
Faerch Bidco ApS

Rasmus Færchs Vej 1, DK-7500 Holstebro

Annual Report for 2018

CVR No 38 66 63 20

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/5 2019

Tom Sand-Kristensen
Director

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Management's Statement

The Board of Directors have today considered and adopted the Annual Report of Faerch Bidco ApS for the financial year 1 January - 31 December 2018.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

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

Holstebro, 22 May 2019

Board of Directors

Tom Sand-Kristensen
Director

Independent Auditor's Report

To the Shareholders of Faerch Bidco ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Faerch Bidco ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus, 22 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Østergaard

State Authorised Public Accountant

mne26806

Company Information

The Company

Faerch Bidco ApS
Rasmus Færchs Vej 1
DK-7500 Holstebro

Telephone: + 45 99 10 10 10
Website: www.faerch.com

CVR No: 38 66 63 20
Financial period: 1 January - 31 December
Municipality of reg. office: Holstebro

Executive Board

Tom Sand-Kristensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company
Faerch Group A/S

Group Structure

Investment in group companies comprise the following at 31 December 2018

All companies are owned 100% by Faerch BidCo ApS except for 3 Pet Holding B.V. where the ownership share is 50.00002%.

Name of entity	Country
Færch Plast Group A/S	Denmark
Faerch A/S	Denmark
Faerch Liberec s.r.o.	Czech Republic
Faerch France SAS	France
CGL Pack Service SAS	France
CGL Pack Annecey SAS	France
CGL Pack Lorient SAS	France
Faerch London Ltd.	United Kingdom
FP1988UK Ltd. (dormant)	United Kingdom
Faerch Durham Ltd	United Kingdom
Avro Holdings Ltd.	United Kingdom
Faerch UK Ltd.	United Kingdom
BDE Plastics Ltd. (dormant)	United Kingdom
Avro Industries Ltd. (dormant)	United Kingdom
Anson Food Services Ltd. (dormant)	United Kingdom
Faerch Poole Ltd.	United Kingdom
FPH 2017 Ltd.	United Kingdom
Faerch Bunol S.L.U.	Spain
Faerch Netherlands B.V.	Netherlands
3 Pet Holding B.V.	Netherlands
4 Pet Holding B.V.	Netherlands

Financial Highlights

tDKK	2018	2017
Key figures		
Profit/loss		
Revenue		-
Operating profit		-
Profit /loss before financial income and expenses	-92	-28
Net profit/loss for the year	-142.008	-91.216
Balance sheet		
Balance sheet total	7.729.650	6.929.274
Equity	1.170.376	1.307.398
Investments	5.339.407	5.339.407
Number of employees end of year	0	0
Ratios		
Solvency ratio	15,1%	18,9%
Return on equity	-11,5%	-14,0%

Management's Review

The company was established in May 2017 and the main activity of the company is to invest in packaging companies.

The company acquired the Faerch Group in August 2017.

Within the Faerch Group, Faerch BidCo ApS, is the direct counterpart to the external funding of the Group. During 2018 the senior debt were refinanced due to the acquisition of CGL Pack S.A.S. and 3PET Holding B.V.

Income statement

1 January - 31 December

Note	tDKK	2018	2017
	Revenue	-	-
	Gross profit	-	-
	Other operating income	-	-
	Other operating cost	92	28
		-92	-28
	Special items	-1.438	-
	Earnings before interest and tax	-1.530	-28
	Income from investment in subsidiaries	-	-
1.1	Financial income	211.027	76.684
1.2	Financial expenses	363.104	173.432
	Profit/loss before income tax	-153.607	-96.776
1.3	Tax on loss for the year	11.599	5.560
	Net profit/loss for the year	-142.008	-91.216
	Proposed distribution of profit/loss		
	Reserve from the use of the equity method	-	-
	Retained earnings	-142.008	-91.216
		-142.008	-91.216

Balance Sheet

31 December

Note	tDKK	2018	2017
2.1	Investments in subsidiaries	5.339.407	5.339.407
	Financial assets	5.339.407	5.339.407
	Total non-current assets	5.339.407	5.339.407
	Receivables from group enterprises	2.379.228	1.578.624
2.2	Deferred tax asset	3.245	822
	Corporation tax	7.770	6.135
	Receivables	2.390.243	1.585.581
	Cash at banks	-	4.287
	Total current assets	2.390.243	1.589.867
	Assets	7.729.650	6.929.274
2.3	Share capital	14.036	14.036
	Retained earnings	1.156.340	1.293.363
	Equity	1.170.376	1.307.398
2.4	Credit institutions	4.440.267	3.755.005
	Debt to parent company	1.764.387	
	Long-term debt	6.204.654	3.755.005
	Credit institutions	83.055	-
	Payables to group enterprises	243.560	1.832.168
	Other payables	28.004	34.702
	Short-term debt	354.620	1.866.871
	Debt	6.559.274	5.621.876
	Liabilities	7.729.650	6.929.274

Statement of changes in equity

tDKK	Share capital	reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January	14.036	-	1.293.363	1.307.398
Cash capital increase, net	-		-	-
Fair value adjustment of hedging instruments, end of year			6.391	6.391
Tax on adjustment of hedging instruments for the year			-1.406	-1.406
Net profit for the year		-	-142.008	-142.008
Equity at 31 December 2018	14.036	-	1.156.340	1.170.376
Equity at 26 May 2017	-	-	-	-
Cash capital increase, net	14.036		1.389.533	1.403.569
Fair value adjustment of hedging instruments, end of year			-6.351	-6.351
Tax on adjustment of hedging instruments for the year			1.397	1.397
Net profit for the year		-	-91.216	-91.216
Equity at 31 December 2017	14.036	-	1.293.363	1.307.398

Note 1.1 Financial income

tDKK	2018	2017
Interest received from group enterprises	89.332	25.270
Other financial income	121.695	51.413
Total	211.027	76.684

Note 1.2 Financial expenses

tDKK	2018	2017
Interest paid to group enterprises	7.541	20.110
Other financial expenses	355.563	153.323
Total	363.104	173.432

Note 1.3 Tax on profit/loss for the year

tDKK	2018	2017
Current tax for the year	7.770	6.135
Deferred tax for the year	2.423	822
Adjustment of tax concerning previous years	-	-
	10.193	6.957
which breaks down as follows:		
Tax on profit/loss for the year	11.599	5.560
Tax on changes in equity	-1.406	1.397
	10.193	6.957

Note 2.1 Investment in subsidiaries

tDKK	2018	2017
Opening	5.339.407	-
Additions for the year	-	5.339.407
Cost at 31 December	5.339.407	5.339.407
Opening Value adjustments	-	-
Exchange adjustment	-	-
Net profit for the year	-	-
Other equity movements, net	-	-
Amortisation of goodwill	-	-
Value adjustments at 31 December	-	-
Carrying amount at 31 December	5.339.407	5.339.407
Goodwill included in the above carrying amount at 31 December	-	-

Investment in subsidiary is specified as below:

Name	Place of registered office	Share capital	Equity	Loss for the year
Faerch Plast Group A/S	Holstebro, Denmark	mDKK 10,9	mDKK 800,3	mDKK -43,5

Note 2.2 Deferred tax assets

DKK	2018	2017
Opening Deferred tax	822	-
Deferred tax recognised in the income statement	2.423	822
Deferred tax, net at 31 December	3.245	822

Note 2.3 Share capital

The share capital is broken down as follow:

	Number	Nominal value tDKK
Shares	1.403.568.855	14.036

The share capital has developed as follows:

	2018 tDKK	2017 tDKK
Share capital, opening	14.036	-
Capital increase/decrease	-	14.036
Share capital at 31 December	14.036	14.036

Shareholders that own more than 5% of the share capital:

Faerch Midco ApS, Rasmus Færchs Vej 1, 7500 Holstebro, Denmark

Note 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:

tDKK	2018	2017
After 5 years	4.440.267	3.755.005
Between 1 and 5 years	-	-
long-term parts	4.440.267	3.755.005
Within 1 year	83.056	
Short-term part	83.056	-

Note 2.5 Derivatives financial instruments

Agreements on interest rate swaps are used to hedge the risk related to changes in future interest payments on borrowings at variable rate. The interest rate swaps have a duration of 3 years. Under these swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly) the difference between fixed contract rates and floating rate interest amount calculated by reference to the agreed notional principal amounts.

The fair value of interest rate swaps are DKK 7.8m at 31 December 2018, which is recognised in other payables.

Note 2.6 Contractual commitments and contingent liabilities

Contractual obligations

To hedge interest rate risk, the Company has concluded contracts of DKK 3.031m.

Contingent liabilities

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

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

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

Note 2.7 Related parties and ownership

Controlling interest

Faerch Bidco ApS is subject to controlling influence by Faerch Midco ApS, Denmark, which holds 100% of the share capital.

Transactions

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.

Ownership

Faerch Midco ApS is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital.

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

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

Note 2.8 General accounting policies

Basis of Preparation

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

The Financial Statements for 2018 are presented in thousand DKK.

The accounting principles applied are unchanged compared to the previous year.

With reference to section 112 (1) of the Danish Financial Statements Act and to the consolidated financials statements of Faerch Group A/S, the company has not prepared consolidated financial statements.

Recognition and measurement

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

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

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

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

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

Other operating income and expenses

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

Financial income and expenses

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

Note 2.8 General accounting policies (continued)

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

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

Equity

Dividend distribution

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