

Styropack A/S

Tvilhovej 8-10
6752 Glejbjerg
Denmark

CVR no. 69 99 85 18

Annual report 2017

The annual report was presented and approved at
the Company's annual general meeting on

29 May 2018



chairman

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Styropack A/S
Annual report 2017
CVR no. 69 99 85 18

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Styropack A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Glejbjerg, 29 May 2018
Executive Board:


Steffen Busk Jespersen

Board of Directors:


Jozef H. Verstegen
Chairman
Rik Prosper Dobbelaere
Peter Ellehuus



Independent auditor's report

To the shareholders of Styropack A/S

Opinion

We have audited the financial statements of Styropack A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Kolding, 29 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
MNE no. 33220

Styropack A/S
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Management's review

Company details

Styropack A/S
Tvilhovej 8-10
6752 Glejbjerg
Denmark

CVR no.: 69 99 85 18
Financial year: 1 January – 31 December

Board of Directors

Jozef H. Verstegen, Chairman
Rik Prosper Dobbelaere
Peter Ellehuus

Executive Board

Steffen Busk Jespersen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4
6000 Kolding
Denmark

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Key figures					
Gross profit/loss	58,334	61,878	45,201	49,424	44,030
Operating profit/loss	-54	5,912	893	4,649	1,666
Profit/loss from financial income and expenses	1,135	1,243	1,192	993	643
Profit/loss for the year	825	5,495	1,538	4,100	2,223
Total assets					
Equity	145,941	130,966	127,092	130,439	131,669
Investment in property, plant and equipment	95,409	94,584	89,089	87,551	83,451
	4,828	10,374	5,966	6,308	2,246
Ratios					
Current ratio	227.8%	276.9%	258.2%	234.0%	210.3%
Return on equity	0.9%	6.0%	1.7%	4.8%	2.7%
Solvency ratio	65.4%	72.2%	70.1%	67.1%	63.4%
Rate of return	0.0%	4.5%	0.7%	3.6%	1.3%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios have been calculated as follows:

Current ratio
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Rate of return
$$\frac{\text{Profit before financial income and expenses and tax} \times 100}{\text{Assets}}$$

Management's review

Operating review

Principal activities

The Company is primarily engaged in the manufacturing and sale of packaging and technical products made in EPS (Expandable Polystyrene) as well as EPS insulating material.

The production facilities are situated in Denmark. The products of the Company are mainly sold in Denmark, Germany and Sweden.

Development in activities and financial position

Profit for the year after tax amounts to DKK 825 thousand against a profit of DKK 5,495 thousand last year.

Management considers the profit for the year to be at an unsatisfactory level and not in line with forecast.

Events after the balance sheet date

Moreover, reference is made to note 14, in which the matter is described in further detail.

Outlook

Management expects to make a positive development in activities during the next financial year. For 2018, the Company expects earning capacity to be positive.

Operating risks

The Company's most significant operating risk relates to its ability to be strongly positioned on the domestic market.

Environmental matters

The Group prepares an environmental statement for the production site placed in Tvilho in Denmark. The overall objective is to avoid any accidents which may cause damage to persons, technical equipment and surroundings. It is of crucial importance that all group activities in Denmark take place with the lowest possible environmental strain on the surroundings and with a high safety standard.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Gross profit	2	58,334	61,878
Distribution costs	2	-44,723	-42,112
Administrative expenses	2	-13,665	-13,692
Other operating costs		0	-162
Operating profit/loss		-54	5,912
Financial income	3	1,475	1,625
Financial expenses	4	-340	-382
Profit before tax		1,081	7,155
Tax on profit for the year	5	-256	-1,660
Profit for the year	6	825	5,495

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Land and buildings		21,220	21,878
Property, plant and equipment under construction		2,168	2,692
Plant and machinery		12,925	11,951
Fixtures and fittings, tools and equipment		623	978
		<u>36,936</u>	<u>37,499</u>
Total fixed assets		<u>36,936</u>	<u>37,499</u>
Current assets			
Inventories			
Raw materials and consumables		5,085	3,832
Finished goods and goods for resale		11,091	9,953
		<u>16,176</u>	<u>13,785</u>
Receivables			
Trade receivables		59,029	47,568
Receivables from group entities		32,544	30,839
Other receivables		249	325
Corporation tax		446	0
Prepayments		545	79
		<u>92,813</u>	<u>78,811</u>
Cash at bank and in hand	9	16	871
Total current assets		<u>109,005</u>	<u>93,467</u>
TOTAL ASSETS		<u>145,941</u>	<u>130,966</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital		3,000	3,000
Revaluation reserve		768	768
Retained earnings		91,641	90,816
Total equity		<u>95,409</u>	<u>94,584</u>
Provisions			
Provisions for deferred tax		2,682	2,621
Total provisions		<u>2,682</u>	<u>2,621</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Banks, current liabilities		1,819	95
Trade payables		9,685	9,038
Payables to group entities		22,018	11,219
Corporation tax		0	107
Other payables		14,328	13,302
		<u>47,850</u>	<u>33,761</u>
Total liabilities other than provisions		<u>47,850</u>	<u>33,761</u>
TOTAL EQUITY AND LIABILITIES		<u>145,941</u>	<u>130,966</u>

Financial statements 1 January – 31 December

Statement of changes in equity

	<u>Share capital</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	3,000	768	90,816	94,584
Transferred over the profit appropriation	<u>0</u>	<u>0</u>	<u>825</u>	<u>825</u>
Equity at 31 December 2017	<u><u>3,000</u></u>	<u><u>768</u></u>	<u><u>91,641</u></u>	<u><u>95,409</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Styropack A/S for 2017 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Synbra Danmark A/S.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Production costs

Production costs comprise costs incurred to generate revenue for the year, including depreciation, amortisation, wages and salaries incurred to generate revenue for the year.

Distribution costs

Costs incurred to sell and distribute goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, energy consumption, staff and depreciation of machinery used.

Revaluation of non-current assets was made with reference to a reassessment of the value of the assets at the date of acquisition.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets.

The estimated useful lives are as follows:

Buildings	10-50 years
Plant and machinery	8-12 years
Fixtures and fittings, tools and equipment	2-8 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

All other leases are treated operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingencies, etc.

Impairment of non-current assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Raw materials and consumables are measured at cost in accordance with the FIFO method and net realisable value.

Finished goods are measured at the lower of the cost plus indirect production overheads and net realisable value.

Finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise costs for factory administration and management.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

In its capacity as the administrative company, Synbra Danmark A/S is liable for its subsidiaries' corporation taxes to the tax authorities concurrently with the payment of joint taxation contribution by the subsidiaries.

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

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

2 Staff costs

DKK'000	2017	2016
Wages and salaries	54,244	51,400
Pension contribution	4,288	4,181
Other social security costs	2,288	2,325
	<u>60,820</u>	<u>57,906</u>
Average number of full-time employees	<u>132</u>	<u>136</u>

Referring to section 98 b (3) of the Danish Financial Statements Act, remuneration of the Executive Board is not disclosed.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2017</u>	<u>2016</u>
3 Financial income		
Interest income from group entities	<u>1,475</u>	<u>1,625</u>
	<u>1,475</u>	<u>1,625</u>
4 Financial expenses		
Interest expense to group entities	230	236
Other financial costs	<u>110</u>	<u>146</u>
	<u>340</u>	<u>382</u>
5 Tax on profit for the year		
Current tax for the year	195	1,471
Deferred tax for the year	61	183
Adjustment of tax concerning previous years	<u>0</u>	<u>6</u>
	<u>256</u>	<u>1,660</u>
6 Proposed profit appropriation		
Retained earnings	<u>825</u>	<u>5,495</u>

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

DKK'000	Land and buildings	Property, plant and equipment under construction	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2017	45,286	2,692	110,722	2,935	161,635
Additions for the year	620	2,168	1,984	56	4,828
Disposals for the year	0	0	-4,139	0	-4,139
Transfers for the year	0	-2,692	2,518	174	0
Cost at 31 December 2017	45,906	2,168	111,085	3,165	162,324
Revaluations at 1 January 2017	2,527	0	0	0	2,527
Revaluations at 31 December 2017	2,527	0	0	0	2,527
Depreciation losses at 1. januar 2017	-25,935	0	-98,771	-1,957	-126,663
Depreciation for the year	-1,278	0	-3,528	-585	-5,391
Reversed depreciation on assets sold	0	0	4,139	0	4,139
Depreciation at 31 December 2017	-27,213	0	-98,160	-2,542	-127,915
Carrying amount at 31 December 2017	21,220	2,168	12,925	623	36,936

8 Prepayments

Prepayments consist of prepaid expenses.

9 Cash at bank and in hand

The Company has a bank account registered as a deed account. The bank account amount, DKK 0 thousand (2016: DKK 609 thousand), is tied up until the sale of property has been finalised.

10 Share capital

The share capital consists of 1 share of a nominal value of DKK 3,000 thousand.

The share capital has remained unchanged for the past five years.

Financial statements 1 January – 31 December

Notes

11 Deferred tax

DKK'000	2017	2016
Deferred tax at 1 January	2,621	2,438
Deferred tax adjustment for the year in the income statement	61	183
	<u>2,682</u>	<u>2,621</u>

12 Contractual obligations, contingencies, etc.

Contingent liabilities

In June 2015, Synbra Holding B.V. entered into a three-year senior Facility Agreement. In relation to this, the shares in Styropack A/S have been provided as collateral to the lenders.

The Company is jointly taxed with other Danish group companies. As a group company, together with the other companies included in the joint taxation, the company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed unit. The jointly taxed entities' total known net liability to SKAT is disclosed in the financial statements of the administrative company, Synbra Danmark A/S (CVR No. 25 04 43 98). Any subsequent corrections to the joint taxation income and withholding taxes, etc. may result in an increased liability for the Company.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 1-91 months and an average monthly lease payments of DKK 88 thousand, totalling DKK 8,019 thousand.

13 Related party disclosures

Styropack A/S' related parties comprise the following:

Control

Synbra Danmark A/S, Tvilhovej 8 - 10, Glejbjerg, Denmark.

The Company is fully owned by Synbra Danmark A/S.

Styropack A/S is part of the consolidated financial statements of Synbra Danmark A/S, Glejbjerg, Denmark, which is the smallest in which the Company is included as a subsidiary.

The consolidated financial statements of Synbra Danmark A/S can be obtained by contacting the Company.

Styropack A/S is part of the consolidated financial statements of Synbra Internation B.V., the Netherlands, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Synbra Internation B.V. can be obtained by contacting the Company.

Financial statements 1 January – 31 December

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Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

14 Events after the balance sheet date

No significant events have occurred after the balance sheet date, which are considered to have a material effect on the assessment of the annual report.