comprises the following:				
Tax on profit of the year	6.347	6.842	3.503	4.295
Tax on changes on equity	522	137	522	137
Tax for the year	6.869	6.979	4.025	4.432
5 PROPOSED APPROPRIATION OF PROFIT				
Proposed dividend	12.000	12.000	12.000	12.000
Minority interests part of subsidiaries profit	317	236	0	0
Profit brought forward	9.476	11.805	9.476	11.805
Profit for the year	21.793	24.041	21.476	23.805

NOTES TO THE FINANCIAL STATEMENT

6 INTANGIBLE ASSETS

(tdkk)	GROUP		PARENT COMPANY	
	Goodwill	Other assets	Goodwill	Other assets
Cost at 1 January	40.196	12.936	2.700	12.951
Additions	0	11.481	0	11.481
Exchange rate adjustment	50	15	0	0
Cost at 31 December	40.246	24.432	2.700	24.432
Write-down at 1 January	-2.287	0	0	0
Write-down at 31 December	-2.287	0	0	0
Depreciation at 1 January	29.665	11.589	2.700	11.604
Exchange rate adjustment	35	15	0	0
Depreciation for the year	1.281	2.070	0	2.070
Depreciation at 31 December	30.981	13.674	2.700	13.674
Book value at 31 December	6.978	10.758	0	10.758

7 TANGIBLE FIXED ASSETS – GROUP

(tdkk)	Land and buildings	Machinery and tools	Fixtures, fittings and equipment	Fixed assets in process of construction
Cost at 1 January	8.254	276.785	54.898	20.676
Exchange rate adjustment	60	-206	63	0
Additions	99	14.599	7.007	10.504
Disposals	-498	-1.171	-3.315	-20.273
Cost at 31 December	7.915	290.007	58.653	10.907
Depreciation at 1 January	1.841	222.491	47.048	0
Exchange rate adjustment	52	-214	50	0
Reversal of depreciation from disposals for the year	-498	-1.142	-2.978	0
Depreciation for the year	446	11.385	3.472	0
Depreciation at 31 December	1.841	232.520	47.592	0
Book value at 31 December	6.074	57.487	11.061	10.907
Assets held under a finance lease	0	15.021	98	0

NOTES TO THE FINANCIAL STATEMENT

7 TANGIBLE FIXED ASSETS - PARENT COMPANY

(tdkk)	Machinery and tools	Fixtures, fittings and equipment	Fixed assets in process of construction
Cost at 1 January	262.276	38.695	20.676
Additions	14.272	6.127	10.504
Disposals	-1.078	-3.046	-20.273
Cost at 31 December	275.470	41.776	10.907
Afskrivninger 1. januar	202.462	31.613	0
Reversal of depreciation from disposals for the year	-919	-2.709	0
Depreciation for the year	12.848	3.244	0
Depreciation at 31 December	214.391	32.148	0
Book value at 31 December	61.079	9.628	10.907
Assets held under a finance lease	15.021	98	0

8 FINANSIAL ASSETS - PARENT COMPANY

(tdkk)	Investments in subsidiaries	Other securities and holdings
Cost at 1 January	129.590	420
Cost at 31 December	129.590	420
Write-up and down at 1 January	105.401	420
Exchange rate adjustment	129	0
Profit for the year	-9.214	0
Dividend	4.721	0
Write-up and down at 31 December	101.037	420
Book value at 31 December	28.553	0
Fixed assets	38.585	
Write-down on receivables	-9.916	
Negative investments in subsidiaries	-116	
	28.553	

NOTES TO THE FINANCIAL STATEMENT

(tdkk)	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
9 DEFERRED TAX				
Deterred tax is made up of the following items:				
Intangible fixed assets	3,347	926	3,346	926
Tangible fixed assets	-76	-1,494	-121	-1,155
Stocks	812	857	812	857
Other debt	-124	-193	-48	-91
Losses to be carried forward	-6,633	-6,770	0	0
	-2,674	-6,674	3,989	537
Deferred tax is reported in the balance:				
Deferred tax - assets	-6,663	-7,211	0	0
Deferred tax - liabilities	3,989	537	3,989	537
	-2,674	-6,674	3,989	537
Movements for the year are specified as follows:				
Deferred tax, opening balance	-6,674	-9,259	537	-1,499
Tax in respect of recorded equity	522	137	522	137
Adjustment for the year	3,478	2,448	2,930	1,899
	-2,674	-6,674	3,989	537
Deferred tax (asset), not reported in the balance	27,402	28,513		

Deferred tax (asset) due to taxable losses in German and Belgium subsidiary carried forward

As in previous years, tax losses carried forward are recognized with expected losses to be used within 3-5 years.

10 ACCRUALS

Accruals contains accrual of costs incurred, with are related to the comming year.

NOTES TO THE FINANCIAL STATEMENT

11 SHARE CAPITAL

	GROUP		PARENT COMPANY	
(tdkk)	2017	2016	2017	2016
Share capital comprises the following:				
A-shares – nominal DKK 100 per share	23.400	23.400	23.400	23.400
B-shares – nominal DKK 100 per share	23.400	23.400	23.400	23.400
	46.800	46.800	46.800	46.800

Each A-share is assigned 10 votes and each B-share is assigned 1 vote. Shareholders are assigned right of first refusal in respect of share issues of the same class of share. In raising capital, priority subscription rights exist in respect of both A and B class shares. Holders of B-shares are entitled to a non-cumulative preference dividend of up to 8%. In all other respects, holders of shares of both classes have the same rights.

12 LONG-TERM DEBT LIABILITIES - GROUP

Long-term debt is specified as follows:

	Short-term debt	Long-term debt			
(tdkk)	Repayments in 2018	Due within 5 years	Due after 5 years	Total	Interest in 2017
Subordinate loan capital	10.059	0	0	10.059	276
Lease contracts	4.108	6.307	537	10.952	435
	14.167	6.307	537	21.011	711

The short-term part of long-term debt is included in bank loans and other debt.
Subordinate loan capital subordinate to all creditors.

LONG-TERM DEBT LIABILITIES - PARENT COMPANY

Long-term debt is specified as follows:

	Short-term debt	Long-term debt			
(tdkk)	Repayments in 2018	Due within 5 years	Due after 5 years	Total	Interest in 2017
Subordinate loan capital	10.059	0	0	10.059	276
Lease contracts	4.067	6.188	537	10.792	435
	14.126	6.188	537	20.851	711

The short-term part of long-term debt is included in bank loans and other debt.
Subordinate loan capital subordinate to all creditors.

NOTES TO THE FINANCIAL STATEMENT

13 PROVISION OF COLLATERAL

A business mortgage at MDKK 75 and a chattel mortgage at 25 MDKK for Nordea and Danske Bank is in place (booked value 171 MDKK). Furthermore, the banks are secured for their engagement, by certain fixed assets and shares in subsidiaries, as further pledge can't be made without the banks approval.

A factoring agreement has been made with Fortis Factoring of tEUR 500 for debtors in Plus Pack NV, Belgium (booked value tEUR 1.224) and tEUR 2.000 for debtors in Plus Pack SAS, France (booked value tEUR 3.740) .

14 CONTINGENT LIABILITIES

(tdkk)	GROUP	PARENT COMPANY
	<u>Annual leasing payment</u>	<u>Annual leasing payment</u>
Operational leasing contracts:		
Relating to leasing contracts expiring in 2018	1.718	947
Relating to leasing contracts expiring in 2019	1.312	870
Relating to leasing contracts expiring in 2020	550	438
Relating to leasing contracts expiring in 2021	248	205
Relating to leasing contracts expiring in 2022	35	0
	3.863	2.460

PARENT COMPANY

The parent company has entered into a leasing contract for the lease of the company's head office at Energivej, Odense. The total amortized leasing liability at 31. December 2017 amounts to tDKK 79.435.

The Company is jointly taxed with Danish companies, with C&A Invest A/S as the administration company. The Company therefore held liable under the Corporation Tax Act rules accordingly for any obligation to withhold tax on interest, royalties and dividends for the jointly taxed companies.

GROUP

The subsidiary in Belgium has entered into a leasing contract for the lease of the company's premises at Henry Fordlaan, Genk, Belgium. The total amortized leasing liability at 31. December 2017 amounts to tDKK 22.211.

Total rent liabilities currently amount to tDKK 88, beyond what is mentioned under parent company and under the subsidiary in Belgium.

The parent company has provided guarantees in respect of subsidiaries' credits and bank loans to a maximum of tDKK 31.850.

The Belgian subsidiary is a party to litigation. Management believes that any legal claims will not affect the company negatively.

NOTES TO THE FINANCIAL STATEMENT

(tdkk)	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
15 STAFF				
Total company costs in respect of wages and salaries are specified as follows:				
Wages and salaries	108.473	100.335	82.966	78.109
Pensions	7.770	7.701	6.302	5.935
Other social costs	3.558	2.219	1.595	1.259
	119.801	110.255	90.863	85.303
Average number of full-time employees	221	216	161	159
16 BOARD OF DIRECTORS AND MANAGEMENT				
Management salaries comprises:	4.793	2.803	4.793	2.803
Cars and phones are made available to the management.				
Board fee comprises:	1.145	1.362	1.145	1.362
17 FEE FOR AUDITORS ELECTED BY THE AGM				
Total fee of auditors comprises:				
Audit	506	451	230	204
Other declarations	28	35	0	0
Tax advice	51	62	5	0
Services other than the audit	247	45	201	45
	832	593	436	249

NOTES TO THE FINANCIAL STATEMENT

18 EXCHANGE RATE RISK AND FINANCIAL INSTRUMENTS

As part of the hedge of recognized transactions, the Group uses hedging instruments in form of forward exchange contracts. The Group has secured sales of 1,95 MPLN against DKK and 15,0 MNOK against DKK. Hedge of recognized transactions primarily comprise receivables and payables. The Group also use interest rate swap to secure fixed interest on liabilities. The Group has hedged 3 million euro at a fixed rate of 3.25% with expiration in 2018 and 4 million euro to 4.07% with expiration in 2021. As at 31.12.2017 unrealized net losses on derivative financial instruments for currency hedging and interest rate swap in total 5,3 MDKK. The amount is in the balance sheet included under other debt.

19 RELATED PARTIES AND OWNERSHIP

Deciding influence

Basis

Steen Hastrup, Hunderupvej 216, 5230 Odense M.

Shareholder via Steen Hastrup Investering A/S and C&A Invest A/S

Overall parent company

The company's immediate and overall parent company, which prepares the consolidated accounts in which the company is included as a subsidiary, is C&A Invest A/S, cvr.nr. 37273783.

Transaktions

Transactions with related parties has been carried out at marked terms.