RESILUX
INNOVATIVE PACKAGING

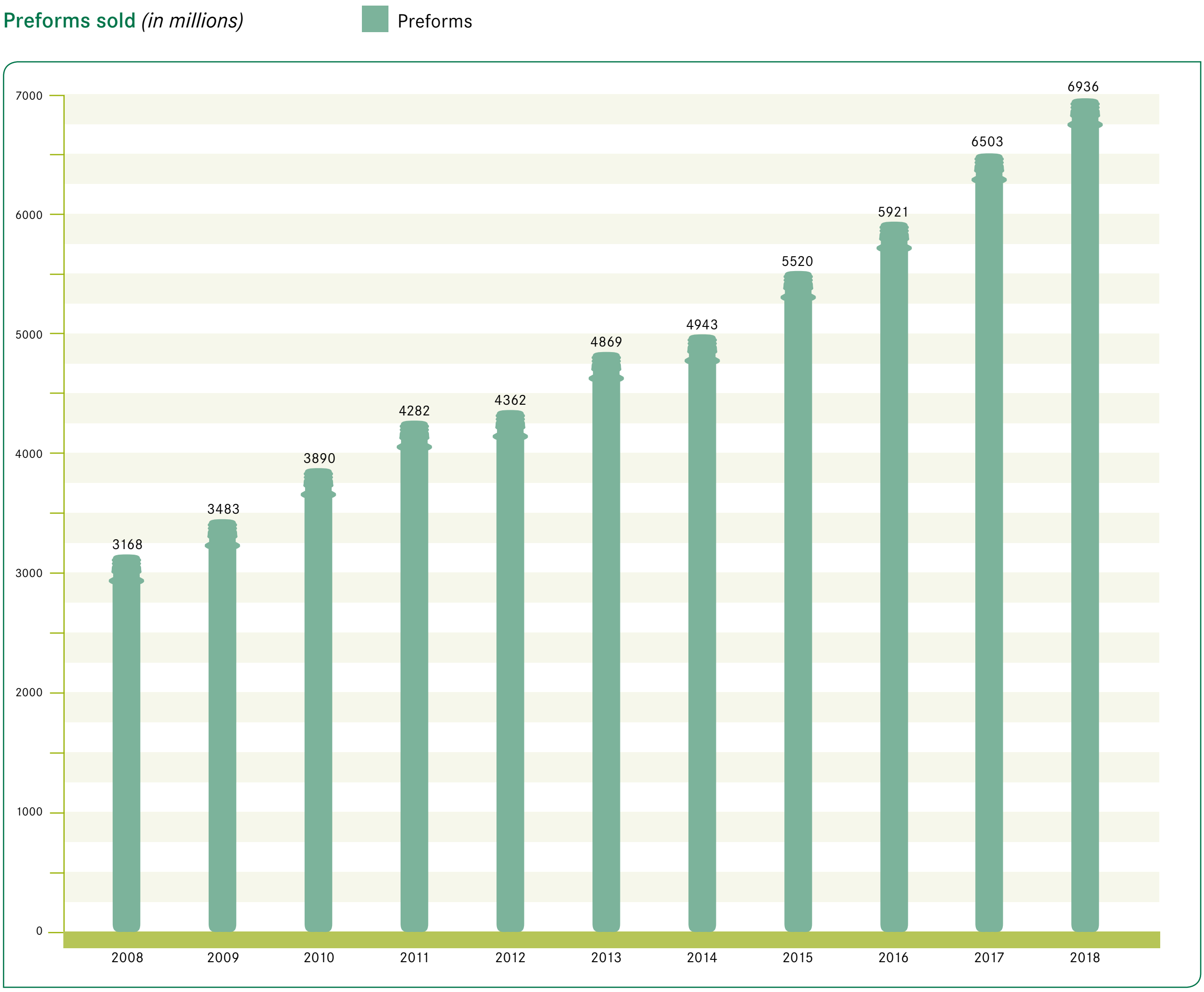
# ANNUAL REPORT **2018**

WWW.RESILUX.COM

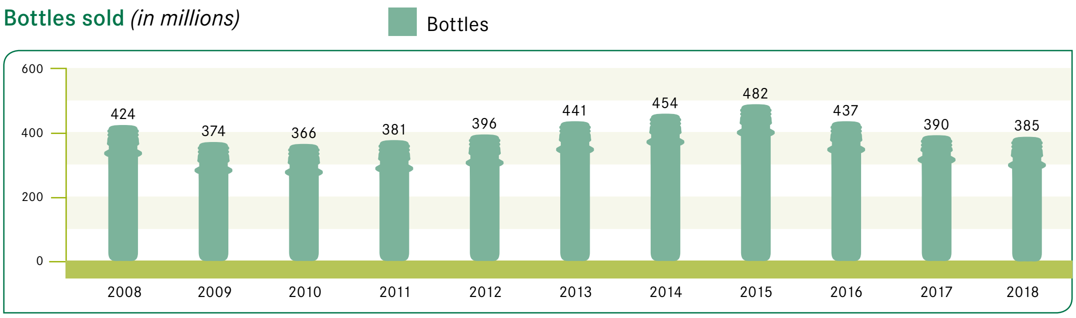
# YOU GET LOTS OF BOTTLE FROM RESILUX PREFORMS

Design and photography: TVC reclamebureau bv - Dongen, The Netherlands

Preforms sold *(in millions)*




Bottles sold *(in millions)*






RESILUX
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The annual report is available on the internet in Dutch and English. >>> www.resilux.com

Het jaarverslag is beschikbaar op het internet in het Nederlands en Engels. >>> www.resilux.com

The Dutch version is the official version. The English version is a translation with no legal force.



RESILUX INNOVATIVE PACKAGING

# CHAIRMAN'S STATEMENT

With the figures for 2018, our progress is unmistakable, thanks to all of the Resilux employees.
This progress is the result of a strong focus on preform and bottle activity supported by:

- a further expansion and strengthening of the sales organization
- investments in a recycling activity where high food quality is supplied and important know how has been and is acquired in the field of recycling

Via the vertical integration of the recycling of PET bottles and the processing of recycled PET in the production of preforms, Resilux becomes an even greater player in the circular economy with the aim of maximizing the reuse of raw materials. This makes Resilux more sustainable and makes a positive contribution to the environment.
Substantial investments were made in the past year and substantial investments will be made this year to be able to fill in further growth.

This growth is based on:

- the good recyclability of PET supported by the investments in the recycling activity
- a geographical reinforcement in the existing regions via a new factory in Romania
- increased efforts in innovation and R&D and increased efforts to play a significant role in segments where Resilux is not yet sufficiently active.

As a conclusion, I say that it is an honor to be the chairman of a very dynamic company with an ever-improving management. We continue to refer to the words of our 1997 stock listing : “We do it faster, better, cheaper”.

A. De Cuyper
Chairman of the board of directors

# RESILUX PROFILE

Since its foundation, the production of PET (polyethylene terephthalate) packaging in the form of preforms and bottles has been the core business of Resilux. The preforms are blown into bottles by Resilux or by the customer,
and then filled with water, soft drinks, edible oils, ketchup, detergents, milk, beer, wine, fruit juices, etc.

Resilux is a family company by origin that became operational in June 1994. Since 1997, it has been listed on Euronext Brussels. The company has an extensive network of sales and service offices in various countries. Alongside the main establishment in Belgium, Resilux has a number of production units in Spain (1997), Russia (1999), Greece (2000), Switzerland (2000/2001), Hungary (2002), the United States (2001/2004) and Serbia (2017). Resilux has various sales offices in the above countries, as well as in many other countries on different continents.

Resilux produces preforms and bottles for many applications and in various weights, colours and forms. Preforms and bottles are produced for both single use and multiple use. As well as for barrier-sensitive products, Resilux offers various solutions. Moreover, the Resilux R&D centres are continually researching ways to further improve quality, to increase and develop the barrier qualities of PET, and to renew and optimise the preform and bottle designs.

Resilux also has bottle-blowing projects at different customers. Resilux provides to the filling companies the necessary know-how and if required the infrastructure and manpower. These activities can be located on the customer's premises (in-house), right next to the customer (wall-to-wall) or near to the customer (satellite).

During 2017, Resilux acquired the activities of a PET recycling company in Switzerland (Poly Recycling AG).

Resilux endeavours to achieve a global spread of risk and maximum flexibility. The strong position of Resilux is the result of very high productivity, its technological leadership whereby quality and innovation come first, and its extensive geographic distribution.

The production is highly automated and the production technology has to a large extent been optimised in-house. Part of Resilux's know-how is protected by patents and registered designs.

# CONSOLIDATED KEY FIGURES (1)

| | 2018 IFRS | 2017 IFRS | 2016 IFRS |
|---|---|---|---|
| **Key figures from the profit and loss account** *(in thousands of Euro)* | | | |
| Turnover | 398,017 | 328,677 | 293,667 |
| Operating revenues | 408,162 | 335,300 | 326,015 |
| Added value (2) | 88,274 | 75,741 | 95,109 |
| Operating cash flow – EBITDA (3) | 43,796 | 36,359 | 60,819 |
| Depreciation and operational non-cash costs | 16,613 | 15,757 | 14,393 |
| Operating result | 27,183 | 20,592 | 46,426 |
| Financial result | -3,846 | -2,477 | -1,382 |
| Result before taxes | 23,336 | 18,115 | 45,044 |
| Taxes | -4,845 | -2,292 | -4,237 |
| Net result, part of Group | 18,491 | 15,823 | 40,807 |
| Result based on the equity value | | | 18,884 |
| Net result after result based on the equity value | | | 59,691 |
| | | | |
| **Key figures from the balance sheet** *(in thousands of Euro)* | | | |
| Equity | 137,566 | 121,485 | 147,568 |
| Equity (incl. subordinated loans) | 138,523 | 122,760 | 149,162 |
| Net financial debt (excl. subordinated loans) (4) | 30,678 | 6,844 | -22,319 |
| Total assets and total liabilities | 277,441 | 243,688 | 256,191 |
| | | | |
| **Key figures per share (5) (in Euro)** | | | |
| Operating cash flow – EBITDA (3) | 21.63 | 17.96 | 30.04 |
| Operating result | 13.42 | 10.17 | 22.93 |
| Net result, part of Group | 9.13 | 7.81 | 20.15 |
| Net result after result based on the equity value | | | 29.48 |
| Average number of shares on December 31, 2018 (5) | 2,024,860 | 2,024,860 | 2,024,860 |
| | | | |
| Proposed gross dividend (6) | 3.00 | 2.00 | 2.00 |

(1) Figures are fully in accordance with IFRS-rules.
(2) Revenues minus trade goods and raw materials minus services and other goods.
(3) Operating profit plus depreciations and write offs of intangible and tangible assets, plus provisions for write offs in value relating to stocks.
(4) Interest-bearing Financial obligations minus available funds and investments.
(5) Per May 16, 2017, 44.450 new shares were issued pursuant to the exercise of warrants under Warrant Plan 2013
(6) The board of directors will propose to the general shareholders' meeting to pay a gross dividend of € 3.00 per share.



RESILUX INNOVATIVE PACKAGING

# CORRECTED CONSOLIDATED KEY FIGURES (1)

**2017: excluding non-recurring consultancy costs**
**2016: excluding amounts related to sale of shares of Airolux AG and excluding deliveries to and financing of Airolux.**

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| **Key figures from the profit and loss account (in thousands of Euro)** | | | |
| Turnover – adjusted | 398,017 | 328,677 | 290,212 |
| Operating revenues – adjusted | 408,162 | 335,300 | 322,560 |
| Added value (2) – adjusted | 88,274 | 76,802 | 72,256 |
| Operating cash flow – EBITDA (3) – adjusted | 43,796 | 37,420 | 37,966 |
| Depreciation and operational non-cash costs | 16,613 | 15,767 | 14,393 |
| Operating result – adjusted | 27,183 | 21,653 | 23,573 |
| Financial result – adjusted | -3,846 | -2,477 | -2,360 |
| Result before taxes – adjusted | 23,336 | 19,176 | 21,213 |
| Taxes – adjusted | -4,845 | -2,653 | -4,742 |
| Net result, part of Group – adjusted | 18,491 | 16,523 | 16,471 |
| | | | |
| **Key figures per share (in Euro)** | | | |
| Operating cash flow – EBITDA (3) – adjusted | 21.63 | 18.48 | 18.75 |
| Operating result – adjusted | 13.42 | 10.69 | 11.64 |
| Net result, part of Group – adjusted | 9.13 | 8.16 | 8.13 |
| Average number of shares December 31, 2018 (4) | 2,024,860 | 2,024,860 | 2,024,860 |

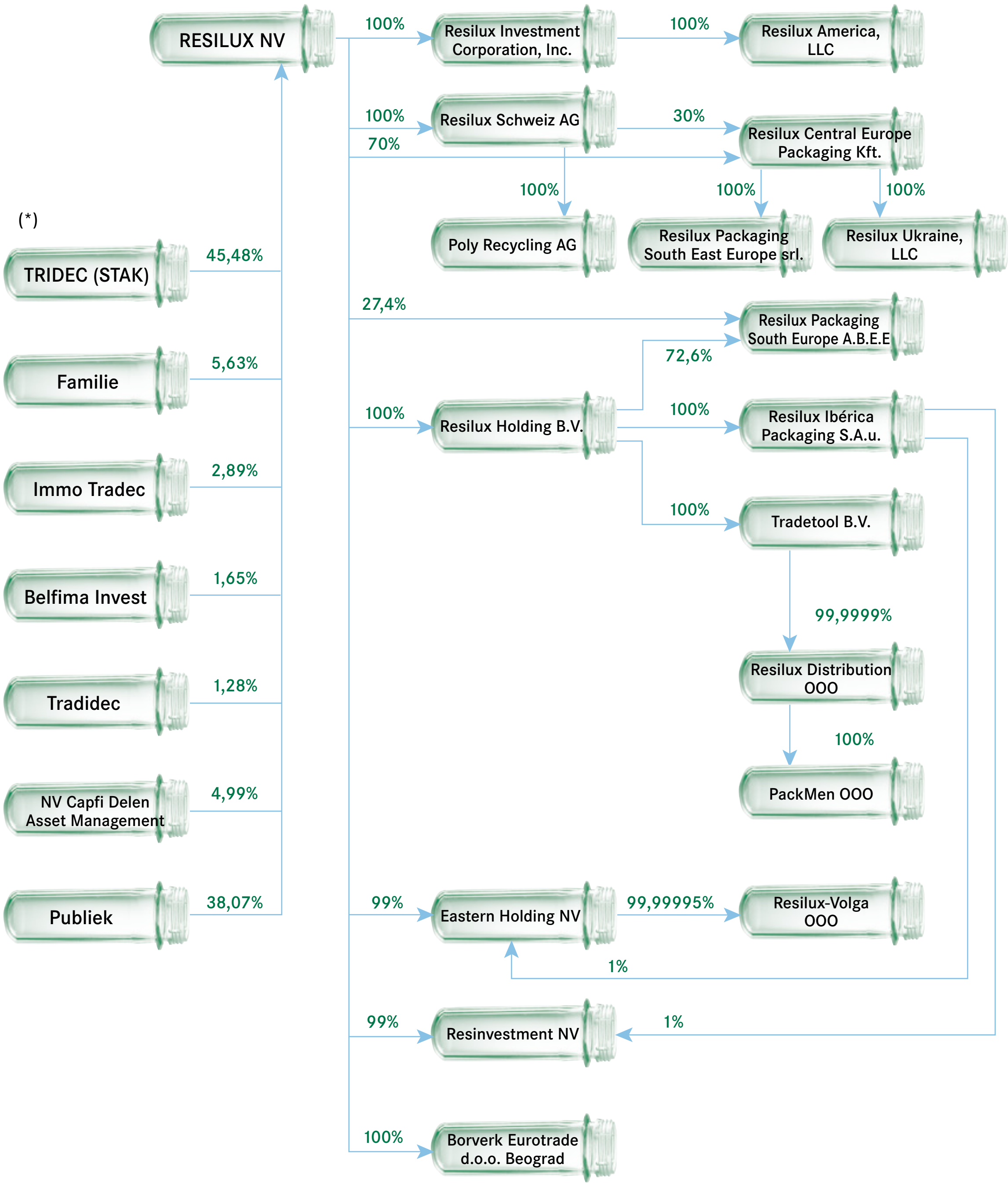
(1) These are non-IFRS measures and are therefore not audited.
(2) Revenues minus trade goods and raw materials minus services and other goods.
(3) Operating profit plus depreciations and write offs of intangible and tangible assets, plus provisions for write offs in value relating to stocks.
(4) Per May 16, 2017, 44.450 new shares were issued pursuant to the exercise of warrants under warrant plan 2013.

# SHAREHOLDERS AND GROUP STRUCTURE

Resilux started the production of PET preforms in June 1994. Since October 3, 1997, Resilux has been listed on Euronext Brussels. The price per share of the stock exchange introduction was € 30.99.

The capital of Resilux NV including share premiums amounts to € 3,600,430.43 on December 31, 2018 The registered capital stands at € 3,600,429 and is represented by 2,024,860 no par-value shares, which each represent a 1/2,024,860th share of the registered capital.

On December 31, 2018 the structure of the Resilux Group was (according to IFRS) as follows:




(*) Percentages calculated on the basis of the number of outstanding shares (2,024,860) and the share ownership as it appears in the last transparency declarations of April 4, 2017 and December 27, 2018, received by the company in application of the Law of May 2, 2007 on the disclosure of major shareholdings and the latest notification in the context of the exemption from the obligation to bid under the provisions of the Law of April 1, 2007 on public takeover bids, as received on August 31, 2018.

Since 1994, Resilux has started up or acquired a number of operational activities in different countries:

### ❶ Spain

In June 1997, the first foreign production unit called Resilux Ibérica Packaging S.A.u. became operational in Spain. According to IFRS, it is a 100% daughter of Resilux Holding B.V. with a capital of € 3,804,991.10 as per December 31, 2018.

### ❷ Russia

Since its foundation in 2007, Resilux Distribution OOO organises the sales and purchase operations, and has a capital of RUR 108,811,252.70 as per December 31, 2018.
The production operations are incorporated on the one hand into Resilux-Volga OOO, according to IFRS a 99.99995% subsidiary of Eastern Holding NV with a capital of RUR 248,258,500 as per December 31, 2018 and on the other hand into Packmen OOO , according to IFRS a 100% subsidiary of Resilux Distribution OOO, with a capital of RUB 45,010,000 as per December 31, 2018.

### ❸ Switzerland

In March 2000, Resilux NV acquired 100% of the shares of the Swiss company Altoplast-Claropac AG, a company that produced PET preforms and bottles. In March 2001, Resilux NV acquired 100% of the shares of a second Swiss company, Femit Plastic AG, a company that also produced PET preforms and bottles. In order to optimise synergies, the two companies were merged in 2004 and became Resilux Schweiz AG. As per December 31, 2018 this company has a capital of CHF 18,000,000.

Through a newly established Swiss subsidiary, Poly Recycling AG, Resilux NV acquired the PET recycling activities of Signode Industrial Group in September 2017. Poly Recycling AG is a 100% subsidiary of Resilux Schweiz AG, with a capital of CHF 100,000 as per December 31, 2018.

### ❹ Greece

In June 2000, Resilux started up a production unit in Greece, Resilux Hellas A.B.E.E.. On October 11th, 2010 the name of the company has been changed into Resilux Packaging South Europe A.B.E.E.. As per December 31, 2018 this 72.6% subsidiary of Resilux Holding B.V. has a capital of € 11,420,509.

### ❺ United States

In December 2000, Resilux NV acquired - through an American holding company set up for this purpose, Resilux Investment Corporation, Inc. - a shareholding of 16.67% in Resilux America, LLC. This company produces and commercialises PET packaging for niche markets - such as food products, household products, cosmetics, pharmaceutical products, etc - and continues to invest in the expansion of its preform activities.

Since January 1st, 2005, Resilux Investment Corporation, Inc. holds all shares of Resilux America, LLC. As per December 31, 2018 Resilux Investment Corporation Inc. has a capital of USD 30,250,000.

### ❻ Hungary

In March 2002, Resilux started a new production unit in Hungary. A new company was set up for this purpose, Resilux Hungária Packaging Kft. of which currently 70% of the shares are held by Resilux NV and 30% by Resilux Schweiz AG. On June 14th, 2011, the company name has been changed into Resilux Central Europe Packaging Kft.. As per December 31, 2018 the capital of Resilux Central Europe Packaging Kft. is HUF 2,429,568,531, share premium included.

### ❼ Romania

On November 4th, 2009 Resilux South East Europe srl. was established in Romania. On 7 July 2017, the company name has been changed to Resilux Packaging South East Europe srl. As per December 31, 2018 this 100% subsidiary of Resilux Central Europe Packaging Kft. has a capital of RON 107,000.

8 **Ukraine**

On June 13th, 2014 Resilux Ukraine LLC was established. This company organises the sales operations in Ukraine. As per December 31, 2018 this 100% subsidiary of Resilux Central Europe Packaging Kft. has a capital of UAH 27,740,623.

9 **Serbia**

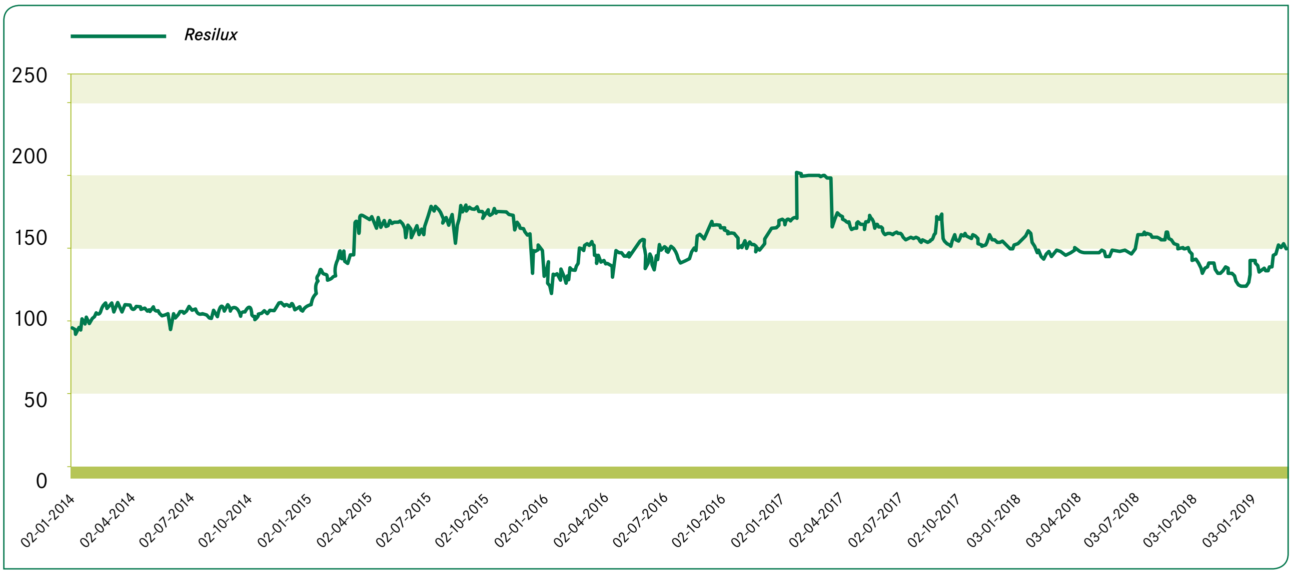
In March 2017, Resilux NV acquired 100% of the shares of the Serbian company Borverk Eurotrade d.o.o. Beograd, a company active in the production of PET preforms and bottles. This 100% subsidiary of Resilux NV has a capital of RSD 430,763,000 as per December 31, 2018.

# RESILUX AND THE BRUSSELS STOCK EXCHANGE

## Stock exchange listing

The Resilux share is listed since October 3rd, 1997. Resilux is listed on Euronext Brussels under the code 'RES' with ISIN code BE0003707214 / sector description 2723: Industrials / Containers & Packaging.

During the past 5 year, the stock price of the Resilux share on Euronext Brussels evolved as follows *(in Euro)*:




Some key stock market figures of Resilux are given below *(amounts in Euro)*:

| Key stock market figures | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Average daily volume in units | 1,184 | 2,473 | 1,031 | 2,030 | 1,446 |
| Number of shares on 31.12 | 2,024,860 | 2,024,860 | 1,980,410 | 1,980,410 | 1,980,410 |
| | | | | | |
| Market capitalisation at closing price | 244,198,116 | 291,174,868 | 310,924,370 | 284,386,876 | 211,111,706 |
| Turnover | 42,508,441 | 105,021,371 | 37,195,169 | 77,691,253 | 38,364,709 |
| Highest price | 115.00 | 190.75 | 159.95 | 172.10 | 111.80 |
| Lowest price | 119.40 | 143.40 | 116.40 | 106.15 | 90.50 |
| Closing price | 120.60 | 143.80 | 157.00 | 143.60 | 106.60 |
| Average price | 140.92 | 158.89 | 142.00 | 153.39 | 104.37 |
| Price/Operating cash flow (1) | 6,5 | 8,6 | 7,4 | 7,9 | 6,2 |
| Price/Operating cash flow (1) | 6.5 | 8.6 | 7.0 | 7.9 | 6.2 |

(1) Based on the average number of shares and average price during the year. Per May 16, 2017, 44.450 new shares were issued pursuant to the exercise of warrants under Warrant Plan 2013.
For 2017 the operating cash flow used is excluding the non recurrent consultancy costs. For 2016 the operating cashflow is excluding income and expenses related to the sale of the shares of Airolux AG and excluding all amounts relating to deliveries and financing of Airolux AG.

The Resilux share reached its highest price of € 155.00 on January 26, 2018 . The lowest share price was reached on December 27, 2018 and was € 119.40

In order to maintain sufficient activity involving the share, a liquidity and market activation contract was concluded with Bank Degroof Petercam NV.

# FINANCIAL CALENDAR

| | |
|---|---|
| Annual financial report 2018 and other legal documents available | 17 April 2019 |
| General shareholders' meeting 2019 | 17 May 2019 |
| Dividend ex-date (*) | 27 May 2019 |
| Dividend record date (*) | 28 May 2019 |
| Dividend payment (payment date) coupon no. 18 (*) | 29 May 2019 |
| Publication of the half year results for financial year 2019 and analysts meeting | 29 August 2019 |
| Publication of the year results for financial year 2019 and analysts meeting | 5 March 2020 |
| General shareholders' meeting 2020 | 15 May 2020 |

(*) Subject to approval by the general shareholders' meeting 2019

# INVESTOR RELATIONS

The annual financial report is available as a pdf-file in Dutch and in English on the website www.resilux.com.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Contact person: Dirk De Cuyper (info@resilux.com)


# FINANCIAL SERVICE PROVIDER

Bank Degroof Petercam NV has been appointed for the financial servicing towards the shareholders.



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# CAPITAL – SHARES – VOTING RIGHTS – SHAREHOLDERS – TRANSPARENCY LEGISLATION

### Capital - shares - voting rights

Following the exercise of the warrant plan issued by the company at the beginning of 2013, a capital increase was executed on 16 May 2017 together with the creation of 44,450 new shares. The share capital of the company was increased to € 17,569,682 represented by 2,024,860 shares without nominal value, each representing 1/2,024,860th of the capital.

Following a subsequent capital reduction of 28 June 2017, the registered capital of the company amounts to € 3,600,429, represented by 2,024,860 shares without nominal value, each representing 1/2,024,860th of the capital.

There are no more warrants in circulation.

| | |
|---|---|
| Registered capital: | € 3,600,429 |
| Total amount of issued stock with voting right (no par-value) | 2,024,860 |
| Total amount of voting rights ("denominator") - 1 vote/share | 2,024,860 |
| Total amount of non-issued stock with voting rights in circulation (warrants) | 0 |
| Total amount of new stock with voting rights after exercising all warrants - 1 vote/new share | 0 |
| Total amount of stock with voting rights after exercising all warrants | 2,024,860 |
| Total amount of voting rights after exercising all warrants - 1 vote/share | 2,024,860 |

### Shareholders structure

In accordance with Article 14 of the company's articles of association, for the application of articles 6 to 10 of the Law of 2 May 2007 on disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions, the applicable quotas have been set at 3%, 5%, and multiples of 5%.

On the basis of the notification of shareholding of 4 May 2017 and 27 December 2018, received by the company in application of the Law of 2 May 2007 on disclosure of major holdings and the latest notification in the context of the exemption from the obligation to bid under the provisions of the Law of 1 April 2007 on public takeover bids, as received by the company on 31 August 2018, Tridec Stichting Administratiekantoor (STAK) owned 921,000 shares of the company (45.48%), the De Cuyper family 114,072 shares (5.63%) and the companies Immo Tradec NV 58,534 shares (2.89%), Belfima Invest NV 33,340 shares (1.65%) and Tradidec NV 25,973 shares (1.28%) and NV Capfi Delen Asset Management 101,073 shares (4.99%), as per 31 December 2018.

Tridec STAK - a foundation under Dutch law, the De Cuyper family and the companies NV Immo Tradec, NV Belfima Invest and NV Tradidec act in mutual consultation.
Together they possess 1,152,919 company shares. This represents 56.94% of the shares, and therefore control of the company.

All remaining company shares (770,868 - 38.07%) are owned by the public.



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| Shareholder | Current voting rights/share | % of issued company stock |
|---|---|---|
| Tridec Stichting Administratiekantoor (*) | 921,000 | 45.48% |
| De Cuyper family (*) | 114,072 | 5.63% |
| NV Immo Tradec (*) | 58,534 | 2.89% |
| NV Belfima Invest (*) | 33,340 | 1.65% |
| NV Tradidec (*) | 25,973 | 1.28% |
| NV Capfi Delen Asset Management | 101,073 | 4.99% |
| Public | 770,868 | 38.07% |
| **Total** | **2,024,860** ("denominator") | **100%** |

(*) Tridec Stichting Administratiekantoor acts in mutual consultation with the De Cuyper family and the companies NV Immo Tradec, NV Belfima Invest and NV Tradidec. These in mutual consultation acting parties are not in the possession of warrants to the Resilux shares.

The shareholders and control structure of Resilux NV is set out in the Corporate Governance Charter of Resilux NV. This information is also available on the company's website - heading Investor Relations - General Information.

# CORPORATE GOVERNANCE DECLARATION 2018

## 1. Corporate Governance Charter (part of the annual report on the statutory financial statements in accordance with Article 96 of the Companies Code)

The Corporate Governance declaration is part of the annual report on the statutory financial statements and consequently subject to the control of the external auditor.

### 1.1 Corporate Governance Code - Reference code (section 96, §2, 1° Companies Code)

As a Belgian company quoted on Euronext Brussels, Resilux NV uses as reference code the Belgian Code on Corporate Governance of listed companies, published on 12 March 2009 and aims to comply with the principles and provisions of this code, unless a grounded derogation is made, making use of the principle "Comply or Explain".

The Code can be freely consulted on the website of the Corporate Governance Committee: www.corporategovernancecommittee.be

### 1.2 Comply or Explain (section 96, §2, 2° Companies Code)

The exceptions to the application of provisions of the Code are explained as follows:

**Provision 4.15 of the Code: "The Corporate Governance Statement contains information concerning the most-important characteristics of the evaluation process of the board of directors, its committees and its individual directors."**

Given the limited scope and specific composition of the board of directors, its committees and the number of individual directors, and although the evaluations are done in accordance with the provisions of the Corporate Governance Code (periodically, under the leadership of the chairman, in compliance with target objectives), there is no formally developed evaluation process that defines, amongst other things, evaluation criteria, the evaluation procedure, attendance quorum, and all such.

**Provision 7.7 of the Code: "Non-executive directors receive neither performance-related remuneration such as bonuses or long-term stock-related incentive programmes nor benefits in kind or benefits linked to pension schemes."**



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The chairman of the board of directors - unlike the other non-executive directors - does not receive any fixed emoluments for the performance of his duties as a non-executive director and chairman of the board of directors but instead receives only benefits in kind in the form of a car and a mobile telephone.

This exception is justified by specific circumstances and by the fact that (1) provision 7.8 of the Code mentions "other benefits" accorded to non-executive directors and that (2) the new section 96, §3, 3° of the Companies Code mentions "remuneration and other benefits" and thus does not impose any statutory prohibition against according benefits in kind to non-executive directors.

**Principle 7.11 of the Code: "To bring the interests of the members of the executive management in line with those of the company, an appropriate proportion of their remuneration package is linked to corporate and individual performances."**

The remuneration package of each member of the executive committee consists of a fixed sum and a number of current benefits in kind and representation allowances. The introduction of a general variable pay policy in order to bring the interests of members of the executive management in line with those of the company is still under re-consideration.

Given the trends in relevant legislation and Corporate Governance in this area, the existing remuneration policy will be re-evaluated in the coming years and adapted or further elaborated if necessary.

### 1.3 Internal control and risk management systems (section 96, §2, 3° Companies Code)

The board of directors, the audit committee and the executive management (executive committee) are responsible for measuring business risks and the effectiveness of the internal control and risk management systems. These internal control and risk management systems are aimed at identifying, evaluating, managing and following up on the financial and other risks with a view to ensuring (1) the achievement of the company's stated objectives, (2) reliable reporting (whether financial or otherwise) and (3) due compliance with the applicable laws and regulations.

#### General

- **Control Environment**

  The company endeavours to create a control environment that is adapted to the needs and size of the company and its affiliates and that adequately supports the four other internal control elements via:
  - defining and communicating the strategy, philosophy, values, corporate culture and management style of the company.
  - defining and describing the company structure, job descriptions and qualifications, duties, competence and responsibility domains, HR policy.
  - compliance with the Corporate Governance Charter, applicable regulations and the company's articles of association, on the basis of which the responsibilities of the board and its committees are set.

- **Risk Management Process**

  The company identifies and analyses the potential internal and external events and factors that may affect the company and the realization of its (strategic, operational, financial, legal) objectives. Depending on the nature of the risk, the company endeavours to take measures, to define action plans, to set up new management systems or optimize existing ones in order to keep the risks within the limits of the risk appetite of the company.

- **Control Activities**

  The company's risks are managed on a regular and permanent manner and controlled by different agencies, departments, procedures, processes and systems:
  - Procedures, guidelines, processes, analysis and reports (whether automated or not)
  - Departments/functions that (partially) carry out control activities

    a) Finance department (reporting & controlling)

    b) Legal department

    c) Credit Management

    d) Sales Controller

    e) Quality control (production and products)

    f) Risk Manager and Health and Safety Officer
  - The integration of control activities into important processes and systems (ICT)
  - The board of directors and its various committees
  - The management structure of the company and its affiliated companies
  - External audit

- **Communication and Information**

  The company acknowledges the importance of reliable, timely information and promotes making this a goal in terms of both its internal and its external communication as well as aligning its reporting in this respect.

- **Supervision and steering**

  The quality and effectiveness of the internal controls and the control and management systems are supervised by:
  - The board of directors
  - The audit committee
  - Executive management (executive committee) and daily supervision
  - Finance & Controlling
  - The compliance function as exercised by the company secretary
  - The financial audit process carried out by the external auditor
  - External quality control/quality audit - BRC
  - Inspections done by the insurance company (Risk Management property damage)

On 26 March 2019 the audit committee decided on the following:

The development of a reference framework for internal control and risk management within the company is a gradual, evolving process that fits the needs and characteristics of the company. Furthermore, it depends on the aims, scope and complexity of the organisation's activities and processes or even the internationalisation thereof.

Within the framework of internal control and risk management, in 2018 the company paid relatively much attention to:

a) the quality management system;

b) credit notes;

c) approval procedure for orders and invoices;

d) stock of risk management;

e) ERM procedure for product pricing

f) the further elaboration and implementation of an operational excellence plan in which all processes of the company are analysed and adjusted where necessary;

g) developing and optimizing reports and management information;

h) centralization and control of data.

In general, it can be stated that the current systems and processes - given the organisation's scope, structure and operations - still function properly, however, since the earlier proposed progress in internal control and risk management over the years has been slower than expected and given the continuing growth expectations of the company, the need increases for further formalization and development in the fields of:

a) the control environment and more specifically in the area of: job descriptions and skills, duties, areas of competence and responsibility and HR policy;
b) risk management processes: the development and creation of a general risk matrix and an ERM (Enterprise Risk Management) system to take inventory of, analyse, monitor and manage risks in a systematic and structured manner;
c) risk response and control activities: refine existing procedures and control activities and create new ones to support the company's needs.

Decision:
In view of the above, the audit committee unanimously judges that the existing internal control and risk management systems and procedures, their operation and their adjustment based on day-to-day supervision and control, still function sufficiently to effectively identify, manage and publish the key risks, but since the previously envisaged progress on internal control and risk management over the years has been slower than expected and taking into account the continuing growth expectations of the company, the need for further formalization and elaboration increases.

The audit committee previously requested management to develop a more concrete plan of action in 2018 that will further formalize, professionalize, improve and adapt the existing control environment, risk management processes and control activities, in order to meet the objectives and needs of the organisation.

A new COO Resilux was recruited in the course of 2018. The arrival of the new COO in 2019 implies more in-house expertise in the field of internal control. Together with the new COO and with support from the strengthened teams, a priority list will be drawn up. Work will first be carried out on the control environment and, where necessary, process-oriented profiles will be the preference.

The creation of the function of Internal Control and Risk Management Coordinator and the concrete fulfilment of his role will be assessed in a timely manner. However, setting up an internal audit function only makes sense if the control environment is adequately set up.

### Internal control and risk management systems set up for financial reporting risks

The internal control and management system set up for financial reporting risks is aimed at assuring reasonable certainty in producing reliable financial reporting relative to the company's business and in being able to prepare and publish financial statements in accordance with the IFRS accounting principles.

- **Procedures and Reporting Processes**
  - The accounting teams are responsible for the due and proper closing of the bookkeeping. Financial Accounting Manuals are provided for the most-important parts of the bookkeeping.
  - The company has developed procedures relating to various business processes (procurement, sales, personnel, investments, etc.).
  - The company prepares annual budgets (sales prognosis, financial budget, investment budget and cash flow chart).
  - Sales and production quantities from the various Resilux plants are reported daily. In the case of sales data, attention is also paid to the volumes sold and prices charged.
  - Each month, financial statements are reported and consolidated at group level.
  - Special financial reports are produced periodically (quarterly and half-yearly).

Information systems have been developed to assist the company and are constantly being adjusted to meet new needs as they arise.

- **Control Activities**
  - The various controllers examine the figures for accuracy by making comparisons with historical data and budget figures, and also reconciling the financial reporting with the management reporting. There are special procedures to guarantee the adequacy of the financial provisions.
  - By means of random sampling, examinations are done in order to check whether the procedures relative to various business processes are being properly applied, whereby the focus lies on material transactions.
  - Annual budgets are analysed, discussed and approved by the board of directors. Over the course of the year, deviations from budget are analysed by the controllers and explained. This results in the identification of appropriate actions to be taken.
  - The reports are periodically discussed with the management of the various plants. Attention is also paid to non-quantitative performance indicators.
  - Each quarter, the financial reporting is discussed by the audit committee and all critical accounting issues and financial uncertainties are reported and discussed with the management, the external auditor and the board of directors.
  - Each year, the external auditor examines and assesses the financial statements.

## 1.4 Information regarding article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market. (implementation of the takeover Directive) (see also article 96, §2, 4° Companies Code regarding article 34, 3°, 5°, 7° and 8°).

a) On 31 December 2018 the registered capital of the company amounts to € 3,600,429 represented by 2,024,860 no par-value shares, which each represent a 1/2,024,860th share of the registered capital. All shares are fully paid up and each share confers the right to one vote.

Based on the last transparency notification of 4 May 2017 and 27 December,2018 as received by the company and the latest notification in the context of the exemption from the obligation to bid under the provisions of the Law of 1 April 2007 on public takeover bids, as received by the company on 31 August 2018, the shareholders' structure on 31 December 2018 is as follows:

| Shareholder | Current voting rights/share | | % of issued company stock |
|---|---|---|---|
| Tridec Stichting Administratiekantoor (*) | 921,000 | | 45.48% |
| De Cuyper family (*) | 114,072 | | 5.63% |
| NV Immo Tradec (*) *controlled by Tradec Invest NV* | 58,534 | | 2.89% |
| NV Belfima Invest (*) *controlled by Peter De Cuyper* | 33,340 | | 1.65% |
| NV Tradidec (*) | 25,973 | | 1.28% |
| NV Capfi Delen Asset Management | 101,073 | | 4.99% |
| Public | 770,868 | | 38.07% |
| **Total** | **2,024,860** | ("denominator") | **100%** |

(*) Tridec Stichting Administratiekantoor acts in mutual consultation with the De Cuyper family and the companies NV Immo Tradec, NV Belfima Invest and NV Tradidec.

b) No restrictions are laid down by statute or in the company's articles of association on the transfer of securities, nor on the exercise of voting rights that apply to the securities issued by the company

c) Special control rights - Statutory provisions



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*Article 11 - Preferential right*

In the event of a capital increase, implemented other than by way of a non-monetary contribution or merger, and subject to any different decision by the general shareholders' meeting or the board of directors, the existing shareholders will be given preference for the new shares, in proportion to the part of the registered capital represented by their shares.
The pre-emptive right may be exercised for a period of at least fifteen days, to be calculated from the day on which the subscription for new shares opens.

The subscription price and the period during which the pre-emptive right may be exercised will be determined by the general shareholders' meeting or, if the resolution to increase the capital has been adopted in accordance with Article 603 of the Belgian Companies Code, by the board of directors.
If the ownership of shares is divided into usufruct and bare ownership, the bare owner of the shares will have the pre-emptive right. For pledged shares, the owner-pledgor will have the pre-emptive right.

*Article 15 - Nomination right*

Insofar as Tridec Stichting Administratiekantoor holds at least 35% of the company's shares, it will have the statutory right to nominate four directors. Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper are appointed upon nomination by Tridec Stichting Administratiekantoor.

*Article 29 - Convening*

A special or an extraordinary general shareholders' meeting must be convened whenever required by the interests of the company and must be convened every time shareholders who collectively represent one-fifth of the registered capital so request.

*Article 30 - Right to add items to the agenda and to file new proposed resolutions*

One or more shareholders who jointly hold at least 3% of the company's registered capital may, no later than the twenty-second day prior to the date of the general shareholders' meeting, add items to be discussed to the agenda of the general shareholders' meeting and submit motions to be voted on concerning items included on the agenda or to be included on the agenda, provided that the shareholders can demonstrate that, on the date when they file an item for the agenda or a motion for vote, they are shareholders of the company.
This right shall not be valid for general shareholders' meetings convened after a first general shareholders' meeting that was not deemed valid for deliberations because the required attendance quorum was not reached.

d) There are no other share plans for employees according to which the rights of control are not directly executed by the employees.

e) The company has no knowledge of agreements between shareholders which could lead to a limitation of the right to transfer securities and/or exercising the right to vote.

f) The members of the board of directors are appointed by the general shareholders' meeting.

According to article 16 of the company's articles of association, the remaining directors can temporarily fill in a vacancy for director. In that case, the general shareholders' meeting will proceed to a final appointment during their next meeting.

According to article 15 of the company's articles of association, the board of directors can have a maximum of seven members and, as already mentioned above, as long as Tridec Stichting Administratiekantoor holds at least 35% of the shares of the company, it has the right to nominate four candidates for appointment as director.

Other directors will be nominated by the remuneration and nomination committee, taking into account the needs of the company and in accordance with the selection criteria and appointment procedure set up by the board of directors.

For the composition of the board of directors, the necessary diversity and complementarily in the matter of skills, practice and knowledge is taken into account.

At least three directors must be independent.

The members of the board of directors are appointed for a maximum period each of four years and can be reappointed.

The general shareholders' meeting can deliberate and vote for changes to articles, considering the conditions imposed by articles 540, 543, 558, 559 and onwards of the Companies Code.

g) The powers of the governing body regarding the issuance or redemption of shares of the company.

The current articles of association of the company provide for the following regulations

*Temporary provisions - Authorised capital*

For a period of five years from the publication of the general shareholders' meeting's resolution of 20 May 2016 in the annexes to the Belgian Official Journal, the board of directors will be authorised to increase the registered capital on one or more occasions to the amount of €17,183,856.00 (seventeen million, one hundred and eighty-three thousand, eight hundred and fifty-six euros).

The capital may be increased by means of a monetary or non-monetary contribution as well as by the conversion of reserves of any kind and/or by an issue premium.

In addition to the issue of ordinary shares, capital increases decided on by the board of directors, may also be implemented through the issue of preference shares, through the issue of shares without voting rights, through the issue of shares and/or warrants in favour of staff and through the issue of convertible bonds and/or bonds with warrants.

The board of directors is granted the authority to limit or cancel the pre-emptive right in the interests of the company if the capital increase is implemented within the scope of the authorised capital.

The board of directors is authorised to limit or cancel the pre-emptive right in favour of one or more people, even if these people are not personnel of the company or its subsidiaries.

The general shareholders' meeting has explicitly granted the board of directors the authority to increase the subscribed capital on one or more occasions as from the date of the notice from the Financial Services and Markets Authority (FSMA) to the company of a public takeover bid for the securities of the company, by means of monetary contributions with the cancellation or limitation of the existing shareholders' pre-emptive right or by means of non-monetary contributions in accordance with Article 607 of the Belgian Companies Code. This authorisation is valid for a period of three (3) years to be calculated from the publication of the resolution of the general shareholders' meeting of 20 May 2016 in the annexes to the Belgian Official Journal.

If a capital increase is implemented by means of cash subscriptions with an issue premium, the board of directors will be authorised to stipulate that the issue premium will be earmarked for the non-distributable 'issue premiums' account, which will constitute a guarantee to third parties to the same extent as the registered capital and, except for the possibility of conversion into capital by the board of directors, may only be disposed of in accordance with the conditions laid down by the Belgian Companies Code for amendments to the articles of association.

The board of directors is authorised to amend the company's articles of association in accordance with the capital increase that was decided on within the scope of its authority.

*Temporary provisions - Purchase of own shares*

The board of directors is authorised, in accordance with article 620 and following of the Companies Code, to acquire shares, profit-sharing certificates or associated certificates of the company at the expense of the latter, if this acquisition is necessary to preventing the company from suffering imminent, serious damage. This authorisation is valid for a period of three (3) years to be calculated from the publication of the resolution of the extraordinary general shareholders' meeting of 20 May 2016 in the annexes to the Belgian Official Journal. This authorisation can be renewed for periods of three (3) years. Insofar as allowable by law (among others article 622 of the Companies Code), the authorisation to transfer ownership is valid without limitation in time.

[The arrangement provided for in this second paragraph of the temporary provisions - regarding the acquisition of own shares - of the articles of association of the company is not repeated here since it was withdrawn by a decision of the EGM dated 18 May 2018 and replaced by a new arrangement - see below].

The board of directors is authorised, in accordance with article 622 §2 of the Belgian Companies Code, to transfer ownership of own shares

(i) in the framework of transactions, such as takeovers or acquisition of tangible or intangible assets, opportune for the strategic development of the company, and at a price at least equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the transaction, decreased with ten percent (10%) and at most equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the transaction, increased with ten percent (10%);

(ii) in the framework of exercising stock options granted to the personnel of the company or its subsidiaries or self-employed service providers with a high management position within the company or its subsidiaries, and at a price of the option at least equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the granting of the options, decreased with ten percent (10%) and at most equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the granting of the options, increased with ten percent (10%);

(iii) in the framework of article 3, paragraph 2 of the warrant plan of 28 January 2013 and for the price of the warrants.

On 18 May 2018, the extraordinary general shareholders' meeting decided to withdraw, except in the event of necessity to prevent a serious and imminent disadvantage for the company, the existing authorisation granted to the board of directors to acquire own shares and to replace it with the following authorisation: The board of directors is authorised, in accordance with article 620 et seq. of the Companies Code, to acquire, through purchase or exchange, shares, profit-sharing certificates or depositary receipts relating thereto in the company for the account of the latter, at a unit price that may not be lower than the accounting par value and not higher than twenty percent (20%) above the highest closing quote for the share over the most recent twenty (20) trading days preceding the transaction. The restriction of Article 620, §1, 2° of the Companies Code applies to this authorisation. The authorisation to acquire applies for a period of five (5) years starting from the publication in the annexes to the Belgian Official Journal of the decision of the extraordinary general shareholders' meeting of 18 May 2018. This authorisation may be renewed for periods of five (5) years. To the extent permitted by law (and in particular by article 622 of the Companies Code), the authorisation to alienate shall apply without time limitation.

h) The company is not involved in important agreements that come into force, change or expire in case the company is subject to a change of control as a result of a public takeover bid, or the consequences of it.

i) There are no agreements between the company and its directors or employees which provide for indemnities in case the directors resign or are dismissed without a valid reason, or when the employment of the employees is terminated as a result of a public takeover bid.



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## 1.5 The composition and functioning of the board of directors and its committees (Article 96, § 2, 5° Companies Code)

### a) The board of directors

As of 20 March 2018, the board of directors of Resilux NV consists of the following seven members:

- Alex De Cuyper, chairman and non-executive director;
- Dirk De Cuyper, Managing Director, executive director;
- Peter De Cuyper, Managing Director, executive director;
- FVDH BEHEER BVBA represented by its permanent representative Francis Vanderhoydonck, non-executive director;
- Guido Vanherpe BVBA represented by its permanent representative Guido Vanherpe, non-executive director, independent;
- Intal BVBA represented by its permanent representative Johan Vanovenberghe, non-executive director, independent
- Mitiska NV represented by Arlini NV, represented by its permanent representative Luc Geuten, non-executive director, independent

The mandate of LVW INT. BVBA, represented by its permanent representative Dirk Lannoo, non-executive and independent director expired on 7 March 2018.

As long as Tridec Stichting Administratiekantoor has a participation of at least 35%, it has the statutory right to nominate four directors. Alex De Cuyper, Dirk De Cuyper en Peter De Cuyper are appointed upon nomination by Tridec Stichting Administratiekantoor.

**Alex De Cuyper** established Thovadec Plastics NV in 1961. He was director of this company until 1988. From 1974 to 1994 he was a judge in commercial cases at Ghent Commercial Court. After serving as Managing Director of Resilux NV for a number of years, Alex De Cuyper is now chairman of the board of directors of Resilux NV. He is also director of various other companies.

**Dirk De Cuyper** obtained marketing, distribution and technical qualifications and worked for Netstal Maschinen AG, a manufacturer of industrial machinery including machines for the production of PET preforms, amongst others, as subcontractor in sales and services for the PET department. With the establishment of Resilux NV he was appointed managing director responsible for the daily management of the company and together with Peter De Cuyper he is the principal representative of the executive management.

**Peter De Cuyper** has a Masters degree in Law and a Masters degree in Economic Law. After having worked as in-house lawyer for an insurance company in 1992, he became financial director of Resilux NV on 1 January, 1993 and held this position until October 2002. He was appointed managing director responsible for the daily management of the company and together with Dirk De Cuyper he is the principal representative of the executive management.

**Francis Vanderhoydonck,** permanent representative of FVDH BEHEER BVBA, has a Masters degree in Law and Economic Sciences and obtained an MBA from New York University. From 1986 to 1998, he worked at Generale Bank, where he held a number of positions in the investment banking department. From 1995 to 1998, he was responsible for that department. Today, he works at Maple Finance Group, which is specialised in the management of private equity investment funds and corporate finance. He is also director of various companies.

**Guido Vanherpe,** permanent representative of Guido Vanherpe BVBA, has a Masters degree in Economic Sciences and a Master of Business Administration degree. He began his career at Procter & Gamble Belgium. From 1989 to 1993, he worked at Unilever Belgium (Sales & Marketing Manager, Chilled Foods Division) and then joined La Lorraine Bakery Group (Sales & Marketing Manager) where he was appointed CEO in 1995. Guido Vanherpe is also CEO of Vanobake Baking & Milling Group (holding company). In addition, he is a member of the management board of the AIBI (Association Internationale de la Boulangerie Industrielle), the FGBB (Federatie van Grote Bakkerijen van België) and FEVIA (Federatie van de Voedingsindustrie in België) and, he is also director at Ter Beke NV.



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**Johan Vanovenberghe,** permanent representative of Intal BVBA, has a Masters degree in taxation and in accountancy. He started his career in 1987 at Grant Thornton, Audit, Accountancy & Tax, where he was partner from 1995 until 2006. In 2006 he became CFO of Univeg Group. Currently Mr. Johan Vanovenbergh is working as CFO at Deprez Holding. He holds a directorship at Greenyard NV, acts as advisor to the board of directors of several companies and occasionally performs active assignments.

**Luc Geuten**, permanent representative of Arlini NV, representative of Mitiska NV, Civil Engineer (UCL) and an MBA (Harvard Business School). He started his career as a consultant at Mckinsey & Company. Currently Mr. Luc Geuten is working as executive chairman of the board of directors of Mitiska REIM and Mitiska NV. He holds various board functions at (among others) FRI I&II (real estate funds) and in several subsidiaries of Mitiska.

Two of the seven members of the board of directors of Resilux NV are executive directors, namely Dirk De Cuyper and Peter De Cuyper. They are both managing director and responsible for the daily management of the company and as member of the executive committee, they are the principal representatives of the executive management.

Alex De Cuyper, chairman of the board of directors, and FVDH BEHEER BVBA represented by its permanent representative Francis Vanderhoydonck have no executive role in Resilux NV. The same applies to the three independent - as in the Companies Code and annex A of the Corporate Governance Code 2009 - directors of Resilux NV, these being:

- Guido Vanherpe BVBA represented by its permanent representative Guido Vanherpe, who was co-opted by the board of directors on 26 November 2007; and since 16 May 2008 appointed by the general shareholders' meeting as member of the board of directors. The mandate of Guido Vanherpe BVBA shall end on the general shareholder's meeting of 2019;
- Intal BVBA, represented by its permanent representative Johan Vanovenberghe, who was appointed by the board of directors on 5 February 2018 by co-optation and whose appointment was definitively approved on 20 March 2018 by the extraordinary general shareholders' meeting. The mandate of Intal BVBA shall end at the general shareholder's meeting of 2019.
- Mitiska NV, represented by Arlini NV, represented by its permanent representative Luc Geuten, who was appointed as a member of the board of directors on 20 March 2018 by the extraordinary general shareholders' meeting. The mandate of Mitiska NV shall end at the general shareholder's meeting of 2019.

These non-executive and independent directors are not (and have not been) employees of Resilux NV or an affiliated company. There is no other relationship with the company or its directors that could jeopardise their independence as director.

Concrete actions have been taken to ensure that in the composition of the new board of directors that will be proposed for approval at the general shareholders' meeting of shareholders on 17 May 2019 at least one third of the members of the board of directors is of another gender than that of the other members.

In 2018, the board of directors has deliberated nine times. Alex De Cuyper, Peter De Cuyper, Dirk De Cuyper and Johan Vanovenberghe (appointed from 5 February 2018) were not once excused and absent. Francis Vanderhoydonck, Dirk Lannoo (appointed until 7 March 2018) and Luc Geuten (appointed from 20 March 2018) were excused and absent once. Guido Vanherpe was excused and absent on two occasions.

At these meetings, various issues were discussed, amongst them the company's strategy, the composition of the board of directors, the recruitment of a Resilux Group COO, strategic projects, free cash flow policy, recycling, raw material markets, MAR regulations, compliance, discussions about the budgets and the approval of new investment projects, tax issues, the evolution of the operations and the situation of the subsidiaries, the financial results and reports, credit management, external audit, internal control and risk management, customer projects, real estate, research and development, establishment and approval of all the necessary legal documents, lawsuits and disputes, implementation and monitoring of a new regulation, Corporate Governance and the performances of and interaction with the executive committee.

In addition to these formal meetings, informal meetings were regularly held to inform and consult the members of the board of directors about the progress of specific matters. The executive directors report regularly to the chairman of the board of directors, who in turn informs and consults the other directors. In this way, all directors, including the non-executives, are closely involved in the development of and the control over the policy of the company and by extension the Group.

The Internal Regulations of the board of directors are set out in Annex 1 to the Corporate Governance Charter of Resilux NV. The Internal Regulations explain, among other things, the composition, the competences and the operation of the board of directors.

### b) Audit committee

At the end of 2004 the board of directors of Resilux NV set up an audit committee, which assists the board of directors in its supervisory and monitoring role with a view to control in its broadest sense. The audit committee's tasks relate to monitoring, analysis and advice regarding internal control and risk management, internal and external audit, and financial reporting as well as the evaluation of the independence of the external auditor. The final decision making remains with the board of directors.

Currently the audit committee consists of four members, who are all non-executive directors, namely Guido Vanherpe BVBA, represented by its permanent representative Guido Vanherpe, Intal BVBA represented by its permanent representative Johan Vanovenberghe, Mitiska NV represented by Arlini NV represented by its permanent representative Luc Geuten and FVDH BEHEER BVBA represented by its permanent representative Francis Vanderhoydonck and - except for one member (namely FVDH BEHEER BVBA) - independent.

At least one member is independent and has the necessary expertise in the area of auditing and accounting.

The audit committee deliberated four times in 2018. Johan Vanovenberghe (appointed from 5 February 2018) was not once excused and absent. Francis Vanderhoydonck, Dirk Lannoo (appointed until 7 March 2018) and Luc Geuten (appointed from 20 March 2018) were excused and absent once. Guido Vanherpe was excused and absent on two occasions.

During these meetings, various issues were discussed, including the monitoring of the financial reporting process and the effectiveness of the internal control and risk management of the company, advising on the (reappointment) of an external auditor, monitoring the statutory audit of the financial statements and the consolidated statements, including the follow up of questions and recommendations made by the external auditor, reviewing and monitoring the independence of the external auditor and the provision by the external auditor of additional services to the company.

The Internal Regulations of the audit committee are set out in Annex 4 to the Corporate Governance Charter of Resilux NV. The Internal Regulations explain, amongst other things, the composition, the competences and the operation of the Audit committee.

### c) Remuneration and nomination committee

At the end of 2004, the board of directors of Resilux NV set up a remuneration and nomination committee. The remuneration and nomination committee submits proposals and suggestions to the board of directors regarding the company's appointment and remuneration policy of directors, the CEO and the other members of the executive committee, as well as their individual appointment and remuneration;

Where appropriate, the board of directors, in turn, shall submit proposals in these matters to the shareholders. The competence to decide upon the appointment and the individual remuneration of the directors is entrusted to the shareholders.

Currently, the remuneration and nomination committee consists of five members, who are all non-executive director, namely Guido Vanherpe BVBA, represented by its permanent representative Guido Vanherpe, Intal BVBA represented by its permanent representative Johan Vanovenberghe, Mitiska NV represented by Arlini NV represented by its permanent representative Luc Geuten, Alex De Cuyper and FVDH BEHEER BVBA represented by its permanent representative Francis Vanderhoydonck and - except for two members (the chairman of the board of directors and FVDH BEHEER BVBA) - independent directors

Based on its current composition, the remuneration committee has the necessary expertise in the area of remuneration policy.

The remuneration and nomination committee deliberated seven times in 2018. Alex De Cuyper and Johan Vanovenberghe (appointed from 5 February,2018) were not once excused and absent. Francis Vanderhoydonck, Dirk Lannoo (appointed until 7 March 2018) and Luc Geuten (appointed from 20 March 2018) were excused and absent once. Guido Vanherpe was excused and absent on two occasions.

During these meetings, various issues were discussed, including advising on the composition of the board of directors, the recruitment of a Resilux COO, advice on KPIs in the context of the variable remuneration of the principal representatives of the executive management, the redaction of the draft annual remuneration report and the evaluation of its effectiveness and its Internal Regulations.

The Internal Regulations of the Remuneration and nomination committee are set out in Annex 5 to the Corporate Governance Charter of Resilux NV. The Internal Regulations explain, among other things, the composition, the competence and the operation of the Remuneration and nomination committee.

### d) The executive committee

The executive committee is responsible for the implementation of the policy of the board of directors and for managing Resilux NV, without prejudice to the competence of the Managing Directors with regard to the company's day-to-day management.

Managing Director Dirk De Cuyper is mainly responsible for production, purchase, strategic projects and M&A matters, research, development and innovation while Managing Director Peter De Cuyper mainly takes care of the financial/administrative part and provides support to the various subsidiaries of the Resilux group. Both managing directors take care in concert of the sales, the sales strategy and the sales organisation of the Group and each individual unit. They are jointly committed to the further development and growth of the Group.

The executive committee of Resilux NV consists of eight members, of which six are non-directors:

- Dirk De Cuyper, Managing Director
- Peter De Cuyper, Managing Director
- William Dierickx, Technical Director
- Ivan Dierickx, Production Director
- Philippe Blonda, Business Development & Marketing Director Added Value/Specialties
- Peter Mommerency, Group Finance Manager
- Annelies Goos, Legal Counsel
- Herman Verley, Group ICT Manager

**William Dierickx and Ivan Dierickx** are technicians with many years of extensive experience in injection moulding production. From 1978 to 1990 they worked for Thovadec Plastics NV, an injection moulding company owned by the family De Cuyper. After having worked for Plastimat NV, a PET company, they started up the operational activities at Resilux NV. Currently, William and Ivan Dierickx are responsible for all technical and production related matters at Resilux NV.

**Philippe Blonda,** who holds a degree in industrial engineering, supplemented his studies with a masters in business economics (KUL) and an MBA (University of Limburg). Since 1991, he has built up professional expertise in PET packaging through his European work experience in technical commercial functions as sales manager, marketing manager and product development manager at Johnson Controls Plastics and Schmalbach Lubeca. From 2005 to 2008, he was the general manager of Retal France (formerly Sodripack NV). On 1 January 2009, he joined Resilux, where he took up the position as the Resilux Group's Marketing and Sales Director on 1 June 2010. Since the beginning of 2014 he has been focusing increasingly on the development and exploitation of new markets and products and on increasing the sales of the existing portfolio of added value business in his position as Business Development & Marketing Director Added Value/Specialties.

**Peter Mommerency** obtained a Masters in Applied Economic Sciences, with a special Masters in Accountancy. He started his career in 1988 at the audit department of PriceWaterhouseCoopers. From 1992 until 2003, he worked as Financial Controller in Belgium and Scandinavia for the pharmaceutical group Nycomed. In 2004 he joined Resilux where he works as the Resilux Group's Finance Manager.

**Annelies Goos** obtained a Masters in law (FUNDP Namur, KUL Leuven, University of Heidelberg) in 1996 and, a year later, obtained her postgraduate degree in supplementary fiscal studies (KUL). From August 1997 until October 2003, she worked at KPMG and Deloitte as a tax consultant in an international environment. She began her career at Resilux group in October 2003 where she has been reinforcing the legal department as a Legal Counsel. In the meantime she has also regularly participated in work teams that are deployed in the execution of strategic projects of the company. Within Resilux she also holds the position of Company Secretary and Compliance Officer.

**Herman Verley** studied Electronics and built up expertise in the field of Informatics alongside his career. In 1986, he began his career at Belcomp NV as Technical and Product Manager. After five years, Herman Verley joined Tritech NV, an important distributor of hard- and software in the BeNeLux, where he held the position of Product Manager. Since 1994, he has been working for Resilux where he is responsible for all ICT-matters within the Resilux Group.

The executive committee meets as often as the company's interest requires a meeting to be convened. In principle, there is one meeting per week at a fixed time.

The Internal Regulations of the executive committee are set out in Annex 6 to the Corporate Governance Charter of Resilux NV. The Internal Regulations explain, amongst other things, the competences as well as to the operation and the composition of the executive committee.

### 1.6 Diversity policy regarding the members of the board of directors, the executive committee, other leaders and people entrusted with the daily management of the company

We find it important to offer everyone equal opportunities in all aspects of employment and we look at differences in race, gender, origin, language, education, age, etc. with an open mind.
Diversity implies being able to deal with different perspectives and movements and we view these as a stimulus for good business operations at all company levels.

With regard to the management (including daily management) of the company, we seek equilibrium, on the one hand, between the particular person having the required professional qualifications, expertise and management capacities to do his or her job and, on the other hand, considering the circumstances on the labour market, internal promotion opportunities, our structure, size and organisation, an attention for diversity.

Concrete actions have been taken to ensure that in the composition of the new board of directors, that will be proposed for approval at the general shareholders' meeting on 17 May 2019 at least one third of the members of the board of directors are of a gender that is different to that of the other members.

### 1.7 Remuneration Report (section 96, §3 Companies Code)

a) Description of the procedure used to develop a remuneration policy and determining the individual remunerations of directors and the executive committee

The remuneration and nomination committee makes proposals and recommendations to the board of directors about the appointment and remuneration policy, the individual remuneration and appointment. of the directors, the principal representatives of the executive management (in casu the Managing Directors) and the other members of the executive committee.

In these matters, - where appropriate -, the board of directors also makes proposals to the shareholders. The decision-making power regarding the appointment and the individual remuneration of directors - and the approval or disapproval of certain severance payments for the principal representatives of the executive management and other members of the executive committee or certain variable fees to independent directors - remains with the shareholders.

b) Statement of the applied remuneration policy

*Directors*

Article 22 of the company's articles of association stipulates that the mandate of the board of directors is unpaid, unless the general shareholders' meeting decides otherwise.

The general shareholders' meeting approved for each of the non-executive directors a remuneration of €15,000 per year, with the exception of the chairman, also a non-executive director, to whom a payment in kind in the form of a car and a mobile phone (incl. covering of the costs related to the use of these benefits in kind) is allocated.

The remuneration of the directors is regularly benchmarked with a relevant sample of listed companies which allows the company to attract directors with the relevant skills who are a fit with the company's ambitions.

No remuneration was allocated to the two executive directors in their capacity as (managing) directors.

Except for the payment in kind accorded to the chairman, none of the non-executive directors received any performance-based remuneration such as bonuses or share-related incentive programmes in the long-term, nor benefits in kind or benefits related to pension plans.

*Executive committee*

The remuneration policy and the individual remuneration of the members of the executive committee, including the executive directors in their capacity as member of the executive committee/ principal representatives of the executive management, are established or approved by board of directors of the company, based on the proposal and recommendations made by the remuneration committee.

The level and structure of the remuneration of the members of the executive committee are such that, taking into account the nature and scope of individual responsibilities, qualified and experienced professionals can be attracted, retained and motivated.

Information available about the remuneration of similar positions in other Belgian companies, as well as the concrete duties within the company, are taken into account when determining the remuneration.

The current remuneration package of each member of the executive committee consists of a fixed remuneration and a number of normal benefits in kind and representation allowances. The introduction of a general variable remuneration policy in order to bring the interests of members of the executive management in line with those of the company is still under re-consideration.

For all members of the executive committee, with the exception of the Directors, an additional pension plan is provided, based on a predetermined contribution. The construction and management of the pension plan is entrusted to an insurance company.

None of the members of the executive committee received any performance related remuneration such as bonuses or share-related incentive programmes in the long-term.

Given current trends in the field of legislation and Corporate Governance, the company shall re-evaluate the remuneration policy in the coming years and make adaptations, if necessary.

c) Remuneration

*Non-executive Directors*

In 2018, the following remunerations were allocated to the non-executive directors:

| | |
|---|---|
| FVDH BVBA, with permanent representative Francis Vanderhoydonck | € 15,000.00 |
| Guido Vanherpe BVBA, with permanent representative Guido Vanherpe | € 15,000.00 |
| Intal BVBA with permanent representative Johan Vanovenberghe | € 15,000.00 |
| Mitiska NV represented by Arlini NV with permanent representative Luc Geuten | € 15,000.00 |
| Alex De Cuyper (provision of a car and a mobile phone) | € 9,085.92 |

*Remuneration of members of the executive committee, with the exception of the principal representatives of the executive management*

The members of the executive committee, with the exception of two principal representatives of the executive management, were paid a total remuneration of € 1,154,413.30 in financial year 2018.

These amounts include:

Basic salaries (gross): € 1,014,985.76
Contributions to the pension scheme / group insurance: € 73,081.18
Other components: benefits in kind and representation allowances: € 66,346.36

*Remuneration of executive committee members and principal representatives of the executive management*

Because the executive functions executed by Dirk De Cuyper and Peter De Cuyper at the highest level of the Resilux Group are similar and complementary, they are both regarded as principal representatives of the daily management / executive management and the amounts of their remuneration and other benefits are jointly mentioned.

On 25 January 2017, the board of directors approved the following adjustments regarding the remuneration package for the principal representatives of the executive management:

- fixed annual remuneration of € 800,000 per person per year;
- annual variable bonus arrangement up to a maximum of 25% of their fixed annual remuneration, with a maximum of € 200,000 / per person.

The amount of the annual bonus of a maximum of €200,000 / person to be paid out will be determined on the basis of the effective realization by those involved of the annual targets (KPIs) set by the board of directors for the year in question.

The two principal representatives of the executive management received a joint fixed remuneration amounting to €1,633,562.94 in financial year 2018.

These amounts include:
Basic allowances: € 1,600,000.00
Other components: € 33,562.94

Any variable bonus scheme linked to the 2018 KPIs is not included in the above and was only finally calculated after the final closing of the 2018 figures. For the sake of completeness, it should also be stated that the bonus scheme linked to the KPIs 2017 is not included in the above as payment has not yet been made effective.

No additional pension plan has been put in place for the two principal representatives of the executive management.

d) Shares and share options - warrants

During 2018, no shares, share options, warrants or other rights to acquire shares were attributed to one or more members of the executive committee, nor were there any exercises or expiries thereof.

e) Severance fees

No recruitment or severance arrangements were made with members of the executive committee in 2018.

## 2. Corporate Governance Charter

The Corporate Governance Charter of Resilux NV is available on the website www.resilux.com.

The Corporate Governance Charter of Resilux NV is supplemented by six Annexes, that form an integral part of the Charter:

| | |
|---|---|
| Annex 1: | Internal regulations of the board of directors |
| Annex 2: | Policy concerning transactions and other contractual relationships between the company, members of the board of directors and members of the executive committee |
| Annex 3: | Rules on market abuse |
| Annex 4: | Internal regulations of the audit committee |
| Annex 5: | Internal regulations of the remuneration and nomination committee |
| Annex 6: | Internal regulations of the executive committee |

## 3. Appraisals

### Board of directors

In accordance with the relevant Corporate Governance principles, the annual appraisals were held on 29 January 2019:

- evaluation by the non-executive directors of their interaction with the executive committee;
- evaluation by the full board of directors of their interaction with the executive committee;
- evaluation by the full board of directors of the performance of the executive committee and implementation of the strategy;
- evaluation of the functioning and performance of the audit committee;
- evaluation of the functioning and performance of the remuneration and nomination committee;
- evaluation of its own effectiveness/size/performance.

The evaluations carried out by the board of directors received a positive assessment. In addition, the board of directors has taken note of the prospect as expressed by the remuneration and nomination committee that in all expectations -after the arrival of the COO Resilux Group and other changes having an impact on the company's senior management - changes are to be made in the composition, functioning and effectiveness of the executive committee in order to ensure the effectiveness and functioning of the governance structure of the company and the implementation of the company's strategy, also in the long term.

It was noted, however, that in the future it may be useful - after the assembly of the new board of directors by the general shareholders' meeting of 17 May 2019 and its functioning for a period of at least 12 to 18 months - to have a 360° evaluation made by an external party to evaluate its own effectiveness, size and performance.

### Remuneration and nomination committee

In accordance with the relevant Corporate Governance principles, the following appraisals were held on 29 January 2019:

- evaluation of the contribution and the performance of the principal representatives of the executive management and of the other members of the executive committee;
- evaluation of its own effectiveness/internal procedures.

As part of its annual evaluation of the contributions and performance of the principal representatives of the executive management (Dirk De Cuyper and Peter De Cuyper) and - in the presence of Dirk De Cuyper and Peter De Cuyper - those of the other members of the executive committee, the members of the remuneration and nomination committee gave a positive appraisal. Another positive aspect is the fact that, partly due to the prospect of the arrival of the COO Resilux Group in the short term and a number of other factors that will have an impact on current senior management, it is to be expected that the management of the foreign subsidiaries and the group as a whole will take other forms in the future, including:

- Filling in the new function of "COO Resilux Group";
- Change in the composition of the executive committee and reduction in the number of members;
- Increase in the efficiency of the executive committee by limiting topics to be dealt with primarily to that which is relevant and important;
- Optimization of the meeting culture;
- Adapting the organisation and associated reporting structure as a result of previous changes, in order to be able to pursue both the targeted support of the executive committee and the efficient management of the group as a whole.

The periodic evaluation of own effectiveness and internal regulations received a positive assessment. After all, the assessment did not reveal any aspects on the basis of which the remuneration and nomination committee would consider it necessary to make changes to ensure the correct composition, effectiveness and functioning of the company's governance structure.

### Audit committee

In accordance with the Corporate Governance provisions in this regard, the following evaluation took place on 29 January 2019:

- evaluation of own effectiveness / internal regulations.

The periodic evaluation of own effectiveness and internal regulations received a positive assessment. After all, the assessment did not reveal any aspects that would make it necessary for the audit committee to make changes to ensure the correct composition, effectiveness and functioning of the company's governance structure.

### 4. Certain other transactions or contractual relationships with directors or members of the executive committee

The policy concerning transactions and other contractual relationships between Resilux NV on the one hand and the members of the board of directors or the members of the executive committee on the other are set out in Annex 2 to the Corporate Governance Charter.

Cfr. reporting under “point 7. Legal conflicts of Interest” regarding the application of the legal conflicts of interest procedure in 2018.

### 5. Market abuse

Managers of issuers and the persons closely associated with them must notify their transactions involving the financial instruments of the respective issuer to the issuer and to the FSMA.

The said duty of notification arises from article 19 of the Market Abuse Regulation (EU) No. 596/2014 and can be administratively sanctioned if it is not duly observed. The duty of notification applies from the moment that the total amount of the transactions within one calendar year has reached the threshold of € 5,000 and applies for every transaction thereafter.

Several transactions of the same type and in the same instrument that are carried out on the same day and at the same trading venue can be presented in an aggregated form as well as individually.

The FSMA publishes notified transactions on its website on the grounds of article 25, §2 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services. The content of notifications falls under the exclusive responsibility of the persons who are subject to the duty of notification. The company indicates on its website where these reports can be consulted.

For the purposes of notifying transactions to the respective issuer and the FSMA, the persons subject to the duty of notification must use the eMT application for online notification, in accordance with Article 2, §3, Implementing Regulation (EU) 2016/523 and FSMA Circular_2016_08. They may grant someone else a mandate to notify their transactions but they shall always remain personally responsible for observing their duty of notification.

Issuers must confirm the notifications via eMT and transmit them to the FSMA. The FSMA expects issuers to take reasonable precautions to verify the origin of the notifications and, where appropriate, to verify that mandatories are duly authorised to notify transactions on behalf of the persons subject to the duty of notification.

The rules stipulated by the board of directors of Resilux NV to prevent market abuse, which include a code of conduct for each member of the board of directors or executive committee, are described in annex 3 to the Corporate Governance Charter of Resilux NV.

### 6. Other transactions

No other transactions to report.



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## 7. Legal conflicts of interest

Article 523 of the Companies Code provides a specific procedure within the board of directors in the event of a possible conflict of interest concerning equity for one or more directors when it comes to decisions taken or transactions carried out by the board of directors. The decision or transaction concerned, the resolution adopted as well as the equity-related consequences must be entered in the minutes and be included in extenso in the company's annual report.

This procedure does not apply to decisions or transactions during the normal course of business in normal market conditions. Likewise, it does not apply to decisions or transactions between companies where one company directly or indirectly holds at least 95% of the voting shares in the other company and transactions and decisions between companies where at least 95% of the voting shares in both companies is directly or indirectly in the hands of another company.

Article 524 of the Companies Code also provides for procedures and rules for transactions and decisions between affiliated companies. In particular, these transactions must be presented to a committee of 3 independent directors. This committee is assisted by one or more independent experts appointed by the committee. The committee must present a justified, written opinion to the board of directors on a number of legally defined items. After having taken note of the report, the board of directors must deliberate and vote on the proposed decision or transaction. If the board departs from the committee's recommendation, this must be justified in the minutes. The auditor evaluates the reliability of the data provided in the committee's recommendation and in the minutes from the board of directors meeting. The committee's decision, an excerpt from the minutes of the board of directors and the auditor's opinion are reported in the company's annual report.

These principles have been applied multiple times in 2018.

### Conflicts of interests - Application in 2018 of Article 523 of the Companies Code

In 2018, four situations occurred at board of directors level that gave rise to the application of (only) article 523 of the Companies Code.

1. During the meeting of 11 February 2018 the board of directors took a decision regarding the proposal to submit the appointment of Intal BVBA, represented by its permanent representative, Mr Johan Vanovenberghe, as non-executive independent director of the company, for confirmation to a general meeting of the company to be held on 20 March 2018.

   The following was recorded in the minutes of the meeting in this regard:
   *"Intal BVBA, represented by its permanent representative, Mr Johan Vanovenberghe, explained that it did not wish to be present at the discussion by the board of directors of item 1 on the agenda, as agenda item 1 relates to the proposal to submit its definite appointment as non-executive independent director of the company to the general meeting of the company. Intal BVBA, represented by its permanent representative, Mr Johan Vanovenberghe, then left the meeting in order not to participate in further deliberations of agenda item 1."*

   The minutes of the meeting of the board of directors then go on to state:
   *"After deliberation, the members of the board of directors present unanimously took the following decision regarding agenda item 1:*
   *"The board of directors resolves to submit the appointment of Intal BVBA, represented by its permanent representative, Mr Johan Vanovenberghe, as non-executive independent director of the company, for confirmation to a general meeting of the company to be held on 20 March 2018 and that the corresponding proposal of resolution to be submitted to the general meeting shall read as follows:*
   *"The general meeting lays down that, in accordance with article 519 of the Companies Code, Intal BVBA, represented by its permanent representative Johan Vanovenberghe, was appointed by the board of directors by co-optation on 5 February 2018 as a non-executive independent director of the company, and decides to approve, on the recommendation of the board of directors, the definitive appointment of Intal BVBA, represented by its permanent representative Johan Vanovenberghe, as non-executive independent director of the company, for a term up to and including the ordinary general meeting to be held in 2019, and to set his fixed annual remuneration at € 15,000 (excluding VAT) pro rata to the duration of the effective exercise of the mandate.*

*Based on the information known to the company, as well as the information provided by Intal BVBA, represented by its permanent representative Johan Vanovenberghe, the board of directors has decided that both Intal BVBA and Mr Johan Vanovenberghe meet the independence criteria as provided for in article 526ter of the Companies Code."“*

*The board of directors authorised each of its members and the members of the senior management of the company (each acting individually and with the possibility of substitution) to finalise the notice convening the general meeting on 20 March 2018 (including the aforementioned proposal for resolution) and to complete all convening formalities for the convening of such a general meeting."*

2. During the meeting of 6 March 2018, the board of directors took a decision concerning the applicable KPIs for 2018 in the context of the variable remuneration of the principal representatives of executive management (Dirk De Cuyper and Peter De Cuyper).

   The following was recorded in the minutes of the meeting in this regard:
   *"Messrs Dirk De Cuyper and Peter De Cuyper stated that in the deliberations and decision-making regarding the fixing of the KPIs for 2018 within the context of the variable remuneration which the board of directors allocated to the principal representatives of executive management on 25 January 2017, the conflicts of interests rule provided for in article 523 of the Companies Code must be applied to them insofar as necessary. After all, as recipients of such variable remuneration, they have a proprietary interest that is in conflict with the decisions that will be made by the board of directors. The respective directors stated that they would notify the statutory auditor of the company of the aforementioned statements. They subsequently left the meeting of the board of directors so as not to participate in the further deliberation and decision-making regarding the agenda item."*

   The minutes of the meeting of the board of directors then go on to state:
   *"The board of directors subsequently deliberated and, with regard to 2018, taking into account the advice of the remuneration and nomination committee, approved the variable remuneration plan as attached as Appendix 1 to these minutes.*

   *The proprietary consequences for the company are of a purely financial nature."*

3. Also during the meeting of 6 March 2018, the board of directors took a decision regarding the evaluation of the allocation of the variable remuneration of the principal representatives of executive management with regard to 2017.

   The following was recorded in the minutes of the meeting in this regard:
   *"To the extent necessary, Messrs Dirk De Cuyper and Peter De Cuyper stated that, in the deliberations and decision-making regarding the evaluation of the allocation of the variable remuneration to the principal representatives of executive management with respect to 2017, the conflict of interests regulation provided for in article 523 of the Companies Code must be applied in their capacity. After all, as recipients of such variable remuneration, they have a proprietary interest that is in conflict with the decisions that will be made by the board of directors. The respective directors stated that they would notify the statutory auditor of the company of the aforementioned statements. They subsequently left the meeting of the board of directors so as not to participate in the further deliberation and decision-making regarding the agenda item."*

The minutes of the meeting of the board of directors then go on to state:
*"The board of directors decided that in application of the bonus scheme laid down by the board of directors on 29 August 2017, the variable remuneration for 2017 for Dirk De Cuyper and Peter De Cuyper will each be calculated separately based on:*

| Audited financial results for 2017 (reported figures) | | Bonus | |
|---|---|---|---|
| | EUR | | EUR |
| EBITDA | 37,420,000 | | 37,500 |
| Profit after Taxes | 16,523,000 | | 62,500 |
| | | Total | 100,000 |

*The proprietary consequences for the company are of a purely financial nature."*

4. During the meeting of 20 November 2018, the board of directors took a decision regarding the deliberations and approval of being able to call on Mr Emiel De Cuyper, a person closely related to the De Cuyper family, on an ad hoc basis for data processing services and support, given the specific expertise that Mr Emiel De Cuyper possesses in this respect.

   The following was recorded in the minutes of the meeting in this regard:
   *"Prior to the deliberations and decisions by the board of directors, Messrs Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper, each director of the company, made the following statements to the extent necessary and applicable in accordance with article 523 of the Companies Code.*
   *The meeting of the board of directors was requested to deliberate on a proposed transaction between the company and Mr Emiel De Cuyper (in person or via a company controlled by Emiel De Cuyper) (the "Transaction").*
   *Mr Alex De Cuyper informed the board of directors that Emiel De Cuyper, a person closely related to him, is the counterparty to the Transaction.*
   *Mr Dirk De Cuyper informed the board of directors that Emiel De Cuyper, a person closely related to him, is the counterparty to the Transaction.*
   *Mr Peter De Cuyper informed the board of directors that Emiel De Cuyper, a person closely related to him, is the counterparty to the Transaction.*
   *Consequently, Messrs Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper each potentially have an interest of a proprietary nature as provided for in article 523 of the Companies Code that could possibly conflict with the decision to be taken by the board of directors*
   *Finally, Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper stated that they would notify the statutory auditor of the company of the aforementioned statements.*
   *Messrs Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper then left the meeting of the board of directors in order not to take part in the further deliberations and the decision regarding the agenda item".*

   The minutes of the meeting of the board of directors then go on to state:
   *"The other members of the board of directors then deliberated.*
   *Decision: "The board of directors decided to approve the conclusion of a service agreement between the company and Mr Emiel De Cuyper (in person or with a company controlled by or affiliated with Mr Emiel De Cuyper) (hereinafter referred to as "Service Provider"), which has the aim of making it possible to call on the services and support of the Service Provider regarding data processing on an ad hoc basis and to the extent that there is a necessity or an urgent need for this on the part of the company, without being obliged to do so. The Service Provider may charge for its data processing services and support at a daily rate of € 250 per day (excluding VAT). The total service provision on an annual basis may not exceed the amount of € 30,000 (excl. VAT) without the prior written permission of the board of directors of the company.""*

## Conflicts of interest - Application of article 523 of the Companies Code in combination with article 524 of the Companies Code in 2018

In 2018, 2 situations occurred at board of directors level which, insofar as necessary, gave rise to the combined application of articles 523 and 524 of the Companies Code.

1. During the meeting of 7 February 2018, the board of directors, insofar as necessary, applied the procedure provided for in articles 523 and 524 of the Companies Code regarding the granting of permission to carry out a Pre-Transaction Investigation of the company and the granting of access to certain confidential information regarding the company and its activities to a third party, as well as the granting of a mandate to CVBA Francis Vanderhoydonck, represented by Francis Vanderhoydonck as permanent representative, to assist the company as advisor.

   ### Application of article 523 of the Companies Code

   The following was recorded in the minutes of the meeting of 7 February 2018:
   *"After the chairman's explanation above, Alex De Cuyper, Dirk De Cuyper, Peter De Cuyper and FVDH Beheer BVBA, represented by Francis Vanderhoydonck as permanent representative, explained the following to the board of directors, where necessary and applicable in accordance with articles 523 and 524 of the Companies Code.*

   *Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper stated that each of them holds, through associated persons, a substantial package of shares in the company (as has already been disclosed to the company and the public). The aforementioned Transaction could possibly give rise to a public takeover bid on the shares of the company or possibly another transaction relating to the shares of the company. The Pre-Transaction Investigation requested by the Counterparty constitutes one of the preceding steps to the Transaction taking place or not. In the light of this, it is possible that the decision of the board of directors regarding whether or not to allow the Counterparty to conduct a Pre-Transaction Investigation is a decision whereby each of the aforementioned directors has a potential proprietary interest as provided for in article 523 of the Companies Code which could possibly conflict with the decision to be taken by the board of directors and/or which could potentially fall within the scope of article 524 of the Companies Code. Finally, Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper stated that they would notify the statutory auditor of the company of the aforementioned statements. They subsequently left the meeting of the board of directors so as not to participate in the further deliberation and decision-making regarding this agenda item.*

   *FVDH Beheer BVBA, represented by Francis Vanderhoydonck as permanent representative, announced that a company affiliated with it has been requested to assist the company as advisor in the Transaction and therefore has a potential proprietary interest as provided for in article 523 of the Companies Code that could possibly conflict with the decision to be taken by the board of directors. Finally, he stated that he would notify the statutory auditor of the company of the aforementioned statements. He subsequently left the meeting of the board of directors so as not to participate in the further deliberation and decision-making regarding this agenda item."*

   The minutes of the meeting of the board of directors of 7 February 2018 further state:
   *"The other members of the board of directors took due note of the above explanation and statements. In the light of the above, it was decided, where necessary and applicable, to apply the procedure of articles 523 and/or 524 of the Companies Code in the light of the declarations of Alex De Cuyper, Dirk De Cuyper, Peter De Cuyper and FVDH Beheer BVBA, represented by Francis Vanderhoydonck as permanent representative."*

   The minutes of a second board of directors' meeting also held on 7 February 2018 state:
   *"With regard to the second agenda item, Messrs Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper, as well as FVDH Beheer BVBA, represented by Francis Vanderhoydonck as permanent representative, had already made statements, as necessary and applicable in accordance with articles 523 and/or 524 of the Companies Code, during today's earlier meeting of the board of directors. These statements, which were recorded in the minutes of the meeting of the board of directors held on 7 February 2018 at 9:00 p.m., were at this time repeated in full by the directors to the extent necessary and appropriate. The directors concerned also reiterated that they would notify the statutory auditor of the company of the aforementioned statements. They subsequently left the meeting of the board of directors so as not to participate in the further deliberation and decision-making regarding the agenda item."*



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### Application of article 524 of the Companies Code

In connection with the authorisation given to a third party to carry out a Pre-Transaction Investigation of the company and thereby grant access to certain confidential information concerning the company and its activities, on behalf of the committee of independent directors (being LVW INT. BVBA, represented by Dirk Lannoo as permanent representative, Guido Vanherpe BVBA, represented by Guido Vanherpe as permanent representative and Intal BVBA, represented by Johan Vanovenberghe as permanent representative) a summary of the activities of the committee is provided to the extent necessary and applicable in accordance with Article 524 of the Companies Code.

The committee was assisted in the accomplishment of its task by Mr Tom Vantroyen, lawyer at the Dutch-language Bar Association in Brussels and partner in the civil company that has taken the form of a cooperative company with limited liability 'ALTIUS', appointed by the committee for his legal expertise as an independent legal expert within the context of the procedure prescribed by article 524 of the Companies Code; and

The committee did not deem it necessary to appoint other experts. The committee met and consulted with the aforementioned expert via telephone conference on 7 February 2018.

The committee of independent directors came to the following decision:
*"The committee notes that the provision of access to certain confidential information about the company and its activities is in this case not of such a nature as to cause a disadvantage to the company which, in the light of the policy pursued by the company, would be manifestly unlawful."*

The minutes of the meeting of the board of directors of 7 February 2018 further state:
*"The board of directors concludes, taking all the above into account, that granting access to certain confidential information is in the interest of the company and is therefore allowed in this case."*

The position of the statutory auditor in his report, in accordance with article 524 of the Companies Code, reads as follows:
*"Consequently, we cannot make any judgements whatsoever regarding any financial information. However, we are of the opinion that the assessment by the Committee of Independent Directors regarding the proprietary consequences of the proposed resolution for the company and its shareholders gives a true and fair view."*

2. During the meeting of 29 August 2018, the board of directors applied, to the extent necessary, the procedure provided for in articles 523 and 524 of the Companies Code regarding proposed lease transactions between the company and two companies affiliated with the De Cuyper family (reference shareholder).

   The following was recorded in the minutes of the meeting of 29 August 2018:
   *"Prior to the deliberations and decisions by the board of directors, Messrs Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper, each director of the company, made the following statements to the extent necessary and applicable in accordance with article 523 of the Companies Code.*
   *The meeting of the board of directors was requested to deliberate on proposed lease transactions between the company and Immo Belinvest NV and Immo Tradec NV respectively, two companies affiliated to the De Cuyper family (the "Transaction").*
   *Mr Alex De Cuyper informed the board of directors that Immo Belinvest NV and Immo Tradec NV respectively, two companies affiliated with the De Cuyper family, are the counterparty to the Transaction.*
   *Mr Dirk De Cuyper informed the board of directors that Immo Belinvest NV and Immo Tradec NV respectively, two companies affiliated with the De Cuyper family, are the counterparty to the Transaction.*
   *Mr Peter De Cuyper informed the board of directors that Immo Belinvest NV and Immo Tradec NV respectively, two companies affiliated with the De Cuyper family, are the counterparty to the Transaction.*
   *Consequently, Messrs Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper each potentially have an interest of a proprietary nature as provided for in article 523 of the Companies Code that could possibly conflict with the decision to be taken by the board of directors*
   *Finally, Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper stated that they would notify the statutory auditor of the company of the aforementioned statements."*

The minutes of the meeting of the board of directors of 29 August 2018 further state:
*"The other members of the board of directors took note of the above explanation and statements by Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper.*

*In view of this, it was decided to apply the procedure of articles 523 and 524 of the Companies Code to the extent necessary and appropriate in the discussion and decision-making regarding the Transaction.*

*Following this interim decision to apply, to the extent necessary and applicable, the procedure laid down in articles 523 and 524 of the Companies Code, the deliberations on the tenth agenda item were terminated. After the aforementioned committee of independent directors has completed its activities, the full board of directors is to once again meet to (among other things) finalise the aforementioned tenth agenda item."*

This opportunity did not present itself before the end of 2018.

### 8. The auditor

The supervision of the financial statements is entrusted to BCVBA Ernst & Young Company Auditors, Moutstraat 54, B-9000 Gent, Belgium, represented by Mr. Paul Eelen, whose mandate was allocated by the general shareholders' meeting of 17 May 2013. At the general shareholders' meeting of 2016 the mandate was prolonged for a term of three years, ending after the general shareholders' meeting of 2019.

The auditor has issued a report without reservation on the company for the statutory and consolidated financial statements of the financial year ending on 31 December 2018.

The fees that were paid to the auditor in 2018 are listed in the notes to the financial statements.

Remunerations for complementary services include services of audit, tax and other services in addition to the normal audit services.

# OPERATIONS

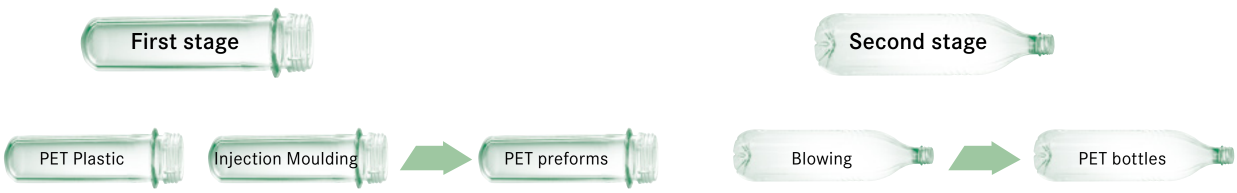
## Production process

In addition to bottles and wide mouth jars, packaging foils and blister packs are also made from PET. Strictly speaking, these two applications should also be included in PET packaging, but since they only constitute a minor application and do not form part of Resilux's operations, only the production of PET bottles will be considered here.

The production of bottles from PET plastic uses the technique of injection moulding and blowing. This can be done in one single stage, where the plastic is injected and blown into bottles in a single production line.

There is also a two-stage process where first PET preforms are produced on a production line and then another machine blows them into bottles.
The two-stage process yields a higher output per unit time, and enables the geographic decentralisation of preform and bottle production. The volumes transported to bottling companies are thus lower than with fully blown bottles.

## The two-stage process for producing PET bottles




### PET preforms are produced in 4 steps:

1. The PET plastic (in the form of granulate) is dried to avoid moisture affecting the mechanical properties of the product;
2. The dried PET is melted in an extruder, mixed and may also be coloured;
3. The molten PET is injected into a mould and it then solidifies to yield a solid preform;
4. The preforms are taken out of the injection mould and after cooling stored for transport to the customer.

### *The market players in the PET preform and bottle sectors*

Producers of PET preforms and bottles can be divided into four categories:

- Producers being part of a multinational in the packaging industry;
- Producers being part of a filling company;
- Independent producers;
- Producers being part of a PET raw material producer.

### *Packaging multinationals: integration of PET production*

In the packaging industry there have been concentrations that have created a number of worldwide groups that produce and sell an extensive range of packaging materials, including PET. As a result of acquisitions, these groups have their own preform and bottle factories. In most cases the integration is only partially.

### *Production of PET bottles by filling companies*

Some very large beverage producers make preforms and bottles themselves instead of buying them externally. Here also, the integration is not always fully completed. It is estimated that these two first categories form approximately one third of the European preform market.



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*Independent producers: small scale by nature*

In Europe there are tens, and in the world hundreds, of producers of PET preforms and/or bottles. These producers often operate regionally or nationally. In many cases they have a high degree of turnover concentration because they only supply one or two large customers. In Europe, only a small number of producers (amongst which Resilux) have activities in different regions.

*Producers being part of a PET raw material producer*

Some very large producers of PET raw materials have decided some years ago to start to produce preforms themselves.
This is in particular in Europe with the larger suppliers of PET raw materials. Recently we see that this formula is not successful and a certain number of suppliers have abandoned it.

## PET as a packaging material - position

*Convincing product characteristics*

PET is an excellent material for bottles and other packaging due to a number of specific product characteristics that make it superior to its competitors on the packaging market. By making a comparison on the basis of a number of requirements that packaging material for drinks and food have to satisfy, PET clearly emerges as the most versatile material.

| Material properties | PET | Glass | Tins (alu.) |
|---|---|---|---|
| Transparency | ++ | ++ | - - |
| Resistance to breaking | ++ | - - | ++ |
| Liquid barrier | ++ | ++ | ++ |
| Gas barrier | + | ++ | ++ |
| Hot Fill (*) | + | ++ | ++ |
| Use in microwave ovens | + | ++ | - |
| Recyclability | ++ | ++ | ++ |
| Packaging/product interaction | ++ | ++ | + |
| Flexibility of design | ++ | ++ | + |

(*) important for certain products with specific shelf life requirements

| Legend: | ++ | + | - | - - |
|---|---|---|---|---|
| | excellent | good | average | poor |

*Source: Industry Sources*

The production of PET bottles is less capital intensive than glass or cans. The transport and storage of PET is also less expensive. The energy use is less for PET than for glass and aluminium.

*A robust market share in the packaging market*

PET has been used for drinks packaging since 1970, and has been growing steadily since then.

*The first phase of growth: large CSD packaging*

PET bottles were initially mainly used for packaging carbonated soft drinks (CSD) in sizes of 1.5 litres or more.
The growing consumption of PET in this phase was mainly at the expense of glass packaging.



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*The further breakthrough of PET packaging: more applications in more sizes*

Technical developments in the area of product properties and better control of production processes have ensured that PET packaging has become a viable alternative in a growing number of packaging applications. In addition to this broad wise expansion (more applications), there has also been development in depth, towards more (smaller) sizes.

Some of the current applications of PET packaging, divided into segments:

| Carbonated drinks | Water | Other drinks | Edible oils | Food | Non-food |
|---|---|---|---|---|---|
| • Colas<br>• Lemonades<br>• Soft drinks | Spring water<br>Mineral water | • Fruit juices<br>• Alcoholic drinks<br>• Sports drinks<br>• Ice teas<br>• Milk<br>• Beer and wine | • Miscellaneous edible oils and table oils | • Processed food<br>• Packaged fruit and vegetables<br>• Ketchup, mayonnaise and sauces<br>• Dry snacks | • Cosmetics<br>• Household products<br>• Medicines<br>• Detergents |

Many new developments are taking place, in particular for barrier-sensitive products such as beer, fruit juices, milk, wine and other alcoholic drinks. The market of milk and fruit juices experienced a quick growth as from 2006 due to a change-over from other packaging materials to PET.

## Core activities

Resilux is specialised in the production and sale of PET preforms and bottles. The use of patented production and processing techniques guarantees filling companies a smooth supply of bottles and preforms in a wide variety of sizes.

In order to optimise customer service, Resilux also organises the blowing of bottles on the customer's premises or in the vicinity of the customer (in-house, satellite and wall-to-wall). Here again, Resilux makes a substantial contribution to the logistical management (just-in-time) of filling companies.

*PET preforms*

Resilux supplies a full range of PET preforms with a wide variety of weights, colours and sizes for the most diverse applications. Alongside the standard products, Resilux also designs and produces custom made models.
The preform weights vary from 10 grams to 150 grams.

With its considerable knowledge and experience in the food, cosmetic and chemical industries, Resilux is able to develop and supply a suitable PET preform for every liquid product.

The bottles made from Resilux preforms are filled with water, carbonated soft drinks, edible oils, ketchup, detergents, milk, beer, soft drinks, wine, juices, etc.

Most preforms consist of one type of material (so called monolayer). Resilux developed its own multilayer technology, where multiple materials can be used.
Both specific Resilux technologies, singlelayer as well as multilayer, allow to increase the barrier of PET bottles. This allows to increase the shelf life of carbonated drinks, beer, milk and wine.

Its valuable expertise in the field of recycling enables Resilux to produce, if requested by the customer, preforms made from recycled material.

### *PET bottles*

Resilux applies the most strict quality standards to its production of PET bottles for one-way or multiple use. Bottles suitable for multiple use are somewhat heavier than the one-way bottles and are characterised by their great firmness. Refillable bottles can be used up to 15 to 20 times. This market is however small compared to the one-way bottles. Resilux recently received long term contracts to produce refill bottles for the German market.

Resilux PET bottles are used worldwide on a large scale as packaging for a variety of liquid products. There is an unlimited variety of shapes, weights, colours and sizes of PET bottles, and there are also 'specials' for hot-fill liquids.

Hot-fill is a process in which products are filled at a high temperature, whereby the product is packaged sterilised and has a longer shelf life. It is currently possible to hot fill new types of PET bottles without the bottle losing its form or firmness as a result. Hot-fill PET is suitable for use as packaging for products where sterilisation or pasteurisation is important, including:

- Fruit juices and fruit drinks;
- Ice tea and certain 'new age beverages'.

### *Blowing projects*

Resilux is also specialised in blowing preforms into bottles. Thanks to its experience in the production of preforms, Resilux has developed the knowledge and experience that is required for blowing bottles.

Upon request, Resilux organises the bottle blowing in a production area of the customer (in-house) or in a separate hall right next to the existing production facilities (wall-to-wall).

The benefits of Resilux professionals blowing the bottles are undeniable. The customer can concentrate on his core business (production, filling and selling), and the costs of storage and transport of PET preforms and bottles are greatly reduced.

Resilux currently has three in-house blowing projects.

### *Research & development*

The Resilux R&D centres play a vital role in the search to optimise and to improve the technical possibilities of pet packaging. Currently we see an increased search to reduce the weight of the packaging. This can be achieved in two ways: by lowering the weight of the neck (cfr. with the new water neck finish and the new 28mm PCO 1881) and by lowering the weight of the body of the bottle. For this light-weighting, technical know-how is needed to optimise the preform & bottle designs. Also the demand for improved barriers for PET bottles keeps on growing.

To assist its customers with their light-weighting programs and their barrier needs, Resilux has R&D activities in its own labs in Belgium, Spain and the USA, but also in the factories of local filling companies. This cooperation has helped Resilux to develop new barrier technologies like ResiOx® for improved oxygen barrier, ResiMid® and ResiMax® for improved CO2 and O2 barrier and ResiBlock®for light barrier. With these new barriers Resilux is considered as the reference for these new applications.

Resilux is strengthening their efforts to grow in these segments. In Germany, Russia, Greece and Spain milk packaging with our barrier technologies have been introduced. Being a traditional market it takes longer to convert into PET, but tests are ongoing with other major European dairy companies .

New customers have been acquired in other barrier segments over the last year, especially in the beer and wine market. Also the jar market is being developed. Therefor new technologies have been developed.

Resilux is also working on new ecologic friendly barrier solutions: ResiBar Eco®, EcoBar® and BioBar®, part of the ResiBar® family, which will result in an extension of the current range of barrier products. Another development is an environmental friendly material: ResiGrind®.

# PRODUCTION UNITS

**BELGIUM, Wetteren - Resilux NV**

In addition to the statutory seat, Wetteren is also the largest production location for one-way, multiple use, and barrier PET preforms. Resilux NV has 20 production lines at the end of 2018, with a combined annual capacity of around 2,4 billion preforms. The production capacity in Wetteren is used for supplying preforms to the North-West of Europe, as well as for export outside Europe. The Belgian establishment specialises in developing new technologies, such as different applications to increase the barrier characteristics. These products can be delivered worldwide.

**SPAIN, Higuera la Real - Resilux Ibérica Packaging S.A.u.**

This production unit, located in the south of Spain between Sevilla and Badajoz, has 11 production lines with a total annual capacity of around 1.2 billion preforms. The clientele is growing steadily. The majority of the products are supplied in Spain and Portugal. Moreover, product applications have also increased greatly. Alongside preforms for waters, soft drinks and edible oils, preforms are also produced for filling with fruit juices. The Spanish entity has 3 blowing lines.

**GREECE, Patras - Resilux Packaging South Europe A.B.E.E.**

The Greek production unit is located in Patras, a medium sized port city around 200 km to the west of Athens, where the sales office is situated. This establishment was set up in the middle of 2000 and has 10 production lines at the end of 2018, with a total annual production capacity of around 1.3 billion preforms. The preforms (for water and carbonated soft drinks) are mainly intended for the Greek market. From here, exports can also go to parts of Central Europe, North Africa and the Black Sea regions. The Greek entity currently also has 2 blowing lines.

**RUSSIA, Kostroma - Resilux-Volga OOO**

Resilux currently produces in Russia using 12 production lines with a capacity of around 1.2 billion preforms. The factory is located in Kostroma, around 350 km to the north east of Moscow, where the sales office is located. The preforms are used for making bottles for water, fruit juices and beer and are sold exclusively in the Russian Federation.

**SWITZERLAND, Bilten and GERMANY - Resilux Schweiz AG**

Resilux Schweiz AG comprises all operations in Switzerland and Germany. Besides the preform activities, Resilux Schweiz AG also has important blowing activities. This entity currently has 10 production lines with a capacity of around 1.1 billion preforms and 5 blowing lines in Bilten. Besides this, Resilux Schweiz AG also has 2 in-house projects in Switzerland and 1 in-house project in Germany.

At the end of 2018, Resilux started building a new PET recycling plant in Bilten. This includes the Poly-Recycling activities that have been taken over in 2017. The collected bottles are recycled into RPet and thus re-used as basic raw material for the preforms. In this way, Resilux creates a “closed loop” system.

**USA, Pendergrass, Atlanta - Resilux America, LLC**

In December 2004, Resilux Investment Corporation, Inc. acquired all shares of Resilux America, LLC. Previously, this corporation was a joint venture, set up in 2000, together with American partner, Summit International, LLC, specialised in the design and development of PET packaging. In addition to the further development of new PET packaging, PET containers and preforms for niche markets are produced and commercialised. This mainly concerns non-season-related markets with a high added value, such as food products, household products, cosmetics, personal hygiene, pharmaceutical products and specialities. Resilux America has 12 preform lines with a total annual production capacity of 1.2 billion preforms, 9 single-stage blowing lines for jars and 7 dual-stage blowing lines for bottles.

**HUNGARY, Tuszér - Resilux Central Europe Packaging Kft.**

At the end of 2018, the facility in Hungary which became operational in March 2001, will produce with 11 production lines in Tuszer, which is situated near the border with Ukraine. The total capacity is 1.2 billion preforms. In addition, there is a sales office in Budapest from which customers are followed, who are mainly located in Central and Eastern Europe.

**SERBIA, Lajkovac - Borverk Eurotrade d.o.o. member of RESILUX packaging group**

At the Serbian production unit, which was acquired by Resilux in March 2018, 7 production lines are operational at the end of 2017 with a capacity of 0.7 billion preforms a year. The customers are located in Central and Eastern Europe.



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*Sales network*

Besides the various production facilities, Resilux has an extensive sales network through its internal sales departments and by working with sales agents, distributors and local sales contacts.

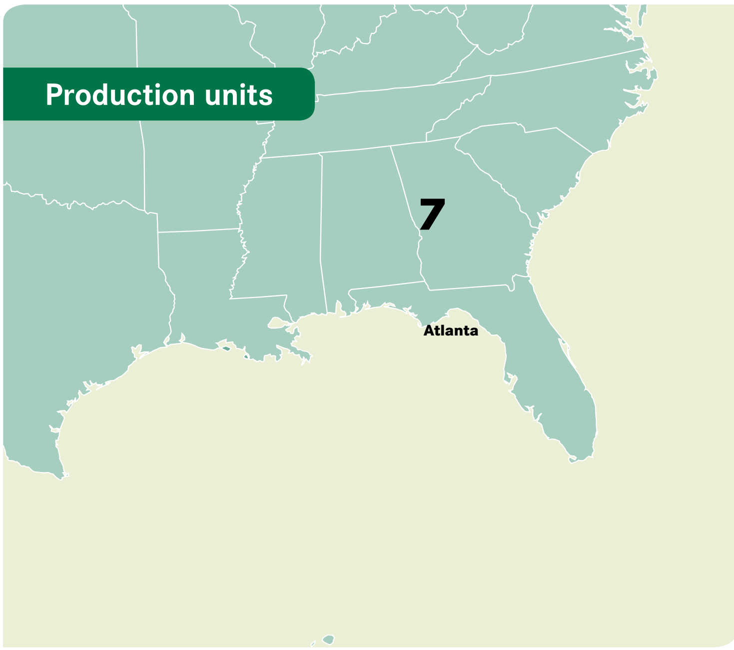
This local presence enables to monitor developments on the different markets from very close by and to meet the needs of customers quickly and efficiently.

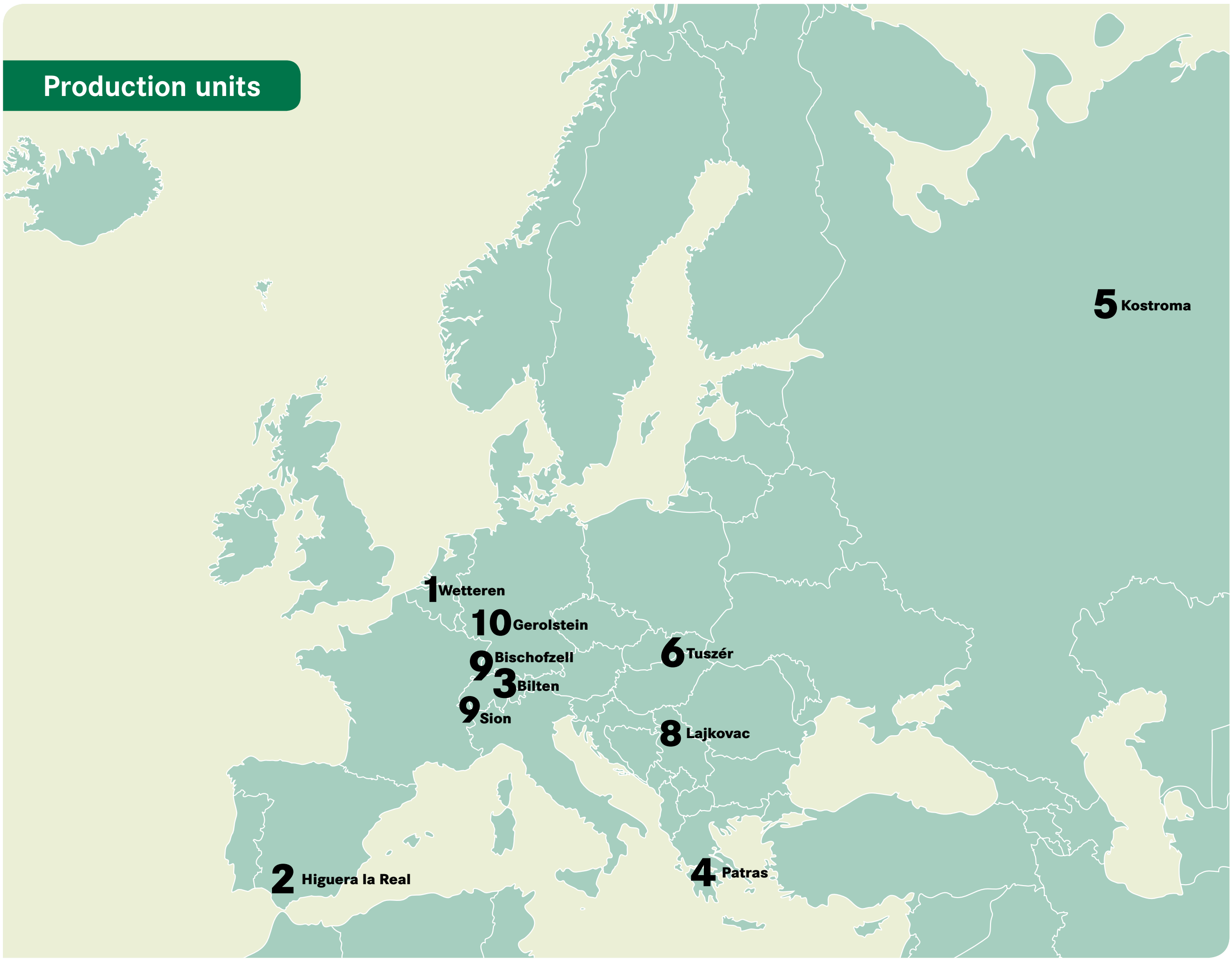
**Overview of production units:**

1. Belgium - Wetteren
2. Spain - Higuera la Real
3. Switzerland - Bilten
4. Greece - Patras
5. Russia - Kostroma
6. Hungary - Tuszér
7. USA - Atlanta, Georgia
8. Serbia - Lajkovac

**In-house projects:**

9. Switzerland - Sion
   - Bischofzell
10. Germany - Gerolstein



# DECLARATION REGARDING THE INFORMATION GIVEN IN THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING ON DECEMBER 31, 2018

*Article 12 of the Royal Decree of November 14th, 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.*

We, the undersigned, Dirk De Cuyper and Peter De Cuyper, acting in our capacity of Managing Directors, declare that to our knowledge:

a) the annual accounts, which are made up in accordance with the standards applicable for annual accounts, give a true and fair view of the capital, the financial situation and the results of Resilux NV and the consolidated companies;

b) the annual report gives a true and fair view of the development and the results of the company and of the position of Resilux NV and the consolidated companies, as well as a description of the principal risks and uncertainties which they are facing.

| | |
|---|---|
| Dirk De Cuyper | Peter De Cuyper |
| Managing Director | Managing Director |

# REPORT OF THE BOARD OF DIRECTORS

## In advance

The Corporate Governance Statement that, pursuant to article 96 §2 and §3 of the Code of Companies, must be included in the annual report of the Board of Directors regarding the 2018 annual statutory accounts, is included in this annual financial report regarding the 2018 accounting year (2018 Annual Report) under the Corporate Governance Declaration and is an integrated part of this Report of the Board of Directors.

### 1. Introduction

Resilux has realised during 2018 a strong increase of turnover, added value and results due to organic growth and due to entry in a new business activity of PET recycling in Switzerland. The growth is the result of a further diversification of customers and products and of investments in capacity expansion.

### 2. Consolidation base

The consolidation base remained unchanged during 2018. The acquisitions of 2017 are included for a full year in the consolidation of 2018. This relates to the acquisition of 100% of the shares of Borverk Eurotrade d.o.o Beograd, a producer of preforms in Serbia in April 2017 and the acquisition of the PET recycling activities of Poly Recycling in Switzerland in October 2017.

### 3. IFRS

Since 2004 Resilux reports in accordance with the International Financial Reporting Standards set up by IASB, so that the different data over the exercises in this annual report are always established according to the IFRS rules.

### 4. Operating results

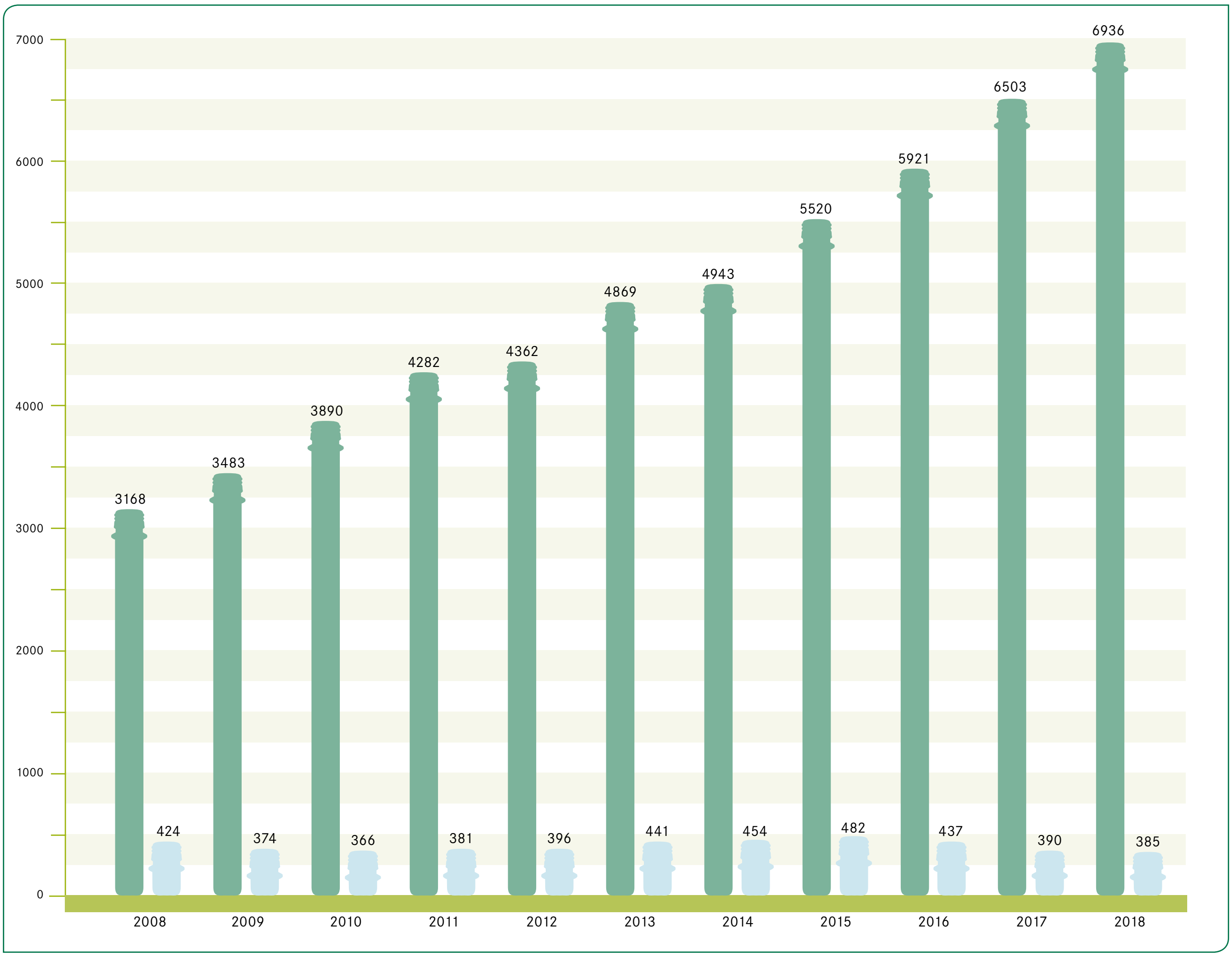
*Preforms and bottles sold*

The number of preforms sold increased during the financial year 2018 by 6.7% to 6,936 million compared to 6,503 million in 2017. Sales of preforms had during the first half and the second half year of 2018 more or less the same growth.

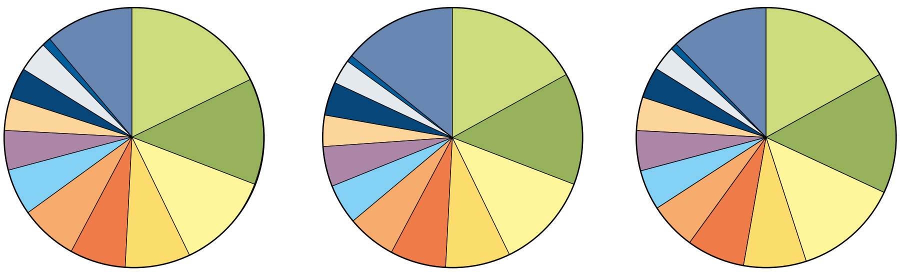
The growth of the preforms continued in almost all regions of Europe with the exception of Spain where the weather in the spring was disappointing. Also in North America, after the capacity expansion, there was a strong growth of the sold volumes. The total sales on the export markets decreased compared to the previous year. The volumes sold also contain a full year of sales from the production unit in Serbia after the takeover in April 2017.

The number of bottles sold decreased slightly by 1.3% to 385 million. The number of bottles sold decreased in Switzerland and increased in Spain.

*Preforms & bottles sold (in millions of pieces)*

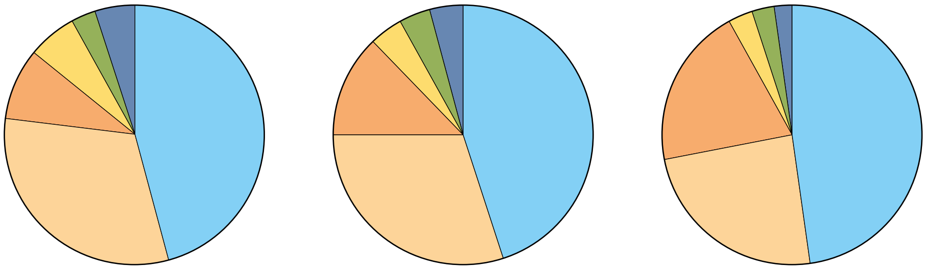



**Preforms sold per country:**



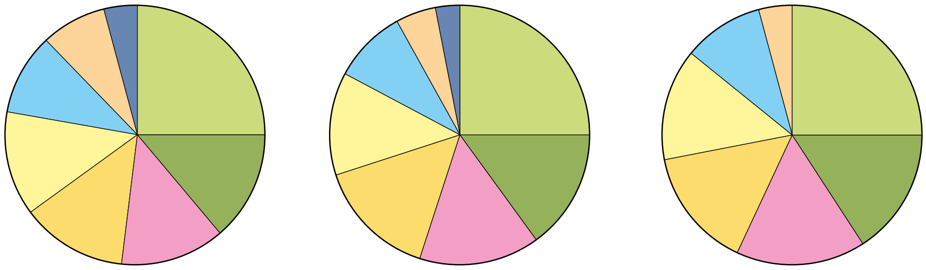
| | *in 2018* | *in 2017* | *in 2016* |
|---|---|---|---|
| Eastern and Central Europe | 18% | 17% | 17% |
| Russia | 13% | 12% | 13% |
| Spain and Portugal | 12% | 14% | 15% |
| USA and Canada | 8% | 5% | 4% |
| France | 7% | 8% | 7% |
| Greece and Cyprus | 7% | 7% | 8% |
| Germany | 6% | 6% | 6% |
| Italy | 5% | 5% | 3% |
| Switzerland | 4% | 4% | 5% |
| Scandinavia | 4% | 4% | 4% |
| Benelux | 4% | 3% | 5% |
| United Kingdom | 1% | 1% | 1% |
| Others | 11% | 14% | 12% |

## Bottles sold per country:



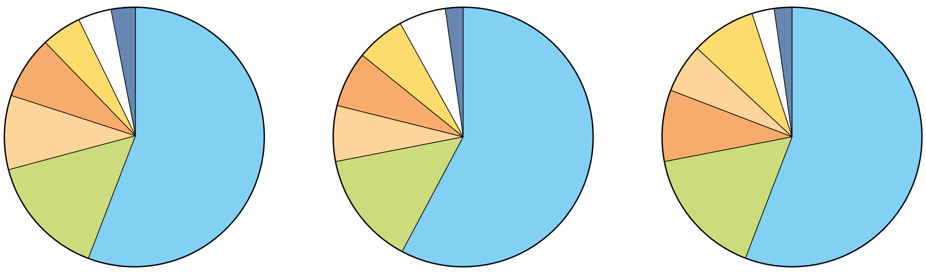
| | in 2018 | in 2017 | in 2016 |
|---|---|---|---|
| Switzerland | 46% | 45% | 48% |
| United States of America | 31% | 30% | 24% |
| Germany | 9% | 13% | 20% |
| Spain | 6% | 4% | 3% |
| Greece | 3% | 4% | 3% |
| Others | 5% | 4% | 2% |

## Preforms sold per production unit:



| | in 2018 | in 2017 | in 2016 |
|---|---|---|---|
| Belgium | 25% | 25% | 25% |
| Hungary | 14% | 15% | 16% |
| Spain | 13% | 15% | 16% |
| Greece | 13% | 15% | 15% |
| Russia | 13% | 13% | 14% |
| Switzerland | 10% | 9% | 10% |
| United States of America | 8% | 5% | 4% |
| Serbia | 4% | 3% | - |

## Sales per type of preform:



| | in 2018 | in 2017 | in 2016 |
|---|---|---|---|
| Water / Carbonated drinks | 56% | 58% | 56% |
| Fruit juices | 15% | 15% | 16% |
| Detergent | 9% | 7% | 6% |
| Oil | 8% | 7% | 9% |
| Beer | 5% | 6% | 8% |
| Milk | 4% | 5% | 3% |
| Others | 3% | 2% | 2% |

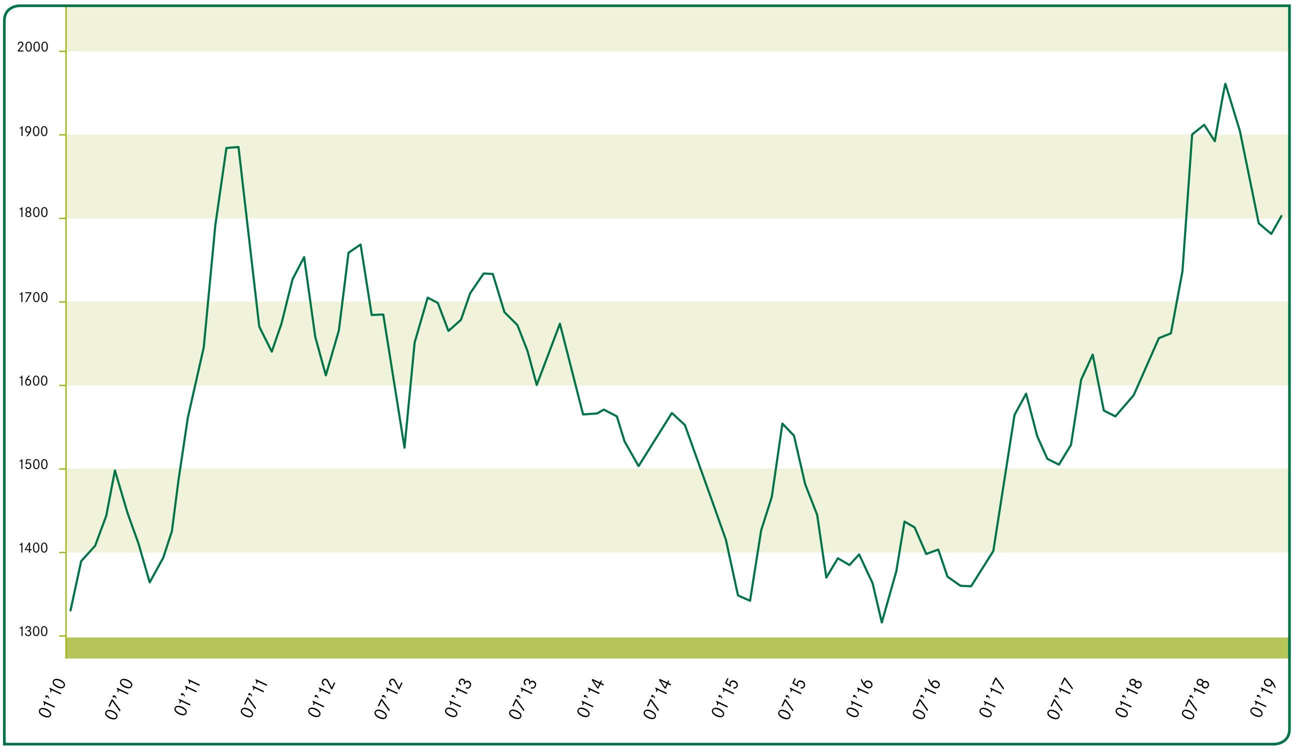
The PET packaging market remains to have a competitive advantage over other forms of packaging in terms of energy and raw materials consumption.

The geographical spread in Europe continues to be an important factor. The quantitative and qualitative strengthening of the sales organization also continued in 2018 to be a priority contributing to growth.

The split between the different applications remained quite stable. Carbonated drinks and water remain also in 2018 the applications with the highest sales. The sales of preforms for juices, detergents and oil increased. The sale of barrier products has shown a strong increase in 2018 compared to 2017.
for milk and detergents increased. The sale of barrier products increased further in 2018 compared to 2017.

## Raw Materials

*Benelux (Euro per ton)*[1]




1. Own calculations based on data from PCI (PET Packaging, Resin & Recycling) Ltd. The 'PCI' is a publication that is used as a market price indicator for the PET raw material.

It is well known that Resilux and other preform suppliers pass on fluctuations in raw material prices to their customers at the applicable market rates. Preform producers generally build up their stocks for the peak period, in order to prepare for the summer season when volumes are the highest. This means that they buy and process raw materials before the summer season.

Resilux wants in the coming years to further limit its dependence on seasonal activities.

The prices of the raw materials showed a strong increase in 2018 compared to 2017. Prices increased from the beginning of 2018 to a peak in September. During the fourth quarter of 2018 the prices decreased again.

### Adjusted results

The further explanation of the operational results (added value, operational cash flow and operating result) does not take into account the amount booked in 2017 of € 1.0 million of non-recurrent consultancy costs. This makes the comparison between the results for 2018 and 2017 relevant.

## Turnover

The turnover increased during 2018 by 21.1% up to € 398.0 million. This increase is a combination of higher volumes, higher average raw material prices and a negative exchange rate effect due to an average stronger euro. In addition to organic growth, sales also increased due to the sales of Poly Recycling AG, the PET recycling activities acquired in Switzerland in the autumn of 2017.

However, turnover is not the most ideal performance indicator, given that fluctuations in PET prices are charged on to customers. Added value is a better indicator.

## Added Value

Compared to year 2017, the added value for 2018 increased by 14.9% or € 11.5 million to € 88.3 million. The increase of the added value is the result of organic growth and the inclusion into the consolidation of the acquisitions from 2017 of Borverk and Poly Recycling.

**Added value** *(in millions of Euro)*


## Operational cash costs

The increase in other goods and services is for the major part explained by higher volumes and the consolidation of the acquisitions of last year.

The total personnel costs increased by € 5.2 million. Also here the major increase is explained by the full period consolidation of the acquisitions made in 2017.



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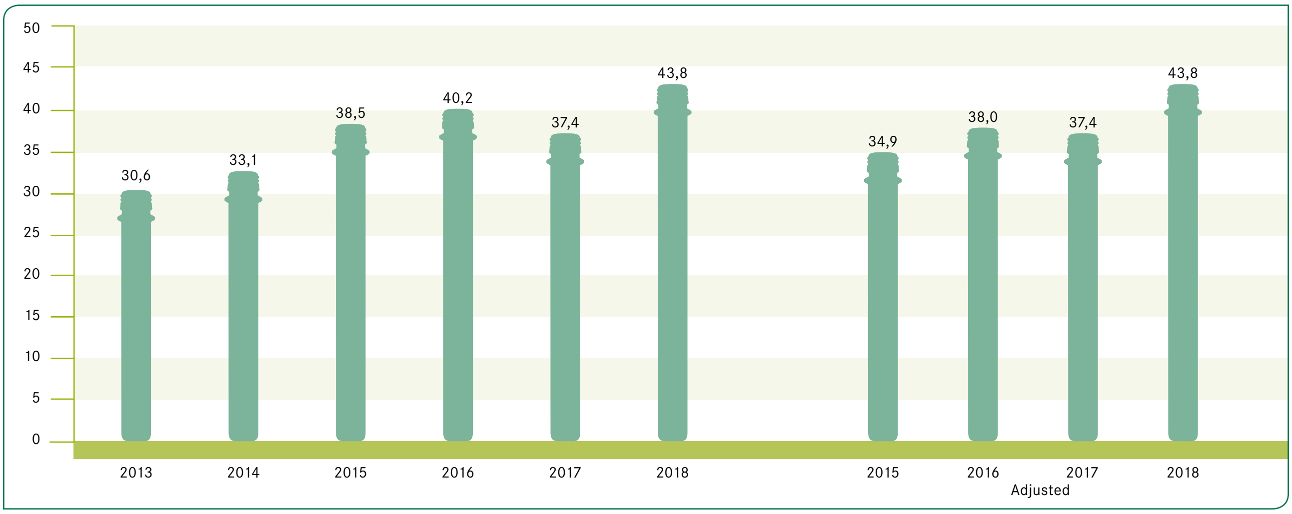
### Consolidated operating cash flow (EBITDA)

The consolidated operating cash flow (Ebitda) increased by € 6.4 million and amounts to € 43.8 million compared to € 37.4 million for 2017.

### Operating cash flow *(in millions of Euro)*




The breakdown of the cash flow per group entity is as follows:

| Consolidated operating cash flow (EBITDA) *(in thousands of Euro)* | 2018 | 2017 | Change | 2018 as a % of the total |
|---|---|---|---|---|
| Resilux Western Europe | 12,151 | 8,019 | 51.5% | 27.7% |
| Resilux Spain | 5,620 | 5,174 | 8.6% | 12.8% |
| Resilux Russia | 3,765 | 3,859 | -2.4% | 8.6% |
| Resilux Southern Europe, excluding Spain | 2,609 | 1,616 | 61.4% | 6.0% |
| Resilux Switzerland | 11,447 | 10,495 | 9.1% | 26.1% |
| Resilux United States of America | 6,392 | 4,992 | 28.0% | 14.6% |
| Resilux Eastern Europe, excluding Russia | 3,166 | 2,579 | 22.8% | 7.2% |
| | | | | |
| EBITDA before consolidation adjustment and Holdings | 45,150 | 36,734 | 22.9% | 103.1% |
| Consolidation adjustment and Holdings | -1,354 | 686 | 297.4% | -3.1% |
| EBITDA after consolidation adjustment and Holdings | 43,796 | 37,420 | 17.0% | 100.0% |

Compared to 2017, there was an increase in 2018 EBITDA for all regions with the exception of Russia.

### Investments

The investments over the last few years are as follows *((in thousands of Euro)*:

| Investments in the last financial years (in thousands of Euro) | 2018 | 2017 |
|---|---|---|
| Investments in intangible fixed assets | 149 | 426 |
| Investments in tangible fixed assets | 35,271 | 19,979 |
| Disinvestments | -509 | -1.,29 |
| Capital subsidies | -375 | -579 |
| | | |
| **Total investments** | **34,536** | **18,697** |

The gross investments in intangible and tangible fixed assets in the year 2018 amount to € 35.4 million compared to € 20.4 million in 2017. These investments are mainly made in additional production capacity in Belgium and the United States of America. Furthermore this amount includes the investment of a building in Romania and investments in the newest and most modern technology for a state-of-the-art PET recycling factory in Bilten in Switzerland. Resilux continues to invest in a further diversification of products, markets and customers.

In 2018 an amount of € 0.4 million of capital grants was deducted from acquisitions.

The total net investments amount to € 34.5 million compared to € 18.7 million in 2017.

### Operating Result

The depreciations and amortisations increased by € 0.8 million and amounted to € 16.6 million in the year 2018. The depreciations on fixed assets increased by € 1.2 million, the depreciations on inventories decreased by € 0.4 million.

As a consequence, the operating result for 2018 increased by € 5.5 million or 25.5% and amounts to € 27.2 million compared to € 21.7 million for 2017.

The breakdown of the operating result per group entity is as follows:

| Consolidated operating profit (EBIT) *(in thousands of Euro)* | 2018 | 2017 | Change | 2018 as a % of the total |
|---|---|---|---|---|
| Resilux Western Europe | 7,483 | 4,091 | 82.9% | 27.5% |
| Resilux Spain | 4,285 | 3,925 | 9.2% | 15.8% |
| Resilux Russia | 2,749 | 2,839 | -3.2% | 10.1% |
| Resilux Southern Europe, excluding Spain | 1,442 | 225 | 540.9% | 5.3% |
| Resilux Switzerland | 7,755 | 6,948 | 11.6% | 28.5% |
| Resilux United States of America | 3,487 | 2,139 | 63.0% | 12.8% |
| Resilux Eastern Europe, excluding Russia | 1,217 | 543 | 124.1% | 4.5% |
| | | | | |
| Operating profit before consolidation adjustment and Holdings | 28,418 | 20,710 | 37.2% | 104.5% |
| Consolidation adjustment and Holdings | -1,235 | 943 | 231.0% | -4.5% |
| Operating profit after consolidation adjustment and Holdings | 27,183 | 21,653 | 25.5% | 100.0% |

## 5. Financial results

### Net financial result

The total financial result decreased from € -2.5 million to € -3.8 million. The decrease of the financial result is the result of increased negative foreign exchange results and a negative other financial result compared to a positive other financial result as per 2017. The total net interest costs remained stable compared to 2017. The total net financial result amounts to € -3.8 million.

### Profit

During 2018, a profit before taxes was realized of € 23.3 million compared to € 18.1 in 2017.

The total taxes amount to € -4.8 million. This amount includes taxes payable for € -5.6 million and deferred taxes for € +0.8 million. After taxes, Resilux has realized a net profit of € 18.5 million compared to € 15.8 million in 2017 or an increase of 16.9% or € 2.7 million.

### Net financial debt

As per December 31, 2018, Resilux has a net financial debt of € 30.7 million compared to a net financial debt of € 6.8 million per December 31, 2017. The change compared to December 31, 2017 is the result of the realised cash flows from operating activities, the investments made, the increase in working capital as a result of the growth and increased raw material price and the dividends paid during 2018.

For further comments regarding the results and balance sheet structure we refer to "Comments IFRS 2018 compared to 2017: assets, liabilities, income statement and cash flow statement" on page 114. These comments are an integrated part of this report of the board of directors.

## 6. Principal risks and uncertainties

Concerning the description of the major risks and uncertainties the company can be confronted with, the exposure to risks arising from foreign currencies, interest rates, raw material prices, and creditworthiness are a consequence of the normal operations of the Group. It is the aim of the Group to manage each one of these risks.

### Exchange rate risks

With regard to exchange rates, Resilux has a policy of passive hedging per production unit. This means that the net flows per exchange rate are calculated for each production unit, and if necessary derivatives are used. The most important currencies of the Group are the Euro, the American dollar, the Swiss franc, the Hungarian forint, and the Russian rouble.

Purchases and sales are mainly in Euro and USD or the equivalent of Euro and USD.

The exchange rate risk as a result of the translation of assets and liabilities of foreign subsidiaries to Euro is not covered.

Financial derivatives to cover the net exchange rate flows are valued at their market value.
Exchange rate results on creditors and debtors and changes to the market value of the financial instrument are entered in the results for the period in wheich they occur.

**Resilux had the following outstanding exchange contracts on 31/12/2018:**

| | | | | | |
|---|---|---|---|---|---|
| sales | USD | 12,015,000 | for | EUR | 10,308,083.99 |
| sales | EUR | 15,000,000 | for | CHF | 16,993,500.00 |
| | | | | | |
| purchases | EUR | 4,650,000 | at | HUF | 1,502,783,525.00 |
| purchases | EUR | 7,000,000 | at | CHF | 7,886,200.00 |
| purchases | USD | 3,000,000 | at | EUR | 2,590,814.28 |

According to the riskmanagement policy of the Group, generally between 75% and 100% of all transactions is covered.
The hedgings do not always happen immediately for 100% but can also be made gradually for a longer period.

### Interest rate risks

The long and short term financial borrowings are at variable intrest rates and are for the major part covered by interest caps and swaps.

The following contracts were entered into to cover the aformentioned risks: (in thousands of Euro)

- Interest rate swap contracts for an amount of € 19,125, covered at 2 to 4 year with interest rates between 0.8% and 1.73%.

The contracts mentioned above are treated in the financial statements as trading instruments and are therefore valued at market value. The changes in the value of financial instruments are incorporated in the income statement.

### Purchase of raw materials and risk of inventories

As well known, Resilux and other preform suppliers pass on fluctuations in raw material prices to their customers at the applicable market rates. There is thus mainly a timing risk between purchase and sale. The Company tries to reduce this risk by limiting its dependence on the seasonal activities. Also a more restrictive policy regarding inventories of finished goods is implemented.

Furthermore, the increase of the added value products leads to a decreased sensitivity to changes in prices of raw material.

### Credit risk

Resilux has a firm policy on credit risk. Resilux manages its credit risks through customer diversification, by working within set credit limits and periods, and by screening the creditworthiness of the parties it deals with. These risks are also mainly covered by credit insurance. Given the increased risk due to the economic crisis, Resilux has paid extra attention in order to limit this risk.

### Seasonality

Resilux continues to work on reducing the dependence on the seasons by the geographical spread of the sales and production units and by using minimum volumes throughout the year in the contracts and by limiting the part of the seasonal packaging.

### Capital structure

Resilux is aiming at keeping the ratio between net financial debt and operational cashflow at a level that can be considered by the financial markets as healthier than normal. During 2018 Resilux is meeting largely the covenants of the external financing agreements.

## 7. Research and development

Resilux spends more and more resources on research and development, patents and licences both on the level of production processes as on the level of finished goods.

The proportion of the production technology designed in-house is maximized in order to create competitive advantages.
Some of it is protected by patents and licences.

Considerable efforts are made to further enhance technological leadership within the sector. Quality improvements, cost efficiency and less waste during production remain important topics.
Increased investments are made in lower energy consumption, less production waste, increased output per square meter, automation and decrease of packaging and logistic costs.

Regarding the development of new products and applications, Resilux is very much focused on a development of preform designs for applications which so far have not been used on an industrial scale.

Also the development of preforms with barrier, improving the barrier qualities of PET and the development of new production technologies remain important topics for Resilux and this for existing products as well as for new applications.

During 2018 there were no costs of own research and development that qualified for capitalisation on the balance sheet.

The number of employees of the Resilux Group working on research and development projects is further increased. Furthermore Resilux also cooperates with universities and independent research centres.

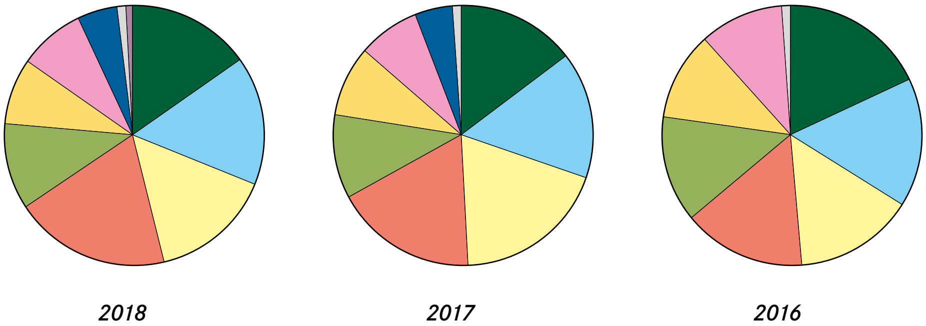
In the coming years, Resilux wants to increase the technology component as well in the production process as in the finished product.

## 8. Personnel and organisation

The workforce consisted of 869 people on December 31, 2018, compared to 845 people on December 31, 2017 and 662 people in 2016.

The employees are distributed over the various production units as follows:

**Number of employees on December 31:**



| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Belgium | 135 | 125 | 121 |
| Switzerland | 136 | 133 | 104 |
| Russia | 130 | 158 | 98 |
| United States | 170 | 152 | 101 |
| Spain | 95 | 89 | 88 |
| Greece | 71 | 73 | 73 |
| Hungary | 74 | 67 | 70 |
| Serbia | 43 | 40 | 0 |
| Ukraine | 8 | 8 | 7 |
| Romania | 7 | 0 | 0 |

The average workforce expressed in full-time equivalents was 837 in 2018, compared to 736 in 2017 and 622 in 2016.

## 9. Warrants

As per December 31, 2018 there are no outstanding warrants.

## 10. Important recent developments

The activities of Resilux are geographically spread and Resilux has the technology to supply all known applications of PET preforms and PET bottles. This enables Resilux to adapt quickly to the ever changing requirements of consumers and also to any changes in law.

Resilux has modern production facilities, where growth can be realised with limited capital expenditures. Resilux also has a solid financial structure. The current cash flows allow Resilux to invest in additional capacity and new products and to increase the efforts on the level of R&D and innovation.

As a result, Resilux is well positioned to anticipate in the current financial and economic market and the possible changing needs of the consumer.

In 2017, Resilux took over the PET recycling activities from a supplier that had already been working together in Switzerland for many years for the purchase of recycled PET. Via the vertical integration of the recycling of PET bottles and the processing of recycled PET in the production of preforms, Resilux becomes an even greater player in the circular economy with the aim of maximizing the reuse of raw materials. This makes Resilux more sustainable and makes a positive contribution to the environment.



RESILUX INNOVATIVE PACKAGING

## 11. Justification of the independence and expertise of at least 1 member of the audit committee (article 119,6° of the Companies Code)

The Board of Directors ensures that the audit committee has such financial, accounting and legal expertise as required to fulfil its role effectively.

To justify the independence and expertise on auditing and accounting of at least one member of the audit committee pursuant to Articles 96, §1,9° and 119,6° of the Companies Code, reference is made for each member of the audit committee to that person's biography, as well as to the confirmation of the independence as included in the Corporate Governance Declaration of the annual financial report covering the fiscal year 2018 (Annual Report 2018).

## 12. Internal control and risk management systems (article 119, 7° of the Companies Code)

The internal control and risk management system is created to draw up and publish the consolidated financial statements pursuant to IFRS valuation rules. The most important characteristics of the system can be described as follows.

The organisation of the accounting and control is established in three levels:

- the accounting teams in the various companies of the Group who are responsible for drawing up and reporting on the financial information;
- the controllers at the various levels of the organisation who are responsible for verifying the financial information within their area of responsibility; and
- the control department on Group level, which is responsible for the final control of the financial information received from the different companies and for drawing up the consolidated financial statements.

Information systems have been developed to help the control department on Group level in the controlling and consolidation process and are constantly adapted to their new needs.

Pursuant to the audit process worked out for that purpose, the financial reports from the various companies in the Group are checked and evaluated by foreign external auditors, whilst the Belgian external auditor executes the final control and the review of the consolidation process and the consolidated financial statements that are drawn up by the parent company Resilux NV.

## 13. Declaration regarding non-financial information (Article 119, §2 of the Companies Code)

### 1. About Resilux

#### 1.1 Activities

Resilux is specialised in the production and sale of PET preforms and bottles. At the end of 2017, Resilux expanded its core business by adding the recycling of used PET bottles to produce a high-quality PET recyclate (rPET), which can then be used again, both in the food sector and in other business sectors.

PET preforms and bottles come in many shapes, sizes, weights and colours and are especially used by companies in the food sector to pack waters, cold drinks, oils, fruit juices, beer and other applications of various formats intended for consumer consumption. PET bottles are also used as packaging for cosmetics, liquid soaps, cleaning agents and medicines.

Resilux's direct customers are mainly producers of drinks, food and household products, which implies a further connection with end consumers of food and drink products (packaged in "pre-produced" PET packaging from Resilux).

The company, which has its headquarters in Belgium, was incorporated by the De Cuyper family in 1994. The Company's shares have been listed on Euronext Brussels since 3 October 1997. The capital and shareholder structure is explained in greater detail in, among other places, the chapter "Shareholders and Group Structure" and the "Corporate Governance Statement" of the 2018 Annual Report.

Resilux has production sites in Belgium, Spain, Switzerland, Greece, Russia, Hungary, Serbia and the US, which give it a wide geographical spread. A brief description of each of these locations can be found in the chapter “Sites” in the 2018 Annual Report. Given the nature of its operations, the geographic spread of the production locations is of strategic importance for Resilux. The sales areas are situated within a specific action radius around the production sites and are therefore mainly in Europe, North America and Russia. Resilux has only limited sales in export markets.

Resilux’s customer portfolio is scattered within each sales region and includes both global multinationals and local market players active in the food and drink sector. Resilux generates the majority of its sales in the European market (incl. Switzerland).

The chapter entitled “Annual Report of the Board of Directors” in the 2018 annual report describes the scope of the Resilux organisation, its activities, sales volumes, turnover, assets, investments, balance sheet and other financial results at both the detailed and consolidated levels.

The average size of the workforce as of 31 December 2018 expressed in full-time equivalents was 869 employees.
A breakdown per site can be found in section 8 of the chapter “Annual Report of the Board of Directors” in the 2018 annual report. For its production activities Resilux does not make any significant use of people who are not employed by Resilux. Resilux’s activities are generally subject to a certain degree of seasonal sensitivity each year, which does mean that the number of temporary workers can increase proportionally during peak periods.
All staff data is reported manually by the respective personnel manager at each production site to the personnel manager of Resilux NV. In 2019, Resilux will be rolling out a software programme in the group that makes efficient, uniform and more detailed reporting possible.

Resilux has built up expertise in 3 types of activities:

- converting PET raw material granulate into PET preforms (injection moulding process);
- blowing PET preforms into bottles (blowing);
- taking used and collected PET bottles and reprocessing them into high-quality recycled raw material (rPET) that can be used again both in the food industry and in other sectors.

Resilux’s core business is the production of PET preforms.
PET preforms and bottles are produced from PET pellets. These PET pellets can be initially manufactured from crude oil or gas and also via a recycling process involving collected and already-used PET bottles. PET pellets are delivered in bulk or in big bags via road transport (possibly combined with sea transport) by local (European, North American, Russian) or Asian raw material suppliers. The PET preforms are manufactured by drying the PET grains, melting them in an extruder and then spraying them into a mould under high pressure (injection moulding). The produced PET preforms are packaged in large reinforced cardboard boxes which can be reused a number of times, or in reusable wire mesh boxes.

A PET preform is in fact a semi-finished packaging item which will become part of a packaged end-product in a further production and treatment process. The PET preforms produced by Resilux are loaded for transport and usually delivered to producers of consumer goods via road transport (in Switzerland by train). These producers heat the PET preforms during their own production and treatment process to a temperature between the glass transition temperature and the melting temperature so that the PET preforms become soft, after which they are blown out into a PET bottle in the desired shape. The manufacturers then fill the PET bottle with a product, label it and seal it with a cap before adding further packaging for distribution to retailers and end consumers.

To a much more limited extent and only for a number of customers or for specific applications, and on the condition that it is economically justified, Resilux not only produces PET preforms but also blows them out into bottles which are then sold to fillers. If large volumes are involved, Resilux does this in-house at the customer’s or in the immediate vicinity.

It does not have to be said that PET packaging, like all other types of plastic packaging, is a very topical subject. Bearing witness to this are global media coverage as well as, for example, the recent European Union legislative initiative (Directive of the European Parliament and of the Council on the reduction of the impact of certain plastic products on the environment) and sector-related initiatives taken by the packaging industry working together with other stakeholders to effectively address factors linked to plastic packaging that have a negative impact on the environment.

Poly Recycling AG, the Resilux recycling plant in Switzerland, processes used PET bottles and reworks them into fully-fledged PET flakes or pellets (rPET). To this end, first and foremost used PET bottles collected within Switzerland are acquired and delivered in pressed bales. Poly Recycling AG also purchases additional material from partners outside Switzerland. The rPET produced is used in part by Resilux for processing into PET preforms and in part supplied to third parties (outside the food sector) who use the recyclate as a raw material for the manufacture of their products.

The production of PET preforms and bottles, as well as the processing of rPET, are to a large extent a capital-intensive, automated production process.

Resilux generally relies on 3 types of suppliers for the production of PET preforms (and bottles). The choice for each type of supplier is relatively limited:

- Raw material suppliers of PET pellets (Europe, Russia, USA, Asia)
- Machine builders (injection moulding lines and blowing lines)
- Mould makers (injection moulds, blowing moulds)

The decision to expand the use of uniform machinery and interchangeable production tools and components means that Resilux generally relies on permanent and reliable European suppliers.

For its recycling activities, in 2018 Resilux invested in a new recycling plant in Switzerland. A limited number of specialised European machine manufacturers were also called upon for this project.

Compared to the types of suppliers mentioned above, all the other suppliers that Resilux uses (for cardboard boxes, colourings, maintenance products, etc.) are relatively limited in number and type. Resilux usually purchases these types of item locally.

Apart from the above, there were no significant changes in the Resilux production chain in 2018.

Resilux endeavours to be cost-conscious and also environmentally-conscious in the choices it makes when purchasing energy (renewable as much as possible) and packaging (reusable or recyclable). It focuses on production efficiency and on product development that reduces the impact of PET packaging and the associated production process on the environment, and when making investments it pays attention to resource-saving and sustainability aspects. The strategic choice made in 2017 to start PET recycling activities in addition to the production of PET packaging contributes to the expansion of a circular economy and breaches the traditional linear ascending relationship between the production of PET packaging and PET waste, resulting in a reduced negative impact on the environment.

### 1.2 Governance

The strategy, policy and daily management are handled by Dirk De Cuyper and Peter De Cuyper, also reference shareholders, together with the members of the Board of Directors.
Peter De Cuyper and Dirk De Cuyper are assisted in the performance of the daily management by the respective General Managers of the various production plants and - from headquarters - by the members of the Executive Committee.

The governance structure of the management bodies of the company is explained in detail in section 1.5 of the chapter Corporate Governance Statement and in the Corporate Governance Charter of the company, as published on the website www.resilux.com under the heading Investor Relations.

### 1.3 Business ethics

It is up to us to work at achieving an honest business culture and to ensure that business is always done honestly, professionally and ethically as a priority condition in our policy.

The value system that applies within Resilux meets internationally recognised ethical standards. Honest and proper conduct, partnership, respectful treatment, mutual recognition, equal treatment, obeying of the law and transparency are part of our internal code of conduct and executive management ensures that this value system is respected.

We will continue to work on the conscious and specific promotion of these values and behavioural norms in a more formal manner, both within the Resilux organisation and towards stakeholders, and in the first instance more specifically towards customers and suppliers.

For the specifics regarding the members of the Board of Directors and members of the Executive Committee, reference can be made to the company's Corporate Governance Charter, as published on the website www.resilux.com under the heading Investor Relations.

## 2. Sustainability strategy - Statement from the CEO

In our modern society, it is almost impossible to imagine a world without PET packaging. As a producer of PET packaging, Resilux, in the interest of its stakeholders, wants to be able to deliver packaging that:

- is safe and suitable for consumer goods;
- has a preserving or shelf-life-extending function for food;
- is easy and efficient to use;
- is affordable and of high-quality.

The Resilux stakeholders are in the first place the employees, customers, suppliers, shareholders and investors and - specifically by virtue of what follows - by extension also
the consumer community, local authorities, other industrial players, sector associations and legislatures.

However, the increasing consumption of PET packaging has also had an impact on the environment in recent decades, and human health and prosperity are directly linked to the state of the environment. That is why it is important at every stage of the life cycle of PET packaging that account is taken of the well-being of the environment from which we extract the raw materials and also the welfare of the people for whom the packaging is ultimately manufactured.

With the primary objective of contributing to the efforts that must be taken worldwide with regard to climate change and gradually tackling the environmental impact of factors related to PET packaging, as well as of maintaining and increasing the company's own entrepreneurial value in the long term, Resilux has postulated the following ambitions:

- Implementing the concept of industrial ecology (in which used PET packaging is not seen as "waste", but as a valuable raw material instead). The aim here is to keep the value of a product, material or raw material in the economy for as long as possible. Recycling as a waste management method is an example of this.

- Actively contributing to the transition from a linear economy to a circular economy by:
  - extending and improving the life cycle of PET packaging through recycling activities, process development, product innovation, product development and product quality;
  - breaking the link between economic growth and environmental impact - mainly because of the proportional increase in PET waste - and decoupling the production of PET packaging from the correlative increase in PET waste.

- Taking concrete steps to connect and bring people, governments and businesses together as this is essential for creating behavioural change, the only valid long-term solution, and to accelerate the transition to sustainable consumption and production systems that benefit social and economic development, taking into account the actual carrying capacity of an ecosystem:
  - encouraging and facilitating general awareness that climate change affects the entire world population across borders and that it is the responsibility of everyone, wherever and whoever they may be, to combat climate change and to inform stakeholders properly;

- stakeholder engagement - engaging employees, customers, suppliers, shareholders, consumers of consumer goods, legislatures, local authorities, other industrial players and sector associations in the activities of Resilux;
- bringing about cooperation between all parties involved in the value chain.

- Gradually improving the ecological footprint directly linked to its own production activities through energy management and reduction of CO2 emissions, waste management and sustainable investments.

- Actively caring for employees and society.

- Engaging in ethical entrepreneurship.

In the short term, Resilux intends to do the following:

- put its new recycling plant in Bilten Switzerland into operation and make optimum use of it. Further steps in the expansion of recycling activities in the longer term will also depend on the extent to which the market continues to evolve and on the implementation of European and national initiatives;

- perform an energy audit and prepare a further action plan;

- set concrete objectives over time that, where possible, reduce the environmental impact related to the transport of raw materials and products;

- undertake active steps with regard to stakeholder engagement, and more specifically define actions to increase employee involvement, gauge the concrete expectations of customers and suppliers, evaluate concrete cooperation initiatives within the sector, carry out membership scans;

- develop policy regarding supporting charities and charitable projects, specifically those with a positive social and/or sustainable impact;

- improve HR policy, with more attention for diversity, training and employee development;

- make progress on sustainability reporting and KPI performances. In this regard, this statutory duty to report, as well as, for example, our CDP membership, will contribute to the fact that we will increasingly better be able to organise and position ourselves in our sustainability policy and our sustainability reporting.

By becoming increasingly transparent as a company and therefore less risky, we are endeavouring and hoping to in the long term give stakeholders and society the confidence that is expected of every company.

## 3. Material sustainability themes

In an internal working group at the head office with representation from various departments, the following material themes were defined, which are looked at in this report below. Although there are still many areas to be dealt with, the greatest weight in terms of materiality lies with environmental issues.

- Environmental issues
  - Consumption and processing of raw materials and packaging
  - Energy management and emissions
  - Transport
  - Water consumption
  - Waste management
  - PET recycling (circular economy)

- Social and personnel matters
  - Workforce
  - Health and safety at work
  - Training
  - Equal opportunities and diversity
  - Human rights
  - Health and safety for customers and the environment

- Economic value creation and corruption

### 3.1 Environmental issues

Human health and prosperity are directly linked to the state of the environment.
Due to the impact on the environment of the increasing consumption of PET packaging in recent decades, we realise that we also have an active share in what drives people and society today with regard to sustainability and that it is our responsibility as a company, when conducting our activities, to consciously engage in the economical use of reserves and raw materials, reduce CO2 emissions and prevent environmental pollution.

We see it as our task to increase awareness of this responsibility among the policy makers and management of the organisation and, where possible, also to create or encourage it among our employees and throughout our production chain.

We aim to become an active part of a circular economy in which raw materials and materials are repeatedly reused or reworked into new raw materials, and to continue to expand our activities in this regard.

The following principal factors and elements provide the framework for the area within which Resilux undertakes continual action and can continue to make efforts that increasingly contribute to sustainability and thus benefit the environment and society.

#### 3.1.1 PET preforms and bottles production process

##### *3.1.1.1 Consumption and processing of raw materials and packaging*

**Raw materials**

- PET (in contrast to some other types of plastic) is 100% recyclable and can be reprocessed into a new fully-fledged PET raw material.
- Resilux has been using rPET for the production of PET preforms and bottles since 2001.
- Resilux also offers reusable PET bottles (the product does, however, have a limited market).
- In the last decade, product innovation and development have led to a decrease in the average preform weight of more than 35%, which results in a proportional raw material saving for the production of a same quantity of PET preforms.
- In 2018, Resilux processed approximately 225,000 tonnes of PET, of which 5.3% rPET.

**Packaging**

(the data regarding packaging are only for the preform business and not for the recycling business. These data also exclude Borverk).

- Where possible, Resilux opts for reusable packaging for its industrial production process (wire mesh boxes, reusable boxes). The PET preforms produced by Resilux are packaged in “boxes”, either cardboard-tube-reinforced cardboard boxes or wire mesh boxes.
- Approximately 14% of the boxes used are wire mesh boxes. These are collected from the customer and used over and over again. The wire mesh boxes have an average useful life of about 10 years.
- The remaining 86% of packaging boxes are made from cardboard. Resilux aims to achieve a maximum return of these cardboard boxes from customers. In 2018, a return rate of 31.4% was achieved. These cardboard boxes can generally be reused 3 times.
- For the cardboard tubes and pallets, return rates of 35.6% and 32.7% respectively were achieved.

### *3.1.1.2 Energy management and emissions*

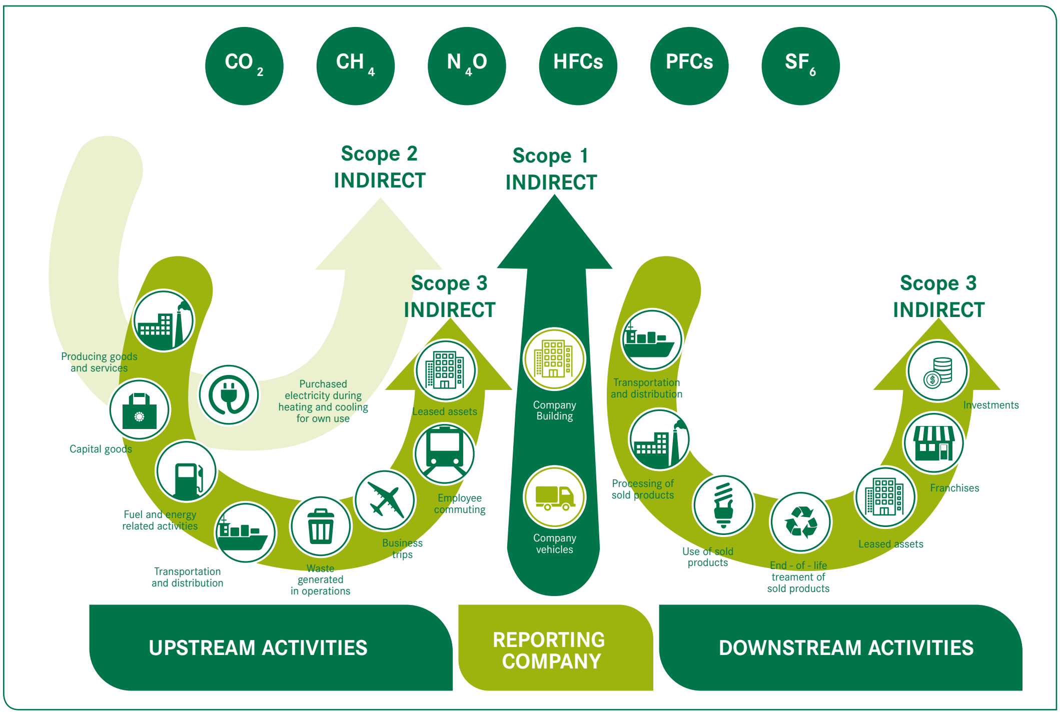
Resilux strives to consistently adapt production facilities and infrastructure to modern standards and safety regulations and to continuously improve the efficiency of the production process and equipment.

Electricity is the main energy source that Resilux uses to run its production activities.

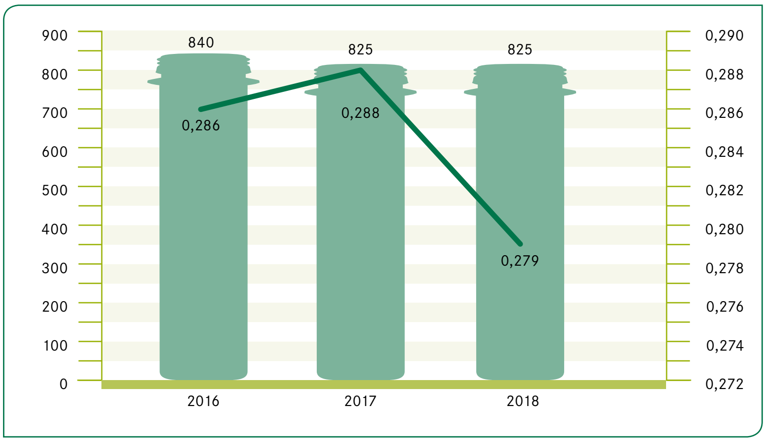
- The reduction of the average preform weight by more than 35% in the last decade has in any case led to energy savings of more than 25% during the preform production process. The blowing process also requires less energy due to this weight reduction.
- Resilux is planning to carry out a total energy audit in the short term. The objectives are achievable targets for reducing energy consumption and improving our carbon footprint.
- Emissions data:

The $CO_2$ footprint, as presented, includes scope 1 (direct emissions within the company) as well as scope 2 (indirect emissions from the electricity consumption).

Emissions from all production sites (injection and blowing activities) attributable to the Resilux group during the 2018 reporting year were taken into account (excluding Poly Recycling AG). Given their insignificant contribution to the total volume, emissions from commercial vehicles (scope 1) and satellite offices (scope 2) were not included in the calculation.



We used 2016 as the reference year for this report. A clear decrease in Resilux CO2 emissions was achieved in 2018. Renewable energy accounts for 30% of our total energy supply. It should also be mentioned that the production plant in Spain uses 100% green energy.




### *3.1.1.3 Transport*

- One lorry can transport an average of 570,000 PET preforms, compared to "only" 30,000 PET bottles. Thus, the PET preform itself implies a significant overall transport saving.
- Techniques have been developed that allow 20% more PET preforms to be packed in 1 box, with an immediate proportional impact on transport.
- Resilux strives for efficient use of transport for both deliveries and packaging returns.
- Resilux opts for an optimal geographical spread in order to make transport as efficient as possible, both for the supply of raw materials and for delivering products to customers. The distance between our production site and the customer's location being supplied is on average between 500 and 700 km (excluding export).

### *3.1.1.4 Water consumption*

In general, water consumption during the PET preforms production process is relatively limited and mainly relates to cooling water towers. Pumped up rainwater is used in this respect. Mains water is chiefly used for domestic and sanitary purposes in the buildings and offices.

Currently, there is not enough quantitative consumption data available in order to report any figures.

### *3.1.1.5 Waste management*

Resilux has postulated the following ambitions:

- Encourage the prevention of waste.
- Avoid the use of environmentally-hazardous or polluting products.
- Actively strive to reduce waste (bulk transport, reusable packaging, etc.).
- As much as possible, inject waste into the circular economy for reuse or reprocessing into new raw materials (paper and cardboard, PMD, big bags, PET production waste (preforms and raw materials)).
- Waste collection in accordance with the statutory provisions in order not to damage the environment.

The PET preform production process generates the following types of waste outflow:

- **Hazardous waste**
  - Oils
  - Batteries
- **Non-hazardous waste**
  - PET production waste (PET preforms and PET pellets)
  - Paper/cardboard
  - PMD
  - Bigbags and plastic bags
  - Industrial (non-sorted) waste

The main waste flow is PET production waste which is removed for recycling in the legally prescribed manner.

After maximum reuse, the other waste streams are also separated and removed via the legally prescribed channels and, wherever possible, recycled.

For these waste flows, there is currently not enough consolidated quantitative consumption data available to report them in a relevant numerical form.

At the European production sites, waste management takes place in accordance with the following European legislation on packaging and packaging waste:

- Directive 94/62/EC of the European Parliament and of the Council of 20 December 1994 on packaging and packaging waste (OJ L 365 31.12.1994, p. 10-23)
- the framework directive on waste (2008/98/EC).

- **Water:**
  - The quantity of industrial waste water is limited to spray water from cooling towers (concentrated rainwater with bio-degradable additives), of which little or none is discharged into open channels, canals or water bodies.
  - Typical quantities of waste mains water used for household purposes (offices).

### 3.1.2 PET recycling activity

On 1 October 2017 Resilux took over the activities of Poly Recycling in Switzerland. Poly Recycling processes collected used PET bottles (primarily via the Swiss collection system) into a new fully-fledged PET raw material (rPET). With this takeover, Resilux is expanding its core activities with a new activity that actively contributes to a sustainable economy.

In the first phase, Resilux has the capacity each year to process 30,000 tonnes of used PET bottles into rPET. About 25% of that weight (labels, ink, glue, remaining contents, bottle caps) is separated during the sorting and washing process. The PET recycling process yields approximately 22,000 tonnes of rPET which, depending on the quality and the number of steps in the recycling process applied, can once again be used, partly in the food and drinks sector (e.g. for new PET bottles) and partly in various other industries such as:

- Cosmetics packaging or detergents (PET has a high chemical resistance value)
- Packaging industry in general (films, containers, strappers (sturdy packaging ribbons))
- Clothing industry (known as “polyester” such as in fleece jackets, sleeping bags, cushion fillings or sports shoes)
- Automotive industry (airbags, seat belts, air filters, etc.)

In Europe, 3,300,000 tonnes of PET bottles were produced in 2017. A total of 1,920,000 tonnes (+/- 58%) of this were recovered for recycling. Collection rates vary greatly from country to country and are influenced by the applicable collection and sorting system (or lack thereof).
Of the collected volume of 1,920,000 tonnes of used PET bottles, approximately 1,400,000 tonnes of rPET can be produced.

Europe currently has an estimated total production capacity of 2,100,000 tonnes of used PET bottles that can be processed into rPET. The processing capacity in Europe is thus 200,000 tonnes more than what is currently being collected from the market.

There is a strong desire on the part of the sectors involved (both the producers of the packaging and the industrial customers for this packaging) to see a significant increase in the share of rPET in PET packaging. However, this requires cooperation between the various market players and increases the importance and need for harmonised European legislation that forces governments to collect significantly more used PET packaging from the market and thus provide the necessary supply of recyclable material. This is a necessary condition for the utilisation of the existing production capacity and also to be able to expand this over time, achieve the necessary industrial changes and represent the interests of the stakeholders.

A proposed EU Directive of 19 December 2018 specifically provides for the following with regard to PET bottles:

- mandatory percentage of rPET in each PET bottle: 25% in 2025 and 30% in 2030;
- mandatory percentage of used PET bottles to be collected (applicable to each country): 77% in 2025 and 90% in 2030.

When adopted, all European countries will have 2 years to transpose the Directive into national legislation that is to enter into force by 2021 at the latest.

### 3.2 Social and personnel matters

Our employees are of crucial importance to the success of our enterprise and to putting the company's strategy and policy into practice. It is therefore our responsibility to create the right working environment, ensure the right working conditions, contribute to the personal development of each employee and set great store in long-term cooperation.

We also consider it important to offer equal opportunities to all in all aspects of employment and look with an open mind at differences in race, gender, origin, language, education, age, etc.

In 2018, Resilux consciously paid attention to the long-term follow-up at general management level of each of its production sites and where necessary has taken action on a step-by-step basis so that the continuity of its business operations at all levels and at all locations can also be guaranteed in the long term.

The flat work structures that have always contributed to flexibility and speed of action will need to be given more backbone as the business and the organisation continue to grow. In this context, a COO Resilux Group was recruited in 2018 who, as from May 2019, will strengthen the management team.

At operational level, good technical training for production staff is essential in order to guarantee high product quality and achieve the required production efficiency.

#### 3.2.1 Workforce

- Resilux follows the applicable legislation and regulations regarding, for example, remuneration and secondary labour conditions, freedom of association, child labour, forced labour and dealing with privacy and personal data.
- Resilux tries to create a positive and transparent working environment in which everyone can feel appreciated and in which everyone treats others respectfully.
- Resilux does not tolerate any form of bullying, intimidation, discrimination, improper or unreasonable conduct that could undermine a person's dignity or that can lead to a negative working environment.
- Resilux offers training courses and technical education.
- Resilux tries to set up and continuously improve internal processes and systems through which knowledge and data are collected and can be shared.

Resilux has a relatively low staff turnover, which means that knowledge and expertise have been built up over the years.

#### 3.2.2 Health and safety at work

Any absence due to illness has an impact on the work environment and is a cost to the company and the community. We are therefore committed to preventing accidents at work, occupational diseases and long-term absence.

- Resilux complies with the relevant applicable legislation for labour, health and safety.
- Safe and hygienic working conditions and strict compliance with the safety prescriptions form part of our quality management system and are closely monitored and audited.
- We use the occupational accidents Frequency level (Fg) as the Group's safety KPI.
  - Frequency = (# occupational accidents x 1,000,000) / # working hours worked
- For 2018, we note an Fg across the entire group of 10.6, which in itself is a positive result. However, we want to keep the focus on this, further raise safety awareness and reduce the number of accidents at work.



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### 3.2.3 Employee training

Resilux provides its employees with the following types of education and training, among others:

- Language training to promote integration and cooperation at international level
- Internal technical training courses: Resilux has a specialised team of technicians who train and provide technical support for technical colleagues at all production sites.
- Sales Academy: specific training for the sales department has been rolled out at each site.
- Upon request, employees can follow external training courses for specific topics (financial, HR, ICT, legal, safety and health) on an individual basis and at the expense of the employer.

### 3.2.4 Equal opportunities and diversity

Concrete actions were taken in 2018 to ensure that in the composition of the new Board of Directors to be proposed for approval at the General Meeting of shareholders on 17 May 2019 at least one third of the members of the board are of a different gender than the other members. In the newly constituted Board of Directors, more than 70% of directors will be over 50. The rest are between 30 and 50 years old.

The composition of the management and administrative bodies of the company are explained in detail in section 1.5 of the chapter Corporate Governance Statement and in the Corporate Governance Charter of the company, as published on the website www.resilux.com under the heading Investor Relations.

### 3.2.5 Human rights

Resilux is a member of Sedex and is Smeta-audited (4-pillars).
There are no indications or reasons to believe that within the Resilux group fundamental rights, such as the right to unite, prohibition of child or forced labour or the right to a basic wage, have been violated.

Resilux will make efforts to map this further, both for its own organisation and for its most important suppliers.

### 3.2.6 Health and safety for customers and the environment

PET packaging intended for the food industry meets strict safety standards. As such Resilux only works with certified raw materials that are suitable for processing in the food industry. In this sense, PET packaging is not a direct danger to health or the environment. To date, no violations have been noted in this regard on the part of Resilux.

Within Europe, the essence of the current legislation on suitable packaging for food is contained in framework Regulation (EC) No 1935/2004 on materials and articles intended to come into contact with food and in Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food. The European Food Safety Authority (EFSA) provides further guidance in this respect.

New Swiss rules regarding materials that come into contact with food (FCMs) entered into force in May 2017. This new ‘Food Act 2017’ contains provisions from various European Union (EU) regulations.

In the grand scheme of things, used PET packaging forms part of the debate surrounding the impact of the increasing presence of micro-plastics on the environment and the health of the population. This increasing presence of micro-plastics in nature is largely the result of poor and inadequate large-scale waste management. The long-term consequences have not yet been established with any degree of certainty, but Resilux endorses the efforts that must be made worldwide to tackle the plastic waste mountain (landfill, litter, plastic soup) and aligns its sustainability policy with it.

### 3.3 Economic value creation

The 2018 annual report includes a 'Consolidated financial statements' chapter with all the detailed financial information for the 2018 financial year. The consolidated financial statements chapter contains a section entitled "Notes to the consolidated financial statements". With regard to the group's specific pension plans, reference is made to the information found in note 15.

In addition, the 2018 annual report contains the chapter "Annual Report of the Board of Directors" in which the board looks further at the consolidated results of the group for the 2018 financial year. For information specifically relating to the economic value generated, see points 4 and 5 in that chapter.

The financial information and consolidated financial statements have been audited by an external auditor. The "Consolidated financial statements" chapter of the 2018 annual report includes the auditor's report on the audit of the 2018 consolidated financial statements in its entirety.

Corruption, bribery and unfair competition in business transactions distort fair competition under similar circumstances, lead to a loss of transparency, increase costs and are morally unacceptable. Self-regulation plays an important role in fighting corruption.

The risk of cases of bribery or corruption is assessed as rather low for each of the production sites and for all Resilux activities and no cases have been confirmed or reported.

In this respect, the following approach contributes to the risk management:

- Management monitors compliance with legal regulations regarding bribery, corruption and competition.
- We ensure that employees feel encouraged to bring dilemmas to management's attention so that they themselves do not, secretly or unknowingly, undertake improper actions or participate in improper practices.
- Resilux does not donate to political parties. Applications for sponsoring must first be sent to the CEOs for approval. Charitable donations must be lawful and ethical in accordance with the local laws and customs.
- The number of intermediaries that Resilux calls upon is extremely limited and they are selected very carefully.
- We are in favour of exchanging data digitally when exporting/importing products. The digital exchange of documents leads to less or no physical interaction and this reduces the chance of enticing corruption. For example, when the value of the goods and the number of the products to be transferred are communicated in advance, the importer does not know which official deals with the communication and the official does then not know who he would need to approach in the company.
- The cases in which and the amounts that employees are allowed to pay in cash are extremely limited and the four-eyes principle applies to making payments and bank transfers.
- Resilux also maintains strict rules regarding its financial administration and compliance with the generally accepted accounting principles. All business information and transactions must be properly recorded in good time in the financial administrative system, with an adequate amount of detail to give a true reflection of the transactions.

A renewed HR policy will focus more on communication and training of staff with regard to the prevention of bribery and corruption.



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### 4. Reporting framework

With a view to matters such as further non-financial reporting, Resilux does its utmost to collect and analyse practical data to be able to properly measure the improvement in relevant performance indicators and to determine new practical objectives.

A list of the companies for which information is included in this report with regard to non-financial reporting can be found in note 2 of the consolidated financial statements in the Resilux annual report for 2018.

The period for which non-financial information is reported is the same as that for the financial reporting and concerns the 2018 financial year. The non-financial reporting is prepared annually together with the financial reporting. The previous period that was reported on is the 2017 financial year. That information is contained in the Resilux annual report for the 2017 financial year.

This report was prepared with reference to the GRI Standards included in the index below. Each relevant GRI reference in question is also listed in the preamble to each specific chapter, heading or paragraph of this report.
In principle, the data provided concerns PET preform activities, excluding the production of PET bottles and recycling activities, unless explicitly stated.

This annual report is in each case included in the annual report of the Board of Directors with regard to the company financial statements, as well as in the annual report of the Board of Directors with regard to the consolidated financial statements, which is included in full in the Annual Report for 2018, which can be downloaded from www.resilux.com, under the heading Investor Relations - Annual Reports.

The statutory auditor checks whether the content of the report meets the legal requirements in that respect.

Questions regarding this non-financial reporting may be sent by e-mail to legal.department@resilux.com.

| GRI Index | Topic specific disclosure (KPI): GRI Standard | Report reference |
|---|---|---|
| Disclosure 102-1 | Name of the organization | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-2 | Activities, brands, products, and services | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-3 | Location of headquarters | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-4 | Location of operations | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-5 | Ownership and legal form | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-6 | Markets served | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-7 | Scale of the organization | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-8 | Information on employees and other workers | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-9 | Supply chain | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-10 | Significant changes to the organization and its supply chain | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-11 | Precautionary Principle or approach | Hoofdstuk 1.1 Activiteiten |
| Disclosure 102-14 | Statement from senior decision-maker | Hoofdstuk 2 Duurzaamheidsstrategie |
| Disclosure 102-16 | Values, principles, standards, and norms of behavior | Hoofdstuk 1.3 Bedrijfsethiek |
| Disclosure 102-18 | Governance structure | Hoofdstuk 1.2 Governance |
| Disclosure 102-40 | List of stakeholder groups | Hoofdstuk 2 Duurzaamheidsstrategie |
| Disclosure 102-42 | Identifying and selecting stakeholders | Hoofdstuk 2 Duurzaamheidsstrategie |
| Disclosure 102-45 | Entities included in the consolidated financial statements | Hoofdstuk 4 Rapporteringskader |

| | | |
|---|---|---|
| Disclosure 102-46 | Defining report content and topic Boundaries | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-47 | List of material topics | Hoofdstuk 3 Materiële duurzaamheidsthema's |
| Disclosure 102-50 | Reporting period | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-51 | Date of most recent report | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-52 | Reporting cycle | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-53 | Contact point for questions regarding the report | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-54 | Claims of reporting in accordance with the GRI Standards | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-55 | GRI content index | Hoofdstuk 4 Rapporteringskader |
| Disclosure 102-56 | External assurance | Hoofdstuk 4 Rapporteringskader |
| GRI 201-1 | Direct economic value generated and distributed | Hoofdstuk 3.3 Economische waardecreatie |
| GRI 201-3 | Defined benefit plan obligations and other retirement plans | Hoofdstuk 3.3 Economische waardecreatie |
| GRI 205-1 | Operations assessed for risks related to corruption | Hoofdstuk 3.3 Economische waardecreatie |
| GRI 301-1 | Materials used by weight or volume | Hoofdstuk 3.1.1.1 Verbruik en verwerking van grondstoffen en verpakking |
| GRI 301-2 | Recycled input materials used | Hoofdstuk 3.1.1.1 Verbruik en verwerking van grondstoffen en verpakking |
| GRI 302-1 | Energy consumption within the organization | Hoofdstuk 3.1.1.2 Energiebeheer en emissie |
| GRI 302-3 | Energy intensity | Hoofdstuk 3.1.1.2 Energiebeheer en emissie |
| GRI 302-4 | Reduction of energy consumption and requierements of products and services | Hoofdstuk 3.1.1.2 Energiebeheer en emissie |
| GRI 303-1 | Water withdrawal by source | Hoofdstuk 3.1.1.4 Waterverbruik |
| GRI 303-2 | Water sources significantly affected by withdrawal of water | Hoofdstuk 3.1.1.4 Waterverbruik |
| GRI 305-1 | Direct (Scope 1) GHG emissions | Hoofdstuk 3.1.1.2 Energiebeheer en emissie |
| GRI 305-2 | Energy indirect (Scope 2) GHG emissions | Hoofdstuk 3.1.1.2 Energiebeheer en emissie |
| GRI 306-1 | Waste discharge by quality and destination | Hoofdstuk 3.1.1.5 Afvalbeheer |
| GRI 306-2 | Waste by type and disposal method | Hoofdstuk 3.1.1.5 Afvalbeheer |
| GRI 401-1 | New employee hires and employee turnover | Hoofdstuk 3.2.1 Personeelbestand |
| GRI 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Hoofdstuk 3.2.2 Gezondheid en veiligheid op het werk |
| GRI 404-1 | Average hours of training per year per employee | Hoofdstuk 3.2.3 Opleiding medewerkers |
| GRI 404-2 | Programs for upgrading employee skills and transition assistance programs | Hoofdstuk 3.2.3 Opleiding medewerkers |
| GRI 405-1 | Diversity of governance bodies and employees | Hoofdstuk 3.2.4 Gelijke kansen en diversiteit |
| GRI 412-1 | Operations that have been subject to human rights reviews or impact assessments | Hoofdstuk 3.2.5 Mensenrechten |
| GRI 416-1 | Assessment of the customer health and safety impacts of product and service categories | Hoofdstuk 3.2.6 Gezondheid en veiligheid voor klanten en milieu |
| GRI 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Hoofdstuk 3.2.6 Gezondheid en veiligheid voor klanten en milieu |

## 14. Information regarding article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market (implementation of the takeover directive)

a) On 31 December 2018 the registered capital of the company amounts to €3,600,429 represented by 2,024,860 no par-value shares, which each represent a 1/2,024,860th share of the registered capital. All shares are fully paid up and each share confers the right to one vote.

Based on the last transparency notification of 4 April 2017 and 4 May 2018, as received by the company and the last notification in the context of the exemption from the obligation to bid under the provisions of the Law of 1 April 2007 on public takeover bids, as received by the company on 31 August 2018, the shareholders' structure on 31 December 2018 can be presented as follows:

| Shareholder | Current voting rights/share | | % issued company stock |
|---|---|---|---|
| Tridec Stichting Administratiekantoor (*) | 921,000 | | 45.48% |
| Familie De Cuyper (*) | 114,072 | | 5.63% |
| NV Immo Tradec (*) controlled by Tradec Invest NV | 58,534 | | 2.89% |
| NV Belfima Invest (*) controlled by Peter De Cuyper | 33,340 | | 1.65% |
| NV Tradidec (*) | 25,973 | | 1.28% |
| NV Capfi Delen Asset Management | 101,073 | | 4.99% |
| Public | 770,868 | | 38.07% |
| **Total** | **2,024,860** | ("denominator") | **100%** |

(*) Tridec Stichting Administratiekantoor (controlled by Alex De Cuyper, Peter De Cuyper and Dirk De Cuyper) acts in mutual consultation with the De Cuyper family and the companies NV Immo Tradec, NV Belfima Invest and NV Tradidec.

b) No restrictions are laid down by statute or in the company's articles of association on the transfer of securities, nor on the exercise of voting rights that apply to the securities issued by the company.

c) Special control rights - Statutory provisions

*Article 11 - Preferential right*

In case of a capital increase, implemented other than by way of a non-monetary contribution or merger, and subject to any different decision by the general shareholders' meeting or the board of directors, the existing shareholders will be given preference for the new shares, in proportion to the part of the registered capital represented by their shares.
The pre-emptive right may be exercised for a period of at least fifteen days, to be calculated from the day on which the subscription for new shares opens.
The subscription price and the period during which the pre-emptive right may be exercised will be determined by the general shareholders' meeting or, if the resolution to increase the capital has been adopted in accordance with Article 603 of the Belgian Companies Code, by the board of directors.
If the ownership of shares is divided into usufruct and bare ownership, the bare owner of the shares will have the pre-emptive right. In case of pledged shares, the owner-pledgor will have the pre-emptive right.

*Article 15 - Nomination right*

Insofar as Tridec Stichting Administratiekantoor holds at least 35% of the company's shares, it will have the statutory right to nominate four directors. Alex De Cuyper, Dirk De Cuyper and Peter De Cuyper are appointed upon nomination by Tridec Stichting Administratiekantoor.

*Article 29 - Convening*

A special or an extraordinary general shareholders' meeting must be convened whenever required by the interests of the company and must be convened every time shareholders who collectively represent one-fifth of the registered capital so request.

*Article 30 - Right to add items to the agenda and file new proposed resolutions*

One or more shareholders who jointly hold at least 3% of the company's registered capital may, but no later than the twenty-second day prior to the date of the general shareholders' meeting, add items to be discussed to the agenda of the general shareholders' meeting and submit motions to be voted on concerning items included on the agenda or to be included on the agenda, provided that the shareholders can demonstrate that, on the date when they file an item for the agenda or a motion for vote, they are shareholders of the company.
This right shall not be valid for general shareholders' meetings convened after a first general shareholders' meeting that was not deemed valid for deliberations because the required attendance quorum was not reached.

d) There are no other share plans for employees where the rights of control are not directly executed by the employees.

e) The company has no knowledge of shareholders agreements which could lead to a limitation of the right to transfer securities and/or exercising the right to vote.

f) The members of the board of directors are nominated by the general shareholders' meeting.

According to article 16 of the company's articles of association, the remaining directors can temporarily fill in a vacancy for director. In such a case, the general shareholders' meeting will proceed to the final appointment during their next meeting.

According to article 15 of the company's articles of association, the board of directors can have a maximum of seven members and, as mentioned before, as long as Tridec Stichting Administratiekantoor owns, directly or indirectly, at least 35% of the shares of the company, it has the right to propose four candidate-Directors to be nominated.

Other directors will be nominated by the remuneration and nomination committee, taking into account the needs of the company and in accordance with the selection criteria and appointment procedure set up by the board of directors.

For the composition of the board of directors, the necessary diversity and complementarily regarding skills, practice and knowledge is taken into account.

At least three directors must be independent.

The members of the board of directors are appointed for a maximum period each of four years and can be reappointed.

The general shareholders' meeting can deliberate and vote on changes to the articles of association of the company, taking into account the conditions imposed by articles 540, 543, 558, 559 and onwards of the Companies Code.

g) Powers of the governing body regarding the issuance or redemption of shares of the company.

The current articles of association of the company provide for the following regulations

Temporary provisions - Authorised capital

For a period of five years from the publication of the general shareholders' meeting's resolution of 20 May 2016 in the annexes to the Belgian Official Journal, the board of directors will be authorised to increase the registered capital on one or more occasions to the amount of € 17,183,856.00 (seventeen million, one hundred and eighty-three thousand, eight hundred and fifty-six euros).

The capital may be increased by means of a monetary or non-monetary contribution as well as by the conversion of reserves of any kind and/or by an issue premium.

In addition to the issue of ordinary shares, capital increases decided on by the board of directors, may also be implemented through the issue of preference shares, through the issue of shares without voting rights, through the issue of shares and/or warrants in favour of staff and through the issue of convertible bonds and/or bonds with warrants.

The board of directors is granted the authority to limit or cancel the pre-emptive right in the interests of the company if the capital increase is implemented within the scope of the authorised capital.

The board of directors is authorised to limit or cancel the pre-emptive right in favour of one or more people, even if these people are not personnel of the company or its subsidiaries.

The general shareholders' meeting has explicitly granted the board of directors the authority to increase the subscribed capital on one or more occasions as from the date of the notice from the Financial Services and Markets Authority (FSMA) to the company of a public takeover bid for the securities of the company, by means of monetary contributions with the cancellation or limitation of the existing shareholders' pre-emptive right or by means of non-monetary contributions in accordance with Article 607 of the Belgian Companies Code. This authorisation is valid for a period of three (3) years to be calculated from the publication of the resolution of the general shareholders' meeting of 20 May 2016 in the annexes to the Belgian Official Journal.

If a capital increase is implemented by means of cash subscriptions with an issue premium, the board of directors will be authorised to stipulate that the issue premium will be earmarked for the non-distributable 'issue premiums' account, which will constitute a guarantee to third parties to the same extent as the registered capital and, except for the possibility of conversion into capital by the board of directors, may only be disposed of in accordance with the conditions laid down by the Belgian Companies Code for amendments to the articles of association.

The board of directors is authorised to amend the company's articles of association in accordance with the capital increase that was decided on within the scope of its authority.

### Temporary provisions - Purchase of own shares

The board of directors is authorised, in accordance with article 620 and following of the Company Code, to acquire shares, profit-sharing certificates or associated certificates of the company at the expense of the latter, if this acquisition is necessary to preventing the company from suffering imminent, serious damage. This authorisation is valid for a period of three (3) years to be calculated from the publication of the resolution of the extraordinary general shareholders' meeting of 20 May 2016 in the annexes to the Belgian Official Journal. This authorisation can be renewed for periods of three (3) years. Insofar as allowable by law (among others article 622 of the Company Code), the authorisation to transfer ownership is valid without limitation in time.

[The arrangement provided for in this second paragraph of the Temporary provisions - regarding the acquisition of own shares - of the articles of association of the company is not repeated here since it was withdrawn by a decision of the EGM dated 18 May 2018 and replaced by a new arrangement - see below].

The board of directors is authorised, in accordance with article 622 §2 of the Belgian Companies Code, to transfer ownership of own shares

(i) in the framework of transactions, such as takeovers or acquisition of tangible or intangible assets, opportune for the strategic development of the company, and at a price at least equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the transaction, decreased with ten percent (10%) and at most equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the transaction, increased with ten percent (10%);

(ii) in the framework of exercising stock options granted to the personnel of the company or its subsidiaries or self-employed service providers with a high management position within the company or its subsidiaries, and at a price of the option at least equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the granting of the options, decreased with ten percent (10%) and at most equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the granting of the options, increased with ten percent (10%);

(iii) in the framework of article 3, paragraph 2 of the warrant plan of 28 January 2013 and for the price of the warrants.

On 18 May 2018, the extraordinary general shareholders' meeting decided to withdraw, except in the event of necessity to prevent a serious and imminent disadvantage for the company, the existing authorisation granted to the board of directors to acquire own shares and to replace it with the following authorisation: The board of directors is authorised, in accordance with article 620 et seq. of the Companies Code, to acquire, through purchase or exchange, shares, profit-sharing certificates or depositary receipts relating thereto in the company for the account of the latter, at a unit price that may not be lower than the accounting par value and not higher than twenty percent (20%) above the highest closing quote for the share over the most recent twenty (20) trading days preceding the transaction. The restriction of Article 620, §1, 2° of the Companies Code applies to this authorisation. The authorisation to acquire applies for a period of five (5) years starting from the publication in the annexes to the Belgian Official Journal of the decision of the extraordinary general shareholders' meeting of 18 May 2018. This authorisation may be renewed for periods of five (5) years. To the extent permitted by law (and in particular by article 622 of the Companies Code), the authorisation to alienate shall apply without time limitation.

h) There are no important agreements of which the company is part and that start, change or finish in the event that there is a change of control of the company as a result of a public takeover bid, or the consequences of it.

i) There are no agreements between the company and the directors or employees which provide for a remuneration in case the directors resign or are being discharged without a valid reason, or when the employment of the employees is terminated as a result of a public offer for takeover.



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## 15. Notification in respect of the exemption from the obligation to launch a bid (Article 74 Law of 1 April 2007)

Pursuant to article 74, §7 of the Law of 1 April 2007 on Takeover Bids, the company has duly received the following notification of exemption from the obligation to launch a bid dated 14 February 2008 as sent on behalf of the parties below acting by mutual agreement.

Subsequently, pursuant to Article 74 § 8 of the Law of 1 April 2007 on Takeover Bids, the parties below have informed the company of subsequent changes with regard to their shareholding in the company by letters dated 3 September 2012, 29 August 2014, 31 August 2015 and 31 August 2018. As a result, the situation as of 31 August 2018 can be summarized as follows:

| Identity of the persons who, as of 31 August 2017, held, by mutual consultation, more than 30% of the voting shares in RESILUX NV | Identity of the final controller | Number of shares | % |
|---|---|---|---|
| 1. STAK TRIDEC<br>Houtsnip 17 3766 VD Soest The Netherlands | - | 921,000 | |
| | **STAK TRIDEC** | **921,000** | **45,48%** |
| 2. Belfima Invest NV<br>BE 0466 014 328 | Peter De Cuyper<br>p.a. Damstraat 4<br>9230 Wetteren | 33,340 | |
| 3. Peter De Cuyper<br>p.a. Damstraat 4<br>9230 Wetteren | - | 55,465<br>of which 20,000<br>in bare ownership | |
| | **Peter De Cuyper** | **88,805** | **4,38%** |
| 4. Tradidec NV<br>BE 0464 996 422 | Dirk De Cuyper<br>p.a. Damstraat 4<br>9230 Wetteren | 25,973 | |
| 5. Dirk De Cuyper<br>p.a. Damstraat 4<br>9230 Wetteren | - | 52,260<br>of which 20,000<br>in bare ownership | |
| | **Dirk De Cuyper** | **78,233** | **3,86%** |
| 6. Immo Tradec NV<br>BE 0439 777 214 | Tradec Invest NV<br>BE 0453 976 133 | 58,534 | |
| | **Tradec Invest NV** | **58,534** | **2,89%** |
| 7. Others (natural persons < 3%) | | 6,347 | |
| | **Others** | **6,347<br>+ the usufruct, including the voting rights of 40,000 shares** | **0,31%** |
| Total | | | 56,94% |

All notices received by the company on this subject are available on the website at www.resilux.com (Investor Relations - General Information).

## 16. Outlook, expectations and significant events since the year end

Resilux expects for 2019 a further growth of the volumes as a result of optimal utilisation of the in 2018 installed increased capacity and the additional capital expenditures in production capacity of 2019. Resilux expects that this volume growth will lead to increased operational results for 2019.
Resilux expects to invest around € 30.0 million. This amount includes the last parts of the finalisation of the Pet recycling factory in Bilten and of the machinery and installation in the new production facility in Romania. Furthermore, the planned capital expenditures will be mainly in increased production capacity and additional production tools.

Resilux will keep focus on diversification of customers and product mix and a further strengthening of the organization.

Resilux continues to have a strong belief in the enormous potential of PET preforms and bottles over the next years.

The growth prospects for the PET packaging market remain good, and the expectations are that the market will continue to grow over the next 3 to 7 years. In Northwest Europe, the growth will mainly come from new product applications, such as fruit juices and milk, and less from water and soft drinks.

Since the end of the financial year, no other important events have occurred of a nature to significantly influence the results of the company.

## 17. Appropriation of results

The board of directors of Resilux NV proposes to the general shareholders' meeting to pay a gross dividend of € 3.00 per share for the financial year 2018.

The proposed appropriation of the results is as follows (in thousands of Euro, Resilux NV statutory accounts):

| | |
|---|---|
| Profit of the financial year to be appropriated | 13,911 |
| Profit brought forward from the previous financial year | 44,216 |
| Total profit to be appropriated | 58,127 |
| | |
| Profit to be distributed | 6,075 |
| Profit to be carried forward | 52,052 |

The consolidated reserves (IFRS) can then be shown as follows (in thousands of Euro):

Consolidated reserves

| | |
|---|---|
| Reserves carried forward on December 31, 2017 | 120,219 |
| Consolidated profit for the financial year | 18,491 |
| Actuarial gains and losses (net) | 279 |
| Dividend on shares | -4,050 |
| Total consolidated reserves on December 31, 2018 | 134,939 |

# CONSOLIDATED ANNUAL ACCOUNTS 2018





RESILUX INNOVATIVE PACKAGING

## Balance sheet *(in thousands of Euro)*

| | Notes | 31.12.2018 | 31.12.2017 |
|---|---|---|---|
| **Non-current assets** | | **128,048** | **108,908** |
| Goodwill | 4 | 18,500 | 18,500 |
| Intangible assets | 5 | 871 | 1,286 |
| Property, plant & equipment | 6 | 102,140 | 83,225 |
| Other financial assets | 7/8 | 17 | 17 |
| Deferred tax | 8 | 5,895 | 5,062 |
| Non-current receivables | 9 | 625 | 818 |
| | | | |
| **Current assets** | | **149,393** | **134,780** |
| Inventories | 10 | 78,918 | 55,993 |
| Trade receivables | 9 | 48,337 | 43,525 |
| Other current assets | 9 | 11,223 | 7,799 |
| Cash and cash equivalents | 11 | 10,915 | 27,463 |
| | | | |
| **TOTAL ASSETS** | | **277,441** | **243,688** |
| | | | |
| **Equity** | **12** | **137,566** | **121,485** |
| | | | |
| **Non-current liabilities** | | **30,338** | **36,295** |
| Subordinated loans | 13 | 0 | 956 |
| Interest-bearing borrowings | 13 | 17,936 | 23,109 |
| Other amounts payables | 14 | 3,661 | 3,890 |
| Provisions | 15 | 7,086 | 6,788 |
| Deferred tax | 8 | 1,655 | 1,552 |
| | | | |
| **Current liabilities** | | **109,537** | **85,908** |
| Subordinated loans | 13 | 956 | 319 |
| Interest-bearing borrowings | 13 | 23,658 | 11,198 |
| Trade payables | 14 | 70,821 | 61,282 |
| Income tax payables | | 1,646 | 1,890 |
| Other amounts payables | 14 | 12,456 | 11,219 |
| | | | |
| **TOTAL LIABILITIES** | | **277,441** | **243,688** |

## Income statement *(in thousands of Euro)*

| | Notes | 2018 | 2017 |
|---|---|---|---|
| **Operating revenues** | | **408,162** | **335,300** |
| Turnover | | 398,017 | 328,677 |
| Changes in inventories finished goods | | 8,218 | 2,943 |
| Other operating income | 16 | 1,927 | 3,680 |
| **Operating expenses** | | **380,979** | **314,708** |
| Raw materials and consumables used | | 258,820 | 209,389 |
| Services and other goods | | 61,068 | 50,171 |
| Remuneration, social security charges and pensions | 17 | 43,264 | 38,025 |
| Depreciation and amortisation expense | | 16,613 | 15,767 |
| Other operating expenses | 16 | 1,214 | 1,356 |
| **Operating result** | | **27,183** | **20,592** |
| Financial income | 18 | 6,795 | 5,315 |
| Financial expenses | 18 | -10,642 | -7,792 |
| **Result before taxes** | | **23,336** | **18,115** |
| Income taxes | 19 | -4,845 | -2,292 |
| **Net result** | | **18,491** | **15,823** |
| Net profit per share in € | 22 | 9.13 | 7.81 |

## Statement of other comprehensive income *(in thousands of Euro)*

| | Notes | 2018 | 2017 |
|---|---|---|---|
| Attributable to profit or loss: the owners of the parent | | 18,491 | 15,823 |
| **Statement of the unrealized results** | | | |
| Currency translations adjustments for foreign entities (*1) | | 1,361 | -7,132 |
| Actuarial gains and losses (gross) (*2) | 15 | 348 | -621 |
| Deferred Taxes (*2) | | -69 | 136 |
| **Total of the unrealized results** | | **1,640** | **-7,617** |
| **Total of the comprehensive income** | | **20,131** | **8,206** |

(*1) can be reclassified in the income statement.

(*2) cannot be reclassified in the income statement.



RESILUX
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## **Cash flow Statement** *(in thousands of Euro)*

| | Notes | 2018 | 2017 |
|---|---|---|---|
| | | | |
| ***Operating activities*** | | | |
| Profit before taxes | | 23,337 | 18,115 |
| Depreciation and amortization | 5/6/10/11 | 16,613 | 15,767 |
| Financial income | | -6,796 | -5,314 |
| Financial expense | | 10,642 | 7,792 |
| Gain on disposal fixed assets | 16 | -112 | 66 |
| | | | |
| Changes in trade receivables | 9 | -5,432 | -8,830 |
| Changes in inventory | 10 | -22,998 | -6,293 |
| Changes in trade payables | 14 | 9,741 | 16,955 |
| Other changes in net working capital | | -2,232 | -3,174 |
| Change in net working capital | | -20,291 | -1,342 |
| | | | |
| Interest received | 18 | 37 | 48 |
| Interest paid | 18 | -1,958 | -1,924 |
| Income taxes paid | 19 | -5,828 | -3,891 |
| | | | |
| **Cash flow from operating activities** | | **15,014** | **29,317** |
| | | | |
| ***Cash flow from investing activities*** | | | |
| Investments in tangible and intangible fixed assets | 5/6 | -35,422 | -20,405 |
| Receipt of government grants | 6 | 375 | 579 |
| Acquisition of subsidiaries | | 0 | -6,626 |
| Proceeds on disposals of fixed assets | | 621 | 1,063 |
| | | | |
| **Cash flow from investing activities** | | **34,426** | **-25,389** |
| | | | |
| ***Financing activities*** | | | |
| Dividends paid | | -4,050 | -4,050 |
| Capital increase | | 0 | 2,766 |
| Capital reduction | | 0 | -33,005 |
| Proceeds from (+), payments (-) of subordinated loans | 13 | -319 | -319 |
| Proceeds from (+), payments (-) of long-term liabilities | 13 | -5,799 | -5,555 |
| Proceeds from (+), payments (-) of short-term liabilities | 13 | 12,702 | 2,345 |
| | | | |
| **Cash flow from financing activities** | | **2,534** | **-37,818** |
| | | | |
| Net increase / decrease in cash and cash equivalents | 11 | -16,878 | -33,890 |
| Effect of exchange rate changes on cash and cash equivalents | 11 | 330 | -1,094 |
| Cash and cash equivalents at January 1st | 11 | 27,463 | 62,447 |
| | | | |
| **Cash and cash equivalents at December 31** | | **10,915** | **27,463** |



RESILUX
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## **Equity** *(in thousands of Euro)* (Note 12)

| | Amount of shares | Share capital | Share premium | Revaluation surplus | Other reserves | Actuarial results | Currency translations | Total |
|---|---|---|---|---|---|---|---|---|
| **On January 1, 2018** | **2,024,860** | **3,601** | **0** | **2,371** | **118,229** | **-381** | **-2,335** | **121,485** |
| Consolidated result for the financial year | | 0 | 0 | 0 | 18,491 | 0 | 0 | 18,491 |
| Unrealized results (gross) | | 0 | 0 | 0 | 0 | 348 | 1,361 | 1,709 |
| Deferred taxes | | 0 | | 0 | 0 | 69 | 0 | 69 |
| Total of the unrealized results | | 0 | 0 | 0 | 18,491 | 279 | 1,361 | 20,131 |
| Dividend on shares | | 0 | 0 | 0 | -4,050 | 0 | 0 | -4,050 |
| **On December 31, 2018** | **2,024,860** | **3,601** | **0** | **2,371** | **132,670** | **-102** | **-974** | **137,566** |
| | | | | | | | | |
| **On January 1, 2017** | **1,980,410** | **17,184** | **16,656** | **2,371** | **106,560** | **104** | **4,797** | **147,568** |
| Consolidated result for the financial year | | 0 | 0 | 0 | 15,823 | 0 | 0 | 15,823 |
| Unrealized results (gross) | | 0 | 0 | 0 | 0 | -621 | -7,132 | -7,753 |
| Deferred taxes | | 0 | 0 | 0 | 0 | 136 | 0 | 136 |
| Total of the unrealized results | | 0 | 0 | 0 | 15,823 | -485 | -7,132 | 8,206 |
| Dividend on shares | | 0 | 0 | 0 | -4,050 | 0 | 0 | -4,050 |
| Capital increase | 44,450 | 386 | 2,380 | 0 | 0 | | 0 | 2,766 |
| Capital reduction | | -13,969 | -19,036 | 0 | 0 | 0 | 0 | -33,005 |
| **On December 31, 2017** | **2,024,860** | **3,601** | **0** | **2,371** | **118,229** | **-381** | **-2,335** | **121,485** |



RESILUX INNOVATIVE PACKAGING

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS





RESILUX
INNOVATIVE PACKAGING

## 1. Accounting principles

## 1. Statement of compliance and basis of presentation

The consolidated financial statements of Resilux Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB. The company has opted not to apply early application of standards and interpretations issued up to December 31, 2017 with an effective date after December 31, 2018.

The consolidated financial statements are presented in thousands of Euro and have been prepared under the historical cost basis, and modified for the revaluation of derivative financial instruments.

The accounting policies have been applied consistently with the previous year.
The consolidated financial statements are prepared as of and for the period ending December 31, 2018.
The statements are presented before the effect of the profit appropriation of the parent company to the general shareholders' meeting.

## 2. Principles of consolidation

### General

The consolidated financial statements comprise the financial statements of Resilux NV, its subsidiaries and joint ventures, drawn up to December 31 of each year.

### Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when Resilux (a) has power over the subsidiary; (b) is exposed to or has the rights to changing income related to its involvement in the subsidiary; (c) has the possibility to use its power in the subsidiary to influence the magnitude of the income from the subsidiary.

Acquisitions of subsidiaries are accounted for in accordance with IFRS 3 'Business Combinations'.

### Joint ventures

Joint ventures are companies in which Resilux NV directly or indirectly holds a significant influence and which are not subsidiaries or joint ventures. This is assumed to be the case when the Group holds at least 50% of the voting rights attached to the shares.

The Financial statements of these companies are prepared in accordance with the same accounting policies used for the Group. The consolidated financial statements contain the share of the Group in the result of associated companies in accordance with the equity method from the day that the joint control or the significant influence is acquired until the day it ends. If the share of the Group in the losses of the associated companies is greater than the carrying amount of the participation, the carrying amount is set at zero and additional losses are recognized only insofar the Group has assumed additional obligations. Participations in associated companies are revalued if there are indications of a possible impairment or if the reasons for earlier impairments are no longer there.

A list of the company's subsidiaries and joint ventures is set out in note 2. 'Consolidated companies' on December 31, 2018.

## 3. Foreign currency translation

### *a) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).
The consolidated financial statements are presented in Euro, which is the company's functional and reporting currency.

### *b) Transactions and balances*

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the date of transaction or at the end of the month before the date of the transaction. At the end of the accounting period the unsettled balances on foreign currency receivables and liabilities are valued at the rates of exchange prevailing at the end of the accounting period. Foreign exchange gains and losses are recognized in the income statement within the period they occur.

### *c) Financial statements of foreign operations*

The company's foreign operations are considered as foreign entities. Accordingly, assets and liabilities are translated to Euro at the foreign exchange rates prevailing at the balance sheet date. Income statements of foreign entities are translated to Euro at average exchange rates for the period ended. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the transaction of shareholders' equity to Euro at year-end exchange rates are taken to 'Translation reserves' in Capital and Reserves. On disposal of foreign entities accumulated exchange differences are recognized in the income statement as part of the gain or loss on the sale.

## 4. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the company's share of identifiable net assets and contingent liabilities of the acquired subsidiary at the date of acquisition.

Goodwill is expressed in the currency of the subsidiary to which it relates and is translated to Euro using the year-end exchange rate.

Goodwill is stated at cost less accumulated impairment losses.

## 5. Intangible assets

Intangible assets acquired separately are capitalized at cost. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. (refer accounting policy 14)
Intangible assets acquired as part of a business combination are capitalized at fair value separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortized on a straight-line basis not exceeding 5 years.

### 6. Research and development costs

Research costs, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred. Expenditure on development activities whereby research findings are applied to a plan or design for the production of new or substantially improved materials, devices, products, processes and technologies prior to commercial production or use, are capitalized to the extent that it is expected that such assets will generate future economic benefits and the other recognition criteria of IFRS are met. Capitalized development costs are amortized on systematic bases over the period of expected future sales from the related project. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable. (refer accounting policy 14).

### 7. Licenses, patents and similar rights

Expenditures on acquired licenses, patents and similar rights are capitalized and are amortized using the straight-line method over the contractual period, if any.

### 8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (see accounting principle 14). Land is not depreciated. Costs include purchase price (less any discounts and rebates), import duties, non refundable taxes and any directly attributable costs of bringing the asset to its working condition. Directly attributable costs include, e.g. initial delivery, handling and installation costs and the estimated cost of dismantling and removing the asset and restoring the site. The cost of a self constructed asset is determined using the same principles as for an acquired asset. Subsequent expenditure related to on an item of property, plant and equipment is capitalized when it is probable that it will result in additional future benefits, in excess of the originally assessed standard of performance of the existing asset, and the expenditure can be measured reliably. All other subsequent expenditure is expensed as incurred.

Depreciation is calculated from the date the asset is available for use on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Buildings | 5 to 20 years |
| Production machinery | 5 to 10 years |
| Moulds | 3 to 5 years |
| Peripheral equipment | 5 to 10 years |
| Material for quality control | 5 years |
| Auxiliary equipment | 10 years |
| Silo installation | 5 to 10 years |
| Fire-protection | 10 years |
| Furniture | 10 years |
| Office machinery | 5 years |
| Computer equipment | 3 years |
| Vehicles production | 5 years |
| Cars | 4 years |
| | |
| Other tangible fixed assets | underlying asset |
| Assets under construction | no depreciation applied |

Assets direct related to a contract are depreciated in accordance to the specifications stipulated in the related contract.

## 9. Leases

Finance leases, which effectively transfer to the Group substantially all risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or if lower at net present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.
Capitalized leased assets are depreciated over the useful life as mentioned under ‘property, plant and equipment’

Leases, where the lesser effectively retains substantially all the risks and benefits of ownership over the lease term, are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the income statement on a straight-line basis over the lease term.

## 10. Investments

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment (see accounting principle 14).
Shares are valued at fair value, the impact of the impairment is booked in the other comprehensive income statement or in the profit and loss statement.

## 11. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method.

| | |
|---|---|
| Raw materials and consumables | : cost of purchase on a weighted average base |
| Finished goods and work-in-progress | : cost of direct materials, labor and a proportion of manufacturing overhead based on normal operating capacity |
| Trade goods | : cost of purchase |

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 12. Trade and other receivables

Trade debtors and other amounts receivable are shown on the balance sheet at cost less an allowance for doubtful debts. At the balance sheet date, an estimate is made of the bad debts based on the total outstanding amounts. Bad debts are written off during the period in which they are identified.

## 13. Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have original maturities of three months or less and are subject to insignificant risk of change in value.

## 14. Impairment of assets

The carrying amounts of the company’s assets, other than inventories and deferred tax assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the assets is the greater of net selling price and value in use.

The value in use is determined by the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. The future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, if and only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized.

### 15. Provisions

Provisions are recognized when the Company has a present obligation (legal or factual) as a result of past events and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

### 16. Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings, are subsequently measured at amortised cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

### 17. Trade and other payables

Trade and other payables are stated at cost.

### 18. Employee benefits

Employee benefits are recognized as an expense when the Group consumes the economic benefit arising for service provided by an employee in exchange for employee benefit, and as a liability when an employee has provided service in exchange for employee benefits to be paid in the future. Obligations for the defined contribution plan are recognized as an expense in the income statement as incurred.

In Switzerland, the pension plan is considered as a pension plan of the type 'defined benefit' plan and a provision is made. An independent actuary makes an actuarial valuation of the plan at year-end. The Group recognizes all actuarial gains and losses straight into the statement of other comprehensive income.

Share based payments: The fair value of the warrants granted under the warrant plan of the Group is calculated on the granting day, taking into account the characteristics and conditions at which the warrants are granted. The applied valuation method is in line with generally accepted valuation methods for financial instruments. The valuation method takes into accounts all aspects and assumptions that normal participants with knowledge consider when determining the price. The fair value of the warrants is booked as personnel expense over the period until the beneficiary obtains the warrants unconditionally.

Resilux has a group insurance contract for its employees in Belgium. The new law about supplementary pension plans has been published on 18th of December 2015. This law includes changes that may have an impact on the accounting for defined contribution and defined benefit plans under IAS 19R in Belgium.

The first change relates to the minimum guaranteed return. The new law replaces the 3.25% (employer) and 3.75% (employee) as from 1/1/2016 by a formula based upon the 10-year OLO yield with a minimum of 1.75% and a maximum of 3.75%. For insured plans, the current 3.25% and 3.75% remain applicable for contributions paid before 2016.

Following IAS 19R, this implies that the (so called) Belgian defined contribution plans with a minimum funding guarantee should be accounted for as defined benefit pension plans. Due to the change in law, the Group will no longer use the intrinsic value method as from 2017 onwards. Instead the group will determine the net pension liability in accordance with an actuarial method as required by IAS 19R (Projected Unit Credit Method).
The second change to the law includes an increase of the legal retirement age to 66 year in 2025 and 67 year in 2030. The group does not anticipate a material impact on the pension liability.

### 19. Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sales of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

### 20. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.
Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset. The grant is recognized as income over the life of the depreciable asset by way of reduced depreciation charge.

### 21. Derivative financial instruments

Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The fair values of derivative interest contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward exchange contracts is their market price at the balance sheet date.

Derivative financial instruments that are either hedging instruments not designated or not qualified as hedges are carried at fair value with changes in value in the income statement.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity.

### 22. Income taxes

Income tax includes the taxes on the profit or loss for the year and the deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is included directly in the statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

### 23. New and amended IFRS-standards and IFRIC-Interpretations, effective for financial years starting on January 1, 2018.

Resilux applied the same IFRS standards as those adopted in the previous years, except for some of the new and amended IFRS standards and IFRIC interpretations applicable for Resilux and effective for the financial year as of January 1, 2018:

- IFRS 9 Financial Instruments, effective January 1, 2018

- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective January 1, 2018

The implementation of these revised standards has no material impact on the financial position and the equity of Resilux.

The adoption of IFRS 15 has no impact on the revenue and profit or loss of Resilux since for contracts with customers the delivery is generally to be the only performance obligation. Resilux expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

### 24. New and amended IFRS-standards and IFRIC-Interpretations, effective for financial years starting after January 1, 2018.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of Resilux financial statements are disclosed below. Resilux intends to adopt these standards and interpretations, if applicable, when they become effective:

- IFRS 16 Leases, effective January 1, 2019
  The new IFRS standard states that all operational rents and leases should be presented as debt in the balance sheet.
  The impact for Resilux will not be significant given the limited number of rents and operational leases.

The total amount of liabilities as a result of operational rents and leases is shown in note 21. As per December 31, 2018 the additional amount of debt as a result of the application of IFRS 9 would be € 0.7 million. The expected amount of additional debt per December 31, 2019 based upon the operational leases per December 31, 2018 would be € 0.2 million. The amounts of rent expenses to be expressed as depreciations are not significant, the expected rent expenses for 2019 are € 0.5 million.

## 2. Consolidated companies

### Full consolidation

The consolidated financial statements 2018 include the accounts of Resilux NV and its subsidiaries listed in the table below.

| | | | |
|---|---|---|---|
| Resilux NV | Damstraat 4, 9230 Wetteren,<br>RPR Ghent, division Dendermonde BE 0447.354.397 | Belgium | 100% |
| Eastern Holding NV | Reukenwegel 40, 9070 Destelbergen,<br>RPR Ghent, division Ghent BE 0897.458.153 | Belgium | 100% |
| Resinvestment NV | Damstraat 4, 9230 Wetteren,<br>RPR Ghent, division Dendermonde BE 0897.468.051 | Belgium | 100% |
| Resilux Holding B.V. | Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam | Netherlands | 100% |
| Tradetool B.V. | Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam | Netherlands | 100% |
| Resilux Ibérica Packaging S.A.u. | Ctra. Nacional 435, KM 99, 06350 Higuera La Real | Spain | 100% |
| Resilux-Volga OOO | Bazovaya Street 12, 156000 Kostroma | Russia (Federation) | 100% |
| Resilux Distribution OOO | Zoologicheskaya Str.26, build.2, room IX,<br>123056, Moscow | Russia (Federation) | 100% |
| Packmen OOO | Elektrichesky lane, 12, office 2,<br>123056, Moscow | Russia (Federation) | 100% |
| Resilux Schweiz AG | Industrie Ost, 8865 Bilten | Switzerland | 100% |
| Poly Recycling AG | Industrie Ost, 8865 Bilten | Switzerland | 100% |
| Resilux Packaging South Europe A.B.E.E. | Industrial Area of Patras, OT 21 / B2-A5 / 25018 Patras | Greece | 100% |
| Resilux Investment Corporation, Inc. | Orange Street, City of Wilmington 1209,<br>County of New Castle - Delaware 19801 | USA | 100% |
| Resilux America, LLC | John Brooks Road 265, Pendergrass, Georgia 30567 | USA | 100% |
| Resilux Central Europe Packaging Kft. | Aradi u. 8 5th floor/d 8/10, 1062 Budapest | Hungary | 100% |
| Resilux Packaging South East Europe srl. | Sat Dascalu, Comuna Dascalu, Calea<br>Bucureşti nr. 63, Judetul Ilfov, 077075 | Romania | 100% |
| Resilux Ukraine, LLC | Zhylyanska street 146, 01032 Kiev | Ukraine | 100% |
| Borverk Eurotrade d.o.o. Beograd | Mike Alasa Street 40, 11000 Belgrade | (Republic) Serbia | 100% |

## 3. Segment reporting *(in thousands of Euro)*

A segment is a distinguishable component of the Company that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of segments operating in other economic environments.

The geographical segmentation is the basis for the financial reporting of the Company. The executive committee following the results of the segments individually to take with regard to allocation of resources and assessing performance decisions. This segmentation is still relevant because the Company, with the exception of Western Europe, almost all sells its products in the region where they are produced. Transfer prices between segments are determined in a manner similar to transactions with third parties.

The segment reporting is in accordance with the management reporting. No additional segmentation has been made because the different activities are related to each other.

None of the customers represents more than 10% of total operating income of the total group.

| Disaggregation of the turnover | 2018 | 2017 |
|---|---|---|
| **Products** | | |
| Sales of preforms | 337,211 | 282,194 |
| Sales of bottles | 41,583 | 41,258 |
| Sales of raw materials | 19,223 | 5,225 |
| **Total turnover** | **398,017** | **328,677** |
| | | |
| **Geographical segments** | | |
| Western Europe | 98,070 | 80,070 |
| Spain | 48,116 | 45,450 |
| Russia | 47,878 | 40,280 |
| Southern Europe (excluding Spain) | 36,497 | 34,204 |
| Switzerland | 75,067 | 56,966 |
| United States | 58,049 | 39,260 |
| Eastern Europe (excluding Russia) | 73,626 | 61,771 |
| Adjustments / eliminations | -39,286 | -29,324 |
| **Total turnover** | **398,017** | **328,677** |
| | | |
| **Timing of revenue recognition** | | |
| **Goods transferred at a point in time** | **398,017** | **328,677** |
| **Services transferred over time** | **0** | **0** |
| **Total turnover** | **398,017** | **328,677** |

| 2018 | Western Europe | Spain | Russia | Southern Europe (excl. Spain) | Switzerland | United States | Eastern Europe (excl. Russia) | Total segments | Adjustments and eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| External customers | 84,072 | 46,741 | 49,129 | 36,219 | 68,006 | 60,477 | 63,518 | 408,162 | 0 | 408,162 |
| Inter segment | 27,595 | 2,841 | 48 | 1,064 | 7,678 | 27 | 11,836 | 51,089 | -51,089 | 0 |
| Total turnover | 111,667 | 49,582 | 49,177 | 37,283 | 75,684 | 60,504 | 75,354 | 459,251 | -51,089 | 408,162 |
| | | | | | | | | | | |
| Depreciation and amortisation expense | 4,668 | 1,334 | 1,017 | 1,168 | 3,694 | 2,905 | 1,968 | 16,754 | -141 | 16,613 |
| Operating cash flow (EBITDA) | 12,151 | 5,619 | 3,766 | 2,610 | 11,449 | 6,392 | 2,976 | 44,963 | -1,167 | 43,796 |
| Operating result (EBIT) | 7,483 | 4,285 | 2,749 | 1,442 | 7,755 | 3,487 | 1,008 | 28,209 | -1,026 | 27,183 |
| | | | | | | | | | | |
| Total assets | 153,246 | 46,568 | 21,200 | 25,680 | 98,747 | 42,561 | 46,120 | 434,122 | -156,681 | 277,441 |
| Total liabilities | 83,578 | 16,712 | 9,291 | 18,167 | 44,321 | 23,864 | 33,917 | 229,850 | -89,975 | 139,875 |
| | | | | | | | | | | |
| Investment expenditures tangible and intangible assets | 5,146 | 1,045 | 1,600 | 707 | 16,105 | 5,954 | 3,992 | 34,549 | 496 | 35,045 |

| 2017 | Western Europe | Spain | Russia | Southern Europe (excl. Spain) | Switzerland | United States | Eastern Europe (excl. Russia) | Total segments | Adjustments and eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|
| External customers | 67,732 | 43,740 | 40,972 | 33,366 | 57,427 | 40,123 | 51,940 | 335,300 | 0 | 335,300 |
| Inter segment | 20,974 | 2,198 | 108 | 684 | 1,411 | 48 | 2,748 | 28,171 | -28,171 | 0 |
| Total turnover | 88,706 | 45,938 | 41,080 | 34,050 | 58,838 | 40,171 | 54,688 | 363,471 | -28,171 | 335,300 |
| | | | | | | | | | | |
| Depreciation and amortisation expense | 3,929 | 1,249 | 1,020 | 1,391 | 3,546 | 2,852 | 2,035 | 16,022 | -255 | 15,767 |
| Operating cash flow (EBITDA) | 6,959 | 5,174 | 3,859 | 1,616 | 10,494 | 4,992 | 2,578 | 35,672 | 686 | 36,359 |
| Operating result (EBIT) | 3,030 | 3,925 | 2,839 | 225 | 6,948 | 2,140 | 543 | 19,650 | 942 | 20,592 |
| | | | | | | | | | | |
| Total assets | 147,979 | 37,282 | 19,671 | 24,949 | 88,809 | 30,773 | 36,357 | 385,820 | -142,132 | 243,688 |
| Total liabilities | 89,094 | 10,949 | 8,152 | 17,872 | 31,469 | 16,545 | 24,809 | 198,890 | -76,687 | 122,203 |
| | | | | | | | | | | |
| Investment expenditures tangible and intangible assets | 7,273 | 2,299 | 1,514 | 347 | 3,004 | 4,542 | 2,068 | 21,047 | -642 | 20,405 |

## 4. Goodwill *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| ***At cost*** | | |
| On January 1st | 18,500 | 13,685 |
| Effect of acquisitions | 0 | 4,815 |
| **On December 31** | **18,500** | **18,500** |
| ***Impairment*** | | |
| On January 1st | 0 | 0 |
| Impairment | 0 | 0 |
| **On December 31** | **0** | **0** |
| ***Net book value*** | | |
| On January 1st | 18,500 | 18,500 |
| **On December 31** | **18,500** | **18,500** |

Goodwill is the difference between the acquisition price of the shareholding and the value of the net assets acquired, revalued according to the consolidated accounting policies of Resilux.
At the setup of the opening balance at January 1st 2004 the transitional measure mentioned in IFRS 1 has been used.

On March 22, 2017, Resilux acquired 100% of the voting shares of Borverk Eurotrade doo (Borverk), an unlisted company based in Serbia specialised in the production and sale of PET preforms. Resilux has acquired Borverk because it expands its geographical presence and is able to realise synergies of belonging to a larger group. The acquisition has been accounted for using the acquisition method. The interim consolidated financial statements include the results of Borverk for three months period from the acquisition date.

As per October 1, Resilux has acquired the activities of the PET recycling company Poly Recycling in Switzerland. The acquired business will be run through the newly established subsidiary Poly Recycling AG.

The remaining amount of goodwill of € 13,685 relates to the Swiss preforms and bottles activities of Resilux.

Calculations showed that the ecomic value exceeds the net asset value of the segment. The economic value is calculated as the discounted value of the expected cash flows for the next three years. The residual value is determined after three years, taking into account a growth rate of 2%. The used discount rate represents the actual market assesment of the specific risks for the cash generating unit. The discount rate takes into account debt and equity. The cost of the equity is determined by the expected return on investment by the shareholders of the Group. The cost of debt is based upon intrest-bearing loans of the Group. The specific risk of the segment is taking into account by applying individual beta factors. These beta factors are revised every year based upon available public data. The applied weighted average cost of capital is 8.83%.

The cash flow projections are based on the most recent budgets approved by the management. The following years are based on cautious growth in sales volumes with stable margins and constant cost structure. Furthermore, the projections are made with constant commodity prices, interest rates and exchange rates.

Past performance and the expected future market conditions constitute the basis for determining the future cash flows. These cash flows have been prepared by management.

As the economic value is substantially higher than the book value, the management is convinced that a reasonably possible change in a basic assumption does not lead to an impairment.

## 5. Intangible assets *(in thousands of Euro)*

| | Patents and licences | Other | Total |
|---|---|---|---|
| **On December 31, 2017** | | | |
| Cost or valuation | 2,785 | 3,426 | 6,211 |
| Accumulated depreciations | 2,138 | 2,787 | 4,925 |
| **Net book amount on December 31, 2017** | **647** | **639** | **1,286** |
| **Intangible assets, gross** | | | |
| Net book amount on January 1st, 2018 | 2,785 | 3,426 | 6,211 |
| - Additions | 110 | 39 | 149 |
| - Transfers | 29 | 11 | 40 |
| - Disposals | 0 | -228 | -228 |
| - Foreign currency translations (+)(-) | 0 | 58 | 58 |
| **Op 31 december 2018** | **2,924** | **3,306** | **6,230** |
| **Depreciation and impairment** | | | |
| Net book amount on January 1st, 2018 | 2,138 | 2,787 | 4,925 |
| - Additions | 162 | 457 | 619 |
| - Transfers | 5 | -5 | 0 |
| - Disposals | 0 | -228 | -228 |
| - Foreign currency translations (+)(-) | 1 | 42 | 43 |
| **On December 31, 2018** | **2,305** | **3,053** | **5,359** |
| **Net book amount on December 31, 2018** | **618** | **253** | **871** |

| | Patents and licences | Other | Total |
|---|---|---|---|
| **On December 31, 2016** | | | |
| Cost or valuation | 2,482 | 3,440 | 5,923 |
| Accumulated depreciations | 1,989 | 2,375 | 4,364 |
| **Net book amount on December 31, 2016** | **493** | **1,066** | **1,558** |
| **Intangible assets, gross** | | | |
| Net book amount on January 1st, 2017 | 2,482 | 3,440 | 5,922 |
| - Additions | 309 | 119 | 428 |
| - Transfers | 0 | 0 | 0 |
| - Disposals | -2 | 0 | -2 |
| - Foreign currency translations (+)(-) | -4 | -133 | -137 |
| **On December 31, 2017** | **2,785** | **3,426** | **6,211** |
| **Depreciation and impairment** | | | |
| Net book amount on January 1st, 2017 | 1,989 | 2,375 | 4,364 |
| - Additions | 155 | 481 | 636 |
| - Transfers | 0 | 0 | 0 |
| - Disposals | -2 | 0 | -2 |
| - Foreign currency translations (+)(-) | -4 | -69 | -73 |
| **On December 31, 2017** | **2,138** | **2,787** | **4,925** |
| **Net book amount on December 31, 2017** | **647** | **639** | **1,286** |

The external costs for research and development, which are not capitalised in 2018, amount to € 696
The external costs for research and development, which are not capitalised in 2017, amount to € 405

## 6. Property, plant and equipment *(in thousands of Euro)*

| | Land and buildings | Plant and equipment | Furniture and vehicles | Leased fixed assets | Other tangible assets | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **On December 31, 2017** | | | | | | | |
| Cost or valuation | 75,675 | 182,338 | 6,418 | 3,532 | 1,781 | 8.258 | 278,002 |
| Accumulated depreciations | 40,425 | 145,468 | 4,918 | 2,421 | 1,545 | 0 | 194,777 |
| **Net book amount on December 31, 2017** | **35,250** | **36,870** | **1,500** | **1,111** | **236** | **8.258** | **83,225** |
| **Tangible fixed assets, gross** | | | | | | | |
| On January 1, 2018 | 75,675 | 182,338 | 6,418 | 3,532 | 1,781 | 8,258 | 278,002 |
| - Additions | 5,605 | 23,484 | 905 | 17 | 102 | 4,785 | 34,898 |
| - Transfers | 2,011 | 6,820 | 116 | -1,060 | 30 | -7,957 | -40 |
| - Disposals | -29 | -1,293 | -352 | 0 | -130 | -68 | -1,872 |
| - Foreign currency translations (+)(-) | 1,386 | 1,418 | -17 | 56 | -3 | 88 | 2,928 |
| **On December 31, 2018** | 84,648 | 212,767 | 7,070 | 2,545 | 1,780 | 5,106 | 313,916 |
| **Depreciation and impairment** | | | | | | | |
| On January 1, 2018 | 40,425 | 145,468 | 4,918 | 2,421 | 1,545 | 0 | 194,777 |
| - Additions | 2,970 | 12,009 | 694 | 567 | 20 | 0 | 16,260 |
| - Transfers | 0 | 704 | 0 | -716 | 12 | 0 | 0 |
| - Disposals | -7 | -1,147 | -317 | 0 | 108 | 0 | -1,363 |
| - Foreign currency translations (+)(-) | 652 | 1,405 | -2 | 50 | -3 | 0 | 2,102 |
| **On December 31, 2018** | **44,040** | **158,439** | **5,293** | **2,322** | **1,682** | **0** | **211,776** |
| **Net book amount on December 31, 2018** | **40,608** | **54,328** | **1,777** | **223** | **98** | **5,106** | **102,140** |

The amount under assets under construction includes mainly prepayments for new machines and adjustments to existing buildings.

An amount of € 375 was deducted from capital grants from the acquisitions of realized investments in plant, machinery and equipment.

No interest costs are capitalized.

Regarding rights and commitments not reflected in the balance sheet we refer to note 23.

The financial lease agreements are mainly assets in production machines and equipment. The book value of these leased fixed assets amounts to € 223 as per December 31, 2018 and to € 1,111 as per December 31, 2017. These leasing agreements have possibilities to prolong, purchase options but no clauses to adjust the prices.

For a detailed overview of the leasing debts per due date, we refer to note 14.

| | Land and buildings | Plant and equipment | Furniture and vehicles | Leased fixed assets | Other tangible assets | Assets under construction | Total |
|---|---|---|---|---|---|---|---|
| **On December 31, 2016** | | | | | | | |
| Cost or valuation | 76,485 | 180,366 | 6,023 | 4,200 | 1,543 | 2,850 | 271,467 |
| Accumulated depreciations | 39,756 | 143,415 | 4,509 | 2,443 | 1,492 | 0 | 191,615 |
| **Net book amount on December 31, 2016** | **36,729** | **36,951** | **1,514** | **1,757** | **51** | **2,850** | **79,852** |
| **Tangible fixed assets, gross** | | | | | | | |
| On January 1, 2017 | 76,485 | 180,366 | 6,023 | 4,200 | 1,543 | 2,850 | 271,467 |
| - Additions | 1,964 | 9,534 | 604 | 0 | 268 | 7,028 | 19,398 |
| - Effect from acquisitions | 1,623 | 2,276 | 26 | 0 | 0 | 1 | 3,926 |
| - Transfers | 41 | 1,827 | 25 | -536 | -30 | -1,327 | -40 |
| - Disposals | -188 | -3,554 | -125 | 0 | 0 | -247 | -4,114 |
| - Foreign currency translations (+)(-) | -4,250 | -8,111 | -135 | -132 | 0 | -47 | -12,675 |
| **On December 31, 2017** | **75,675** | **182,338** | **6,418** | **3,532** | **1,781** | **8,258** | **278,002** |
| **Depreciation and impairment** | | | | | | | |
| On January 1, 2017 | 39,756 | 143,415 | 4,509 | 2,443 | 1,492 | 0 | 191,615 |
| - Depreciation charge for the year | 2,744 | 10,900 | 640 | 611 | 53 | 0 | 14,948 |
| - Transfers | 0 | 536 | 0 | -536 | 0 | 0 | 0 |
| - Disposals | -181 | -2,686 | -119 | 0 | 0 | 0 | -2,986 |
| - Foreign currency translations (+)(-) | -1,894 | -6,697 | -112 | -97 | 0 | | -8,800 |
| **On December 31, 2017** | **40,425** | **145,468** | **4,918** | **2,421** | **1,545** | **0** | **194,777** |
| **Net book amount on December 31, 2017** | **35,250** | **36,870** | **1,500** | **1,111** | **236** | **8,258** | **83,225** |



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## 7. Other financial assets *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| | | |
| Other financial assets | 17 | 17 |
| | 17 | 17 |
| | | |
| The financial assets can classified as follows: | | |
| | | |
| Financial assets / Shares | 17 | 17 |
| Financial assets / Shares - impairment | 0 | 0 |
| | 17 | 17 |

The financial fixed assets are valued at original purchase price minus an impairment if necessary.



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## 8. Deferred tax assets - deferred tax liabilities *(in thousands of Euro)*

| | Net | | Income statement | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| **Non-current assets** | | | | |
| Other assets | -1,028 | -928 | -222 | -852 |
| Property, plant and equipment | -50 | -99 | 53 | -98 |
| Intangible assets | 1 | -5 | 6 | -7 |
| | | | | |
| **Current assets** | | | | |
| Inventories | -407 | -201 | -107 | -446 |
| Trade receivables | -427 | -48 | -360 | -80 |
| Other current assets | -151 | -136 | -51 | 268 |
| | | | | |
| **Non-current liabilities** | | | | |
| Interest-bearing loans and borrowings | -5 | 1 | 31 | 0 |
| Provisions | 88 | 87 | 2 | 101 |
| Provisions pension | 1,103 | 1.174 | 17 | 205 |
| | | | | |
| **Current liabilities** | | | | |
| Trade payables | 62 | 69 | 79 | 40 |
| Other amounts payables | 415 | 116 | 214 | -252 |
| | | | | |
| Deferred tax on temporary differences | -399 | 29 | -339 | 583 |
| | | | | |
| Other | -100 | -15 | -85 | 0 |
| Tax values of deferred taxation | -54 | -62 | 9 | 23 |
| Tax values of net operating losses | 4,793 | 3,558 | 1,086 | 408 |
| Foreign currency translations | 0 | 0 | -14 | 36 |
| Recognized unrealized results | 0 | 0 | 80 | -154 |
| | | | | |
| **Gross tax assets / liabilities** | **4,240** | **3,510** | **737** | **895** |

On losses carried forward for an amount of € 172 the Group decided not to book deferred taxes on December 31, 2018. An amount of € 73 is can be carried forward for 9 years and an amount of € 99 can be carried forward unlimited in time.

As of December 31, 2017, no deferred tax assets were recognized for an amount of € 5,225 of net operating losses. In 2018, net operating losses were capitalized for a tax amount of € 1,302.

## 9. Trade receivables and other assets *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| Other receivables – long term (*) | 625 | 818 |
| Trade receivables – short term | 51,861 | 47,240 |
| Trade receivables – provision for impairment of receivables | -3,524 | -3,715 |
| **Trade and other receivables - net** | **48,962** | **44,343** |
| | | |
| VAT receivables | 4,427 | 2,459 |
| Prepaid taxes | 456 | 107 |
| Fair value financial instruments (note 20) | 0 | 47 |
| Other receivables - due within the financial year (*) | 420 | 525 |
| Other receivables | 1,774 | 2,025 |
| Accruals/deferrals | 4,146 | 2,636 |
| **Other assets** | **11,223** | **7,799** |

(*) Other receivables – long term

Trade receivables are non-interest bearing and have a payment term of 34-100 days.

The normal payment terms vary from country to country. In addition to the payment conditions, Resilux also applies credit limits that are set per customer. At each reporting date, a check is made as to whether an impairment is necessary for the overdue trade receivables. This is done individually per customer, taking into account the payment history and if the customer is covered by the credit insurance. For overdue receivables, a reminder procedure is started.

As per December 31, 2018 a provision was made for impairment of trade receivables for an amount of € 3,524 (2017: € 3,715).

**The ageing analysis of trade receivables is as follows:**

| net book value | | not due | due on reporting date | | | | |
|---|---|---|---|---|---|---|---|
| | | | overdue less than 30 days | overdue between 31 and 60 days | overdue between 61 and 90 days | overdue between 91 and 120 days | overdue more than 120 days |
| 2018 | 48,337 | 30,158 | 12,656 | 2,050 | 806 | 481 | 2,186 |
| 2017 | 43,525 | 31,204 | 7,798 | 1,434 | 791 | 1,071 | 1,228 |

**The movement in the provision for impairment of trade receivables is as follows:**

| | 2018 | 2017 |
|---|---|---|
| **As per January 1st** | **3,715** | **3,955** |
| Expense of the current financial year (including reversed amounts) | -159 | -47 |
| Used provisions | -26 | -178 |
| Currency translations | -6 | -15 |
| **As per December 31** | **3,524** | **3,715** |

The majority of receivables for which an impairment loss has been recorded are receivables that are overdue for more than 120 days.



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The breakdown of the other receivables were as follows:

| Per December 31, 2018 | Total | less than 1 year | 1-5 year | more than 5 year |
|---|---|---|---|---|
| Other receivables – leasing | 525 | 420 | 105 | 0 |
| Other receivables – non leasing | 520 | 0 | 475 | 45 |
| **Total** | **1,045** | **420** | **580** | **45** |

It mainly concerns contracts as a lessor for a blowing project in the Spanish and Belgian entities.

## 10. Inventories *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| Raw materials | 39,349 | 25,421 |
| Trade goods | 640 | 692 |
| Finished goods at cost | 40,164 | 30,544 |
| Write-down | -1,235 | -664 |
| **Total inventories** | **78,918** | **55,993** |

Guarantees are provided for an inventory amount of € 14,069.

## 11. Cash and cash equivalents *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| Cash at bank and in hand | 10,915 | 25,463 |
| Deposits | 0 | 2,000 |
| | **10,915** | **27,463** |

There are no investing or financing transactions for which the use of cash or cash equivalents is not required.

## 12. Equity

All shares are fully paid. The share capital is represented by 2,024,860 shares without nominal value, each representing 1/2,024,860th of the share capital.

The authorised capital amounts to € 17,183,856.

Revaluation gains are related to the one-off revaluation of land and buildings during the transition to IFRS on January 1, 2004.

## 13. Interest-bearing loans and borrowings *(in thousands of Euro)*

| Subordinated loans | | 2018 | 2017 |
|---|---|---|---|
| Non-current subordinated loans | | 0 | 956 |
| Current subordinated loans | | 956 | 319 |
| | | **956** | **1,275** |
| **Analyses of the subordinated loans as interest rate:** | - fixed 8% | | |

In 2013, the BMI granted a subordinated loan to Resilux NV for an amount of € 1,500.
Until 2015 a part of the interest was added to the capital. Early 2019, the remaining outstanding amount was fully repaid.

| Non-current liabilities | 2018 | 2017 |
|---|---|---|
| Non-current financial debts | 17,919 | 22,995 |
| Non-current finance lease liabilities | 17 | 114 |
| | **17,936** | **23,109** |
| | | |
| **Current liabilities** | **2018** | **2017** |
| Current financial debts | 5,472 | 5,500 |
| Current finance lease liabilities | 88 | 784 |
| Financial debts less than one year | 18,098 | 4,914 |
| | **23,658** | **11,198** |

**Analysis of long-term financial debts by currency:**

| | 2018 |
|---|---|
| EUR | 14,742 |
| USD | 8,734 |
| Other | 20 |
| | 23,496 |

**Analysis of long-term financial debts as to interest rate:**

| | 2018 |
|---|---|
| - fixed (1,75% - 3,937%) | 15,121 |
| - variable, swapped into fixed (0,8%) | 8,375 |
| | 23,496 |

**Analysis of financial debts less than one year by currency:**

| | 2018 |
|---|---|
| EUR | 11,060 |
| CHF | 839 |
| HUF | 2,185 |
| RUB | 4,014 |
| | 18,098 |

Note 23 includes information relating to rights and commitments.
During 2018, Resilux is largely meeting the covenants of the external financing agreements.

| | 01.01. 2018 | cash flows | currency effect | new leases | other | 31.12.2018 |
|---|---|---|---|---|---|---|
| Non-current financial debts | 22,995 | 0 | 395 | 0 | -5,472 | 17,919 |
| Non-current finance lease liabilities | 114 | 0 | 0 | 0 | -97 | 17 |
| | | | | | | |
| Current financial debts | 10,414 | 7,684 | 0 | 0 | 5,472 | 23,570 |
| Current finance lease liabilities | 784 | -793 | 0 | 0 | 97 | 88 |
| | | | | | | |
| Non-current subordinated debts | 956 | 0 | 0 | 0 | -956 | 0 |
| Current subordinated debts | 319 | -319 | 0 | 0 | 956 | 956 |
| **Total financial liabilities** | **35,582** | **6,572** | **395** | **0** | **0** | **42,549** |

| | 01.01. 2017 | cash flows | currency effect | new leases | other | 31.12.2017 |
|---|---|---|---|---|---|---|
| Non-current financial debts | 29,859 | 0 | -1,378 | 0 | -5,486 | 22,995 |
| Non-current finance lease liabilities | 870 | 0 | 0 | 0 | -756 | 114 |
| | | | | | | |
| Current financial debts | 8,737 | -3,809 | 0 | 0 | 5,486 | 10,414 |
| Current finance lease liabilities | 663 | -635 | 0 | 0 | 756 | 784 |
| | | | | | | |
| Non-current subordinated debts | 1,275 | 0 | 0 | 0 | -956 | 319 |
| Current subordinated debts | 319 | -319 | 0 | 0 | 956 | 959 |
| **Total financial liabilities** | **41,723** | **-4,763** | **-1,378** | **0** | **0** | **35,582** |

The ‘other’ section contains the transfer from long term to short term.

The future cash flows of the long-term financial debts, including the interests payables, can be broken down as follows:

| At December 31, 2018 | 6 months or less | 6-12 months | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Financial debts | 2,100 | 4,036 | 19,121 | 0 | 25,257 |
| Finance lease liabilities | 52 | 36 | 17 | 0 | 105 |
| **Total cash flows** | **2,152** | **4,072** | **19,138** | **0** | **23,496** |

## 14. Trade payables and other liabilities *(in thousands of Euro)*

| Long term trade and other payables | 2018 | 2017 |
|---|---|---|
| Trade payables | 3,661 | 3,890 |
| Other payables | 0 | 0 |
| | **3,661** | **3,890** |

| Current trade and other payables | 2018 | 2017 |
|---|---|---|
| Trade payables | 70,821 | 61,282 |
| Other long-term liabilities due within one year | 278 | 278 |
| Other liabilities | 5,716 | 5,017 |
| Derivatives (note 20) | 701 | 752 |
| Accrued expenses and deferred income | 5,760 | 5,172 |
| | **83,276** | **72,501** |

Trade payables per December 31, 2018 are expected to be paid in the first quarter of 2019.

**Other payables - long term**

| On December 31, 2018 | Total | less than 1 year | 1-5 years | More than 5 years |
|---|---|---|---|---|
| Other payables - long term | 1,020 | 278 | 742 | 0 |
| **Total** | **1,020** | **278** | **742** | **0** |

These are primarily interest-free loans to Resilux Ibérica, awarded by the Ministerio de Industria, Turismo y Comercio and the Centro para el Desarrollo Tecnológico Industrial.

## 15. Provisions *(in thousands of Euro)*

| | Onerous contract | Disputes | Pension & similar rights | Total |
|---|---|---|---|---|
| **On January 1st, 2018** | **32** | **177** | **6,579** | **6,788** |
| Additional provisions | 0 | 106 | 215 | 321 |
| Unused amounts reversed | -21 | 0 | 0 | -21 |
| Used provisions | 0 | 0 | -226 | -226 |
| Foreign currency translations | 1 | 0 | 223 | 224 |
| **On December 31, 2018** | **12** | **283** | **6,791** | **7,086** |

## Pensions and similar rights

The supplementary pension plan for employees in general consists of defined contribution arrangements.
The costs of the premiums paid are entered in the profit and loss account under remuneration, labour-related contributions and pensions. The contributions are managed by an insurance company responsible for the guaranteed return on the contributions of the employer and of the employees. As well as per December 31, 2018 and as per December 31, 2017, these returns were met and as a result no obligation is included in the balance sheet.

Resilux has a group insurance contract for its employees in Belgium. The new law about occupational pension plans has been published on 18th of December 2015. This law includes changes that may have an impact on the accounting for defined contribution and defined benefit plans under IAS 19R in Belgium. The first change relates to the minimum guaranteed return. Following IAS 19R, this implies that the (so called) Belgian defined contribution plans with a minimum funding guarantee should be accounted for as defined benefit pension plans. Due to the change in law, Resilux will no longer use the intrinsic value method as from 2016 onwards. Instead the group will determine the net pension liability in accordance with an actuarial method as required by IAS 19R (Projected Unit Credit Method). The second change to the law includes an increase of the legal retirement age to 66 year in 2025 and 67 year in 2030. The group does not anticipate a material impact on the pension liability.

In Switzerland, the pension plan is considered as a 'defined benefit pension plan' for which a provision is booked. The pension plan is in accordance with the labor laws in Switzerland. Swiss pension funds are legally independent from the employer. Therefore, the Swiss pension plans are foundations. The pension plan is under Swiss Labour Law. The contributions are paid to a separately managed fund. Swiss pensionfunds are independent of the employer and are therefore considered as foundations. The management consists of an equal number of representatives of employer and employess. The management is -responsible for the management of the funds and the determination of the investment policy.
The pension funds are financed by both contributions of the employer and the employees.

The invested funds consist of cash and cash equivalents and consequently Resilux is not exposed to significant investment risks.

The following tables show the various components back of the net charge in the income statement, the funding status and the amounts recognized in the balance sheet.

| Defined benefit pension | 2018 | 2017 |
|---|---|---|
| **Amounts stated in the balance sheet** | | |
| Net receivables (-liabilities) | -6,556 | -6,359 |
| Defined benefits obligation (-) | -23,930 | -21,191 |
| Fair value of plan assets | 17,375 | 14,831 |
| **Receivables (-liabilities) under the defined benefit pension schemes, total** | | |
| Liabilities (-) | -23,930 | -21,191 |
| Assets | 17,375 | 14,831 |
| | | |
| **Movements in the net asset (liability) stated in the balance sheet** | | |
| Net asset (liability) stated in the balance sheet, **opening balance** | **-6,358** | **-4,043** |
| Currency effects | -224 | 303 |
| Net expenses recognized income statement | -1,265 | -809 |
| Net expenses recognized in other comprehensive income statement | 409 | -739 |
| Contributions by employer / employee | 882 | 708 |
| Effect of acquisitions | 0 | -1,778 |
| Net receivables (-liabilities) stated in the balance sheet, **closing balance** | **-6,556** | **-6,358** |

| | 2018 | 2017 |
|---|---|---|
| **Net expenses recognized in the income statement** | | |
| Current service costs | 1,198 | 638 |
| Interest expenses on defined benefit obligation | 171 | 129 |
| Interest income on plan assets (-) | -126 | -105 |
| Administration cost excluding cost for managing plan assets | 34 | 28 |
| Net expenses stated in the income | **1,277** | **690** |
| | | |
| **Net expenses recognized in the other comprehensive income** | | |
| Actuarial gains / losses | -288 | -1,618 |
| Of which: actuarial (gains) / losses arising from financial assumptions | -396 | -619 |
| Of which: actuarial (gains) / losses arising from demographic assumptions | -294 | 0 |
| Of which: experience (gains) / losses | 402 | -1,000 |
| Return on plan assets, excluding interest income | -121 | 94 |
| Net expenses stated in the unrealized results | -409 | -1,524 |
| | | |
| **Movements in liabilities of the defined benefit pension schemes** | | |
| Obligations of the defined benefit pension plans, **opening balance** | **-21,191** | **-14,921** |
| Currency effects | -693 | 1,050 |
| Current service cost | -1,198 | -767 |
| Interest expenses | -171 | -129 |
| Contributions by employee | -694 | -522 |
| Payments to (+) / deposits of benefits (-) | -314 | 925 |
| Actuarial gains / losses, net | 289 | -905 |
| Administration cost excluding costs for management of plan asset | -8 | -8 |
| Insurance premiums | 21 | 21 |
| Divestitures / transfers | 0 | -473 |
| Taxes paid | 30 | 30 |
| Effect of acquisitions | 0 | -5,492 |
| Obligations of the defined benefit pension plans, **closing balance** | **-23,930** | **-21,191** |
| | | |
| **Movements in plan assets** | | |
| Fair value of plan assets, **opening balance** | **14,831** | **10,878** |
| Currency effects | 471 | -747 |
| Interest income on plan assets | 126 | 105 |
| Return on plan assets, excluding interest income | 81 | 130 |
| Contributions by employer / employee | 1,576 | 1,228 |
| Payments to beneficiaries (-) | 314 | -925 |
| Administration cost | -13 | -10 |
| Taxes paid | -30 | -30 |
| Insurance premiums | -21 | -21 |
| Divestitures / transfers | 0 | 473 |
| Remeasurements | 40 | 36 |
| Effect of acquisitions | 0 | 3,714 |
| Fair value of plan assets, **closing balance** | **17,375** | **14,831** |

| | 2018 | 2017 |
|---|---|---|
| **Sensitivity analyses** | | |
| Obligation of defined benefit pension plans at 31.12 | | |
| **Discount rate** | | |
| Increase by 25 basis points | 22,945 | 20,287 |
| Decrease by 25 basis points | 24,993 | 22,166 |
| **Expected rate of salary increases** | | |
| Increase by 25 basis points | 24,056 | 21,326 |
| Decrease by 25 basis points | 23,796 | 21,050 |
| **Life Expectations** | | |
| Increase life expectancy by one year | 24,300 | 21,514 |
| Decrease life expectancy by one year | 23,558 | 20,867 |
| | | |
| **Specific information per country:** | | |
| | | |
| **Switzerland** | | |
| **Principal actuarial assumptions** | | |
| Discount rate at 01.01 | 0.65% | 0.94% |
| Expected rate of salary increases | 0.75% | 0.75% |
| Applied mortality tables | BVG2015 GT | BVG2015 GT |
| | | |
| **Average duration of the defined benefit pension plans in years** | **19.4** | **19.0** |
| | | |
| **Other information** | | |
| Expected contribution in the next financial year | 1,283 | |
| Actual return on plan assets | 1.88% | 2.15% |
| | | |
| **Belgium** | | |
| **Principal actuarial assumptions** | | |
| Discount rate at 01.01 | 1.75% | 1.40% |
| Expected rate of salary increases | 2.45% - 3.25% | 2.25% - 3.05% |
| Applied mortality tables | MR/FR (-5) | MR/FR (-5) |
| | | |
| **Average duration of the defined benefit pension plans in years** | **21.4** | **21.8** |
| | | |
| **Other information** | | |
| Expected contribution in the next financial year | 326 | |
| Actual return on plan assets | 1.39% | 1.22% |

The provision for pension & similar rights also includes a specfic labour-related liability related to the plant in Greece for an amount of € 226.

## 16. Other operating income (expense) *(in thousands of Euro)*

| Other operating income | 2018 | 2017 |
|---|---|---|
| | | |
| Grants | 49 | 116 |
| Insurance reimbursement | 271 | 629 |
| Gains on disposal fixed assets | 210 | 16 |
| Other operating income | 1,397 | 2,919 |
| | **1,927** | **3,680** |

| Other operating expenses | 2018 | 2017 |
|---|---|---|
| | | |
| (Gains) / losses on trade receivables | -159 | -47 |
| Loss on disposal of fixed assets | 98 | 82 |
| Other operating expenses | 1,275 | 1,321 |
| | **1,214** | **1,356** |

The 'other operating income' includes charges of expenses to customers, received compensations for claims and other items.

The other operating expenses mainly include other taxes.

## 17. Employee benefit expense *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| | | |
| Wages and salaries | 31,603 | 27,746 |
| Social security costs | 6,079 | 5,823 |
| Other personnel expenses | 5,582 | 4,456 |
| **Total personnel charges** | **43,264** | **38,025** |
| | | |
| **Average workforce** | **856** | **836** |
| Workers | 528 | 519 |
| Employees | 328 | 317 |

The 'other personnel expenses' include mainly provisions for holiday pay, year-end bonuses and other bonuses.
This line also includes the extra-legal pension costs.

There are no outstanding warrants as of December 31, 2018.

## 18. Finance income (expense) *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---:|---:|
| | | |
| Interest income | 37 | 48 |
| Net foreign exchange results | 5,972 | 4,597 |
| Other finance income | 786 | 670 |
| | **6,795** | **5,315** |
| | | |
| Interest expenses | 1,924 | 1,891 |
| Interest expenses financial leasings | 34 | 34 |
| Net foreign exchange results | 7,945 | 5,486 |
| Fair value financial instruments (note 20) | 102 | 85 |
| Other finance expenses | 637 | 296 |
| | **10,642** | **7,792** |
| | | |
| **Finance income - expenses (net)** | **-3,847** | **-2,477** |

## 19. Income taxes *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---:|---:|
| | | |
| Current income taxes | -5,582 | -3,187 |
| Deferred income taxes | 737 | 895 |
| **Total taxes** | **-4,845** | **-2,292** |
| | | |
| Average actual rate | 20.76% | 12.65% |
| | | |
| **Current income before taxes** | **23,336** | **18,115** |
| Theoretical tax rate (tax rate mother company) | 29.58% | 33.99% |
| Theoretical taxes related to current income before taxes | -6,902 | -6,157 |
| | | |
| Non-deductible expenses | -685 | -302 |
| Change of tax rate | 860 | 985 |
| Use of tax assets, not recognised in prior years | -34 | 107 |
| Effect of the different tax rates in other countries | 1,627 | 2,214 |
| Tax adjustments related to prior periods | -1,219 | -126 |
| Fiscal exemptions | 206 | 341 |
| Capitalisation of tax losses from the past | 1,302 | 646 |
| **Income taxes** | **-4,845** | **-2,292** |

## 20. Derivative financial instruments

Unless stated otherwise in the table below, management is of the opinion that the financial assets and liabilities that are valued at amortized cost approach the fair value.

The book values included in the balance sheet relate to the following categories within the financial assets and liabilities:

| | 31.12.2018 | | 31.12.2017 | |
|---|---|---|---|---|
| *In thousands of Euro* | Book value | Fair value | Book value | Fair value |
| | | | | |
| **Financial assets** | | | | |
| Other financial assets | 17 | 17 | 17 | 17 |
| Trade and other receivables | 60,185 | 60,185 | 52,095 | 52,095 |
| | | | | |
| Cash and cash equivalents | 10,915 | 10,915 | 27,463 | 27,463 |
| Financial assets at fair value | 0 | 0 | 47 | 47 |
| | | | | |
| **Financial obligations** | | | | |
| Financial and other loans | | | | |
| - Trade and other debts | 86,938 | 86,938 | 76,391 | 76,391 |
| - Interest-bearing liabilities | 42,550 | 42,550 | 35,582 | 35,582 |
| | | | | |
| Financial liabilities at fair value | 701 | 701 | 752 | 752 |

The fair values of the financial assets and liabilities are determined as follows:

The fair value of the financial assets and liabilities are recognized at the amount for which the instrument can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The following methods and assumptions have been used to estimate the fair value:

Cash and short-term deposits, trade receivables, trade payables and other short-term receivables and payables are close to their carrying amount, due to the short-term maturity dates of these instruments.

Long-term fixed interest and variable interest receivables / loans are evaluated by the group on the basis of parameters such as interest, specific risk factors and individual creditworthiness. On the basis of the evaluation, impairments are recorded taking into account the expected losses of these receivables. On December 31, 2018, the carrying amount of such receivables, after deduction of impairments, is not substantially different from their calculated fair value.

Loans from banks and other financial liabilities are calculated on the basis of the discounted value of future cash flows for the principal and interest at a market-based discount rate with rates currently available on debts with similar conditions, credit risks and remaining maturities.

### Foreign currency risk

With regard to exchange rates, Resilux has a policy of passive hedging per production unit.
This means that the net exchange rate flows are charged to each production unit and if necessary derivatives are used for this purpose. The Group's most important currencies are the Euro, the American dollar, the Swiss franc, the Hungarian forint, and the Russian rouble. In accordance with the accounting policies, the balances of foreign-currency creditors and debtors are converted at the exchange rate applicable on that date. Financial derivatives to cover the net exchange rate flows are valued at their market value. Exchange rate results on creditors and debtors and changes to the market value of the financial instrument are entered in the results for the period in which they occcur. The results of one financial instrument concerns one particular transaction and are immediately recognized in equity.

**Resilux had the following outstanding exchange contracts on 31/12/2018:**

| | | | | | |
|---|---|---|---|---|---|
| sales | USD | 12,015,000 | for | EUR | 10,308,083.99 |
| sales | EUR | 15,000,000 | for | CHF | 16,993,500.00 |
| | | | | | |
| purchases | EUR | 4,650,000 | to | HUF | 1,502,783,525.00 |
| purchases | EUR | 7,000,000 | to | CHF | 7,886,200.00 |
| purchases | USD | 3,000,000 | to | EUR | 2,590,814.28 |

### Estimated sensitivity to currency fluctuations *(in thousands of Euro)*

The results of the Company are reported in Euro, which means that the financial positions of foreign currencies are recalculated to the Euro.

The used foreign currencies for recalculations are USD, RUB, CHF and HUF.

A decrease of 10% of the conversion rate towards the used rate for 2018 would have an affect on the operational result as follows: for the USD -317, for the RUB -250, for the CHF -472 and for the HUF -118.

A decrease of 10% of the translation rate towards the used rate for 2018 would have the following affect on the currency translation in the equity: for the USD -1,670, for the RUB -1,083, for the CHF -5,824 and for the HUF -815.

With regard to the exchange rate policy we refer to foreign currency risk.

### Interest rate risk

According to the riskmanagement policy of the Group, generally between 75% and 100% of all transactions is covered. The hedgings do not always happen immediately for 100% but can also be made gradually for a longer period.

The following contracts were entered into to cover the aformentioned risks: (in thousands of Euro)

- There ar no Cap contracts
- Interest rate swap contracts for an amount of € 19,125, covered at 2 to 4 year with interest rates between 0.8% and 1.73%.

The aforementioned contracts are treated in the financial statements as trading instruments and are consequently valued at market value. The changes to the financial instruments are entered in the profit and loss account.

On December 31, 2018 Resilux had the following financial instruments valued at fair value *(in thousands of Euro)*:

| | 2018 | 2017 |
|---|---|---|
| **Assets valued at fair value** | | |
| Foreign exchange contracts | 10 | 73 |
| | | |
| **Liabilities valued at fair value** | | |
| Foreign exchange contracts | -144 | -31 |
| Interest swaps | -567 | -747 |

Regarding the valuation technique used to measure the fair value; the used technique corresponds to 'level 2' in which the different levels and related valuation techniques are defined as follows:

- Level 1: quoted (and unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs which have a significant impact on the recorded fair value are observable (directly or indirectly)
- Level 3: techniques using inputs with a significant impact on the fair value and for which no observable market data are available.

### Price risk

As is well known, Resilux and other preform suppliers pass on fluctuations in raw material prices to their customers at the applicable market rates. There is thus mainly a timing risk here between purchase and sale.

### Credit risk

The company has a number of corporate policy provisions for the credit risk relating to trade debtors. Ways in which Resilux manages its credit risks include customer diversification, by strictly monitoring credit limits and periods, and by continuously screening the creditworthiness of the parties with which it deals. Furthermore, the credit risk for most of the external clients is covered by a credit insurance. Deposits are only made at banks with a high credit rating.

## 21. Operating leases *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| | | |
| Non-cancellable operating leases are payable as follows: | | |
| Less than one year | 524 | 36 |
| Between one and five years | 154 | 1,934 |
| | **678** | **1,970** |
| | | |
| Expenses in income statement | 2,148 | 706 |

Non-cancellable operating leases mainly relate to leases of factory facilities, offices, production machinery and equipment. In 2018, € 335 was recognized as an expense in the income statement in respect of operating leases of factory facilities, offices, production machinery and equipment (2017: € 253).

## 22. Key figures per share *(in Euro)*

| based on the average amount of shares | 2018 | 2017 |
|---|---|---|
| Operating cash flow | 21.63 | 17.96 |
| Operating result | 13.42 | 10.17 |
| Net profit Group share | 9.13 | 7.81 |
| Number of shares | 2,024,860 | 2,024,860 |
| Proposed gross dividend per share | 3.00 | 2.00 |
| Total dividend *(in thousands of Euro)* | 6,075 | 4,050 |

## 23. Rights and commitments not reflected in the balance sheet *(in thousands of Euro)*

Resilux has provided the following collateral to guarantee debts:

| | |
|---|---|
| Subscription amount of the collateral: | 117,196 |
| Outstanding debt for which collateral has been provided: | 26,208 |
| | |
| Amount of the actual mortgage: | 27,720 |
| Outstanding debt: | 14,734 |
| | |
| Amount of proxy to mortgage: | 18,483 |
| A private mandate to pledge business assets: | 36,265 |
| Shares pledged: | 34,727 |
| Outstanding debt: | 11,475 |
| | |
| Net book value of the assets for which collateral has been provided: | 54,025 |

Concerning the personal guarantees in favour of the companies within the Group, we refer to the statutory annual accounts of Resilux NV.

## 24. Related party transactions

The related parties of Resilux Group consist of subsidiaries, management and directors.

### Non-executive Directors

In 2018, the following fees were attributed to the non-executive directors:

| | |
|---|---|
| FVDH BVBA, with permanent representative Francis Vanderhoydonck | € 15,000.00 |
| Guido Vanherpe BVBA, with permanent representative Guido Vanherpe | € 15,000.00 |
| Intal BVBA, with permanent representative Johan Vanovenberghe | € 15,000.00 |
| Mitiska NV, with permanent representative Luc Geuten | € 15,000.00 |
| Alex De Cuyper (provision of a car and a mobile phone) | € 9,085.92 |

*Remuneration of members of the executive committee, with the exception of the main representatives of the executive management*

The members of the executive committee, with the exception of two main representatives of the executive management, were paid a total remuneration of € 1,154,413.30 in financial year 2018.

These amounts include:
Basic salaries (gross): € 1,014,985.76
Contributions to the pension scheme / group insurance: € 73,081.18
Other components: benefits in kind and representation allowances: € 66,346.36

*Remuneration of executive committee members, main representatives of the executive management*

Because of the fact that the executive functions that both Dirk De Cuyper as Peter De Cuyper at the head of the Resilux Group exert are similar but complementary, they are both regarded as principal representatives of the executive committee / executive management and the amounts of remuneration and other benefits to be granted to them are stated on a joint manner.

The two main representatives of the executive management received a remuneration amounting to € 1,633,562.94 in financial year 2018.

These amounts include:
Basic allowances: € 1,600,000.00
Other components: € 33,562.94

The composition of the executive committee is explained in the Corporate Governance Declaration. (Page 27).

## 25. Auditor and related persons *(in thousands of Euro)*

Fee for the auditor BCVBA Ernst & Young Bedrijfsrevisoren for all companies:
Within the Group 312

Fee for exceptional services of special assignments performed within the Company by the Auditor:
Other tasks not part of the legally defined auditing tasks 15

## 26. Events subsequent to the balance sheet date

After the end of the year there have been no other significant events which are of a nature to influence the results of the company significantly.

## IFRS COMMENTS FOR 2018 COMPARED TO 2017

**Assets** *(in thousands of Euro)*

### Goodwill (€ 18,500)

Goodwill is the difference between the purchase price of the shareholding and the value of the net assets acquired, revalued according to the consolidated accounting policies of Resilux. The amount of €18.5 million per December 31, 2018 remained unchanged compared to December 31, 2017. An amount of € 13.7 relates to the Swiss operations. During 2017, there has been an increase of the goodwill by € 3.8 and € 1.0 million as a result of the acquisitions of respectively Borverk in Serbia and Poly Recycling in Switzerland.

### Intangible fixed assets (€ 871)

Intangible fixed assets mainly consist of externally procured development technology, as well as patents and licences for preforms.

### Tangible fixed assets (€ 102,140)

During the financial year, an additional net amount of € 34.4 million was invested in tangible fixed assets. These investments are mainly made in additional production capacity in Belgium and the United States of America. Furthermore this amount includes the investment of a building in Romania and investments in the newest and most modern technology for a state-of-the-art PET recycling factory in Bilten in Switzerland. During 2018 an amount of € 0.4 million of grants was deducted from the acquisitions. The net investment in 2017 was € 18.3 million.

The depreciation on tangible fixed assets was € 16.3 million and mainly related to production technology.

### Other financial assets (€ 17)

### Deferred taxes (€ 5,895)

Deferred taxes are calculated on temporary differences between the book value of the assets and liabilities in the balance sheet and their tax value. The deferred tax is booked to the asset or liability according to the net position per fiscal unit. Deferred taxes are mainly caused by differences in depreciation rates for tangible fixed assets, and tax losses that can be carried forward.

### Long term receivables (€ 625)

This amount covers mainly contracts as lessor for different blowing projects.

### Stocks (€ 78,918)

The total stock increased by € 22.9 million or 40.9% with respect to the previous financial year. The total stock of raw materials increased by € 13.9 million and the stocks of finished products and trade goods increased by € 9.0 million. This increase is a combination of increased volumes and decreased raw material prices.

### Trade debtors (€ 48,337)

The total amount of trade debtors increased by € 4.8 million. This is the result of the increase of volumes sold partly and of increased raw material prices. The average number of days outstanding in the Group for trade debtors remained stable.

### Other assets (€ 11,223)

The main items under other assets are VAT to be reclaimed, other receivables and costs to be carried forward.

### Cash at bank and in hand (€ 10,915)

For an explanation of the change in the cash at bank and in hand and short term investments, please refer to the cash flow statement in this annual report on page 80.

**Liabilities** *(in thousands of Euro)*

**Capital (€ 3,601)**

The share capital per December 31, 2018 amounts to € 3.6 million, represented by 2,024,860 shares without nominal value. The capital is fully paid-up.

The history of the capital is as follows:

| Date | Type of operation | Amount of the capital (in Euro) | Number of shares |
|---|---|---|---|
| 05/05/1992 | Formation | 123,947 | 500 |
| 02/11/1993 | Capital increase | 545,366 | 2,200 |
| 27/06/1995 | Capital increase | 3,197,826 | 3,642 |
| 16/06/1997 | Capital increase | 4,268,726 | 4,362 |
| 04/09/1997 | Shares split by 325 | 4,268,726 | 1,417,650 |
| 03/10/1997 | Capital increase / stock exchange entry | 15,423,935 | 1,777,650 |
| 24/12/1998 | Capital increase | 16,235,717 | 1,871,210 |
| 19/11/1999 | Capital increase | 16,236,000 | 1,871,210 |
| 19/12/2006 | Capital increase | 17,183,856 | 1,980,410 |
| 16/05/2014 | Capital increase | 17,569,952 | 2,024,860 |
| 28/06/2017 | Capital decrease | 3,600,462 | 2,024,860 |

**Consolidated reserves (€ 134,939)**

The consolidated reserves on December 31, 2018 were as follows:

| | |
|---|---|
| Reserves carried forward on December 31, 2017 | 120,219 |
| Consolidated profit for the financial year | 18,491 |
| Dividend paid | -4,050 |
| Actuarial gains / losses (net) | 279 |
| **Total consolidated reserves on December 31, 2018** | **134,939** |

**Foreign currency translations (€ -974)**

The conversion of foreign shareholdings in the consolidation to Euro had a positive effect of € 1.4 millon on the capital and reserves in 2018. The currency translations on December 31, 2017 were € -2.3 million.

**Subordinated loans long term (€ 0) and short term (€ 956)**

The BMI (Belgische Maatschappij voor Internationale Investering) has in 2013 granted a subordinated loan to Resilux NV for a total amount of € 1.5 million, until 2015 a part of the interest was added to the outstanding capital. The total remaining outstanding amount per December 31, 2018 of € 1.0 million has been repaid early 2019.

**Interest-bearing financial liabilities long term (€ 17,936) and short term (€ 23,658)**

The long term financial liabilities decreased by € 5.2 million compared to December 31, 2017. The short term debts (including the current portion of debts payable after one year) increased by € 12.5 million.

For a further explanation of the change in the debts, we refer to the cash flow statement on page 80 of this report.

Current assets less current liabilities decreased per December 31, 2018 by € 9.0 million to € 39.9 million. Per December 31, 2017 the current assets less current liabilities was € 48.9 million.

## Provisions (€ 7,086)

The total amount of provisions increased by € 0.3 million and includes mainly the net obligation for the defined benefit pension plan.

## Deferred taxes (€ 1,655)

Deferred taxes are calculated on temporary differences between the book value of the assets and liabilities in the balance sheet and their tax value. The deferred tax is booked to the asset or liability according to the net position per fiscal unit. Deferred taxation on assets mainly comes from different depreciation rates for tangible fixed assets, and tax losses that can be carried forward.

## Trade creditors (€ 70,821)

Trade creditors increased by € 9.5 million or 15.6% compared to the previous year. The is explained by higher amounts payables to suppliers of raw materials per December 31, 2018 compared to December 31, 2017.

## Taxes (€ 1,646)

Per December 31, 2018 this section consisted mainly of income tax payable in Belgium and Switzerland. In 2017 the amount payable was € 1.9 million.

## Other liabilities long term (€ 3,661) and short term (€ 12,456)

The long term liabilities relate to a loan of the Ministry of Industry in Spain and a remaining amount payable relating to the purchase price of the acquisition of Borverk Eurotrade in Serbia. This section of the short term liabilities contains debts relating to remuneration and labour-related contributions, and also accrued costs and interest and income to be carried forward.

## **Income statement** *(in thousands of Euro)*

## Operating income (€ 408,162)

The operating income increased by 21.7% compared to the previous financial year. The turnover in 2017 increased compared to the previous financial year by 21.1% and amounts to € 398.0 million. This is the result of an increase of the volumes sold by 6.2%, higher average raw material prices and a negative foreign exchange effect as a result of an average stronger Euro. On top of the organic growth, the turnover increased as well due to the sales of Poly Recycling AG, the PET recycling activities in Switzerland taken over in 2017. The change in stocks of finished products in 2018 was € 5.3 million. In the financial year 2017 there was an increase in stocks of finished products by € 2.9 million.

For further information, we refer to the operations report earlier in this report, where we mention that added value is a better parameter for Resilux as a result of fluctuations in PET prices being passed on to the customer.

The other operating income amounts to € 1.9 million compared to € 3.7 million in 2017. This includes gains on sale of tangible fixed assets, costs charged to customers, received compensation for claims and other operating income.

## Operating charges (€ 380,979)

The increase compared to the previous financial year was € 66.3 million.

The total cost of goods purchased for resale, raw materials and consumables increased by € 49.4 million. This increase is the result of higher production volumes in line with the sold volumes and the effect of a full year consolidation of the acquired businesses in 2017.

The total amount of services and other goods and other expenses increased by € 10.9 million. In 2017 this amount included € 1.0 million of non-recurrent advisory costs. Furthermore the increased is explained by higher production volumes and a full year of consolidation in 2018 of the acquisitions of 2017.

Total remunerations costs have increased by € 5.2 million. Also here the majority of the increase is due to the full year consolidation of the acquisitions of 2017.

The depreciation and amortisation expenses increased by € 0.8 million. The depreciations on fixed assets increased by € 1.2 million, the provisions for inventories decreased by € 0.4 million.

### Net financial result (€ -3,847)

The net financial result decreased from € -2.5 million to € -3.8 million. The decrease of the financial result is due to increased negative foreign currency results and a negative other financial result compared to a positive other financial result in 2017. The total interest expenses in 2018 were stable compared to the total interest expenses in 2017. The total net financial result amounts to € -3.8 million.

### Taxes (€ -4,845)

The total income taxes payables amount to € -5.8 million. The movement in deferred taxes is positive for € 0.8 million. This positive amount is mainly explained by the capitalisation of available tax losses from the past for the Resilux subsidiary in the United States of America.

### **Cash flow statement** *(in thousands of Euro)*

The cash flow statement has been drafted after the conversion of the balance sheet per December 31st, 2017 at closing rate per December 31st, 2018.

The cash flow statement shows a gross operating cash flow during the financial year of € 15.0 million, compared to € 29.3 million in 2017. This is mainly explained by an increase of the profit before taxes by € 5.2 million. The total net working capital in 2018 increased by € 20.9 million. In 2017 there was an increase fo dthe net working capital by € 1.3 million. This increase of the net working capital in 2018 is the result of an increase in stocks (€ 23.0 million), an increase of the trade debtors (€ 5.4 million), an increase in trade creditors (€ 9.7 million) and an increase in other working capital (€ 2.2 million).

The financial resource requirement for investment operations in 2018 was € -34.4 million. The gross investments in tangible and intangible fixed assets amount to € 35.4 million compared to € 20.4 million in 2017. The net cash flows for investment operations included in 2017 an amount of € 6.6 million for acquisitions.

During 2018 the net cash flow from financing activities was € +2.5 million compared to € -37.8 million in 2017. Both in 2018 and in 2017 a dividend was paid of € 4.0 million. In 2017 an amount of € 33.0 million was repaid to the shareholders by means of a capital decrease.

On balance, during the financial year, there was a decrease in cash at bank and in hand after currency effects by € 16.9 million, compared to an decrease of € 33.9 million in 2017.

# INDEPENDENT AUDITOR'S REPORT

## to the general meeting of Resilux NV for the year ended 31 December 2018

As required by law and the Company's articles of association, we report to you as statutory auditor of Resilux NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2018 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 20 May 2016, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2018. We performed the audit of the Consolidated Financial Statements of the Group during 6 consecutive years.

## Report on the audit of the Consolidated Financial Statements

### Unqualified opinion

We have audited the Consolidated Financial Statements of Resilux NV, which consists of the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2018 and the disclosures, which show a consolidated balance sheet total of € 277.441 thousand and of which the consolidated income statement shows a profit for the year of € 18.491 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2018, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.
We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.
These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

### Goodwill impairment

*Description of the key audit matter*

Goodwill amounts to € 18.500 or 7% of the consolidated balance sheet at 31 December 2018.
The Group reviews the carrying amount of its cash generating units ("CGU") annually or more frequently if impairment indicators are present. The impairment assessment involves a comparison of the estimated recoverable amount of each CGU to its carrying amount. Additional information is provided in Note 4 of the Consolidated Financial statements.

The Group's assessment of impairment of goodwill is a key audit matter because it is a judgmental process which requires significant estimates made by management concerning the future cash flows, the weighted average cost of capital ("WACC"), and the growth rate of revenue and costs to be applied in determining the value in use.

*Summary of the procedures performed*

Our audit procedures included , among others, the following:

- We have analyzed the Group's impairment test model including the significant underlying assumptions (revenue growth, EBITDA percentage on revenue, long term growth rate beyond the projection period, discount rate), and we have verified the definition of the cash generating units according to IFRS;
- We made an assessment of the historical accuracy of management's judgements, and compared the expected revenue growth, EBITDA percentage on revenue, for all cash generating units with the Group's business plan as adopted and approved by the Board of Directors;
- We used a valuation expert in our firm to assess the methodology, clerical accuracy, long term growth rate and discount rate by comparison to market information, past performance, the Group's cost of capital and relevant risk factors;
- We assessed the sensitivity analyses prepared by management to understand the impact of reasonable changes in the key assumptions;
- We considered additional impairment triggers by reading board minutes, and holding regular discussions with management;
- We assessed the adequacy of the Group's disclosures in Note 4 to the Consolidated Financial Statements.

### Valuation of deferred tax assets

Description of the key audit matter

Deferred tax assets on tax losses and tax credits carried forward amount to € 4.793 or 1% of the consolidated balance sheet at 31 December 2018, (as described on Note 8 of the Consolidated Financial Statements).
The Group recognizes deferred tax assets for tax losses and tax credits carried forward to the extent that it's probable that future taxable profit will be available against which unused tax losses can be utilized.

Management supports the recoverability of the deferred tax assets mainly with income projections which contain estimates for future accounting results and future taxable results. The valuation of deferred tax assets is significant to our audit because management's assessment process is complex and is based on estimates of future taxable results.

*Summary of the procedures performed*

Our audit procedures included , among others, the following:

- Evaluating the amounts and local expiry periods of the unused tax losses and tax credits carried forward and together with any other applicable restrictions in recovery for each relevant jurisdiction, including the impact of changes in tax legislation;
- Testing management's analysis of the recoverability of the deferred tax assets, including, estimations of future taxable results, the applicable tax legislation and tax planning assumptions;
- Assessing and discussing management's estimations of future taxable result including the underlying assumptions such as revenue growth, gross margin, cost developments by comparing with historical performance and resulting future taxable results;
- Assessing the adequacy of the Group's disclosure in Note 8 of the Consolidated Financial Statements.

### Pension plans

*Description of the key audit matter*

The Group has a number of pension plan with guaranteed minimum returns that qualify as defined benefit schemes under IAS 19. The net provision for these plans amount to a net deficit position of € 6.556 as at 31 December 2018. This area is important to our audit because of the magnitude of the amounts, the judgments involved concerning the key actuarial assumptions (such as discount rates, inflation, mortality and increase in salaries,…) and the technical expertise required to evaluate these provisions and to properly reflect the impacts in the Consolidated Financial Statements in accordance with IAS 19. Changes in those assumptions ( including, salary increases, inflation, discount rate and mortality) can have a material impact on the calculation of the liability.

*Summary of the procedures performed*

Our audit procedures included , among others, the following:

- Assessing the actuarial report prepared by the external actuary engaged by the Company to ensure that all characteristics of the plans have been properly considered in the actuarial calculations;
- Assessing the expertise, independence and integrity of the external actuary engaged by the Company;
- Comparing the input data used for the calculation of the provisions by the external actuary (such as population, age, years of service, wage,…) with source information of the human resources department of the Company;
- Assessing the appropriateness of the key actuarial assumptions (such as discount rates, inflation, mortality, salary increase,…) with the assistance of our internal actuarial specialists;
- Verifying that the actuarial calculations are properly reflected in the provisions recorded in the Consolidated Financial Statements and ensuring that impacts are correctly recorded in accordance with IAS19;
- Assessing the adequacy of the Group’s disclosure in Note 15 of the Consolidated Financial Statements.

### Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

### Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group'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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

## Report on other legal and regulatory requirements

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report.

### Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, and other information included in the annual report, as well as to report on these matters.

### Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Company Code.
In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Section 3: consolidated key figures (page 7)
- Section 4: shareholders and group structure (page 9 until 11)
- Section 17: abridged statutory annual accounts Resilux NV (page 123 until 128)

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any form of assurance regarding the Board of Directors' report and other information included in the annual report.

The non–financial information required by article 119, § 2, of the Belgian Company Code has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on "GRI standards". However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with "GRI standards". We do not express any form of assurance regarding the individual elements included in this non-financial information.

### Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.
The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 134 of the Belgian Company Code were duly itemized and valued in the notes to the Consolidated Financial Statements.

### Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Ghent, 12 April 2019

Ernst & Young Bedrijfsrevisoren CVBA
Statutory auditor
Represented by

Paul Eelen
Partner*

*: Acting on behalf of a BVBA/SPRL

# ABRIDGED STATUTORY ANNUAL ACCOUNTS OF RESILUX NV 2018

The statutory annual accounts of the Resilux NV company are presented in an abridged form. In accordance with the Royal Decree of January 30, 2001 in execution of the Companies Act, these annual accounts, the annual report and the report of the auditor are submitted to the National Bank of Belgium.

The auditor has issued a report without reservations.

The full version of the statutory annual account, as well as the accompanying reports, are available on the company's website as from April 17, 2017. On request, a copy of these documents can be obtained free of charge at the company's registered seat.



RESILUX
INNOVATIVE PACKAGING

## Balance sheet after appropriation of profit

| Assets *(in thousands of Euro)* | 2018 | 2017 |
|---|---|---|
| **FIXED ASSETS** | **105,125** | **103,739** |
| **Intangible fixed assets** | **508** | **614** |
| **Tangible fixed assets** | **12,929** | **13,412** |
| Land and buildings | 3,669 | 2,480 |
| Installations, machinery and equipment | 8,314 | 5,445 |
| Furniture and vehicles | 647 | 706 |
| Leasing and other similar rights | 2 | 53 |
| Other tangible assets payments | 56 | 217 |
| Assets under construction and advance payments | 241 | 4,512 |
| **Financial fixed assets** | **91,688** | **89,714** |
| Affiliated enterprises | 91,568 | 89,589 |
| Shareholdings | 81,525 | 81,525 |
| Receivables | 10,043 | 8,064 |
| Companies with which there is a shareholding relationship | 17 | 17 |
| Shareholdings | 17 | 17 |
| Receivables | 0 | 0 |
| Other financial fixed assets | 103 | 108 |
| Accounts receivable and cash guarantees | 103 | 108 |
| | | |
| **CURRENT ASSETS** | **41,995** | **38,970** |
| **Accounts receivable after more than one year** | **0** | **243** |
| Other accounts receivable | 0 | 243 |
| **Stocks and contracts in progress** | **17,075** | **14,033** |
| Stocks | 17,075 | 14,033 |
| Raw materials and consumables | 9,756 | 8,011 |
| Finished goods | 6,478 | 5,236 |
| Goods purchased for resale | 841 | 786 |
| Advance payments | 0 | 0 |
| **Accounts receivable within one year** | **22,195** | **12,663** |
| Trade debtors | 7,798 | 5,082 |
| Other accounts receivable | 14,397 | 7,581 |
| **Cash at bank and in hand** | **967** | **10,898** |
| **Accrued charges and deferred income** | **1,758** | **405** |
| | | |
| **TOTAL ASSETS** | **147,120** | **141,982** |



RESILUX
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| **Liabilities** *(in thousands of Euro)* | **2018** | **2017** |
|---|---|---|
| **CAPITAL AND RESERVES** | **59,323** | **51,144** |
| **Capital** | **3,600** | **3,600** |
| Issued capital | 3,600 | 3,600 |
| **Share premium account** | **0** | **0** |
| **Reserves** | **3,670** | **3,328** |
| Legal reserve | 360 | 360 |
| Untaxed reserve | 1,952 | 1,609 |
| Available reserves | 1,358 | 1,359 |
| **Profit / loss brought forward** | **52,053** | **44,216** |
| **Investment grants** | **0** | **0** |
| | | |
| **PROVISIONS AND DEFERRED TAXES** | **169** | **94** |
| **Provision for liabilities and charges** | **115** | **0** |
| Pensions and similar obligations | 0 | 0 |
| Other liabilities and charges | 115 | 32 |
| **Deferred taxes** | **54** | **62** |
| | | |
| **CREDITORS** | **87,628** | **90,744** |
| **Accounts payable after one year** | **57** | **1,324** |
| Financial debts | 57 | 1,324 |
| Subordinated loans | 0 | 957 |
| Leasing and other similar obligations | 0 | 86 |
| Credit institutions | 0 | 281 |
| Others loans | 0 | 0 |
| **Accounts payable within one year** | **87,141** | **89,338** |
| Current portion of accounts payable after one year | 1,267 | 1,069 |
| Financial debts | 5,693 | 1,729 |
| Credit institutions | 5,693 | 1,729 |
| Trade creditors | 19,584 | 22,197 |
| Suppliers | 19,584 | 22,197 |
| Prepayments Received | 0 | 0 |
| Taxes, remuneration and social security | 2,375 | 3,135 |
| Taxes | 1,317 | 2,120 |
| Remuneration and social security | 1,058 | 1,015 |
| Other accounts payable | 58,222 | 61,208 |
| **Accrued charges and deferred income** | **430** | **82** |
| | | |
| **TOTAL LIABILITIES** | **147,120** | **141,982** |



RESILUX
INNOVATIVE PACKAGING

## Profit and loss account (presentation in vertical form) *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| **Operating income** | **107,300** | **88,664** |
| Turnover | 98,073 | 80,097 |
| Change in stock of finished goods and goods in progress | 1,253 | -92 |
| Own work capitalised | 0 | 0 |
| Other operating income | 7,727 | 8,541 |
| Non recurrent operating income | 247 | 118 |
| **Operating charges** | **100,898** | **85,317** |
| Goods for resale, raw materials and consumables | 64,271 | 51,832 |
| Purchases | 66,175 | 53,046 |
| Change in stocks (-/+) | -1,904 | -1,214 |
| Services and other goods | 21,100 | 19,466 |
| Remuneration, social security charges and pensions | 10,515 | 10,201 |
| Depreciation and amounts written off formation expenses, Intangible and tangible fixed assets | 4,657 | 3,561 |
| Amounts written off stocks and trade creditors | 104 | 40 |
| Provisions for liabilities and charges | 0 | 0 |
| Other operating charges | 184 | 211 |
| Non recurrent operating charges | 67 | 6 |
| **Operating profit** | **6,402** | **3,347** |
| **Financial income** | **13,629** | **847** |
| Recurrent financial income | 13,629 | 847 |
| Income from financial fixed assets | 11,221 | 0 |
| Income from current assets | 465 | 169 |
| Other financial income | 1,943 | 678 |
| Non recurrent financial income | 0 | 0 |
| **Financial charges** | **3,414** | **2,013** |
| Recurrent financial charges | 3,414 | 2,013 |
| Interest and other debt charges | 1,181 | 1,125 |
| Other financial charges | 2,233 | 888 |
| Non recurrent financial charges | 0 | 0 |
| **Profit / loss for the financial year before taxes** | **16,617** | **2,181** |
| **Transfer from deferred taxes** | **9** | **28** |
| **Transfer to deferred taxes** | **0** | **0** |
| **Taxes** | **2,373** | **619** |
| Taxes | 2,373 | 619 |
| Adjustment corporate taxes | 0 | 0 |
| **Profit / loss for the financial year** | **14,253** | **1,590** |
| **Substraction to untaxed reserves** | **309** | **44** |
| **Transfer to untaxed reserves** | -651 | 0 |
| **Profit / loss for the financial year to be appropriated** | **13,911** | **1,634** |



RESILUX
INNOVATIVE PACKAGING

## Appropriation of profit *(in thousands of Euro)*

| | 2018 | 2017 |
|---|---|---|
| **Balance of profit to be appropriated** | **58,127** | **48,266** |
| Profit for the financial year to be appropriated | 13,911 | 1,634 |
| Profit / loss brought forward from the previous financial year | 44,216 | 46,632 |
| **Profit / loss to be carried forward** | **52,053** | **44,216** |
| **Profit to be distributed** | **6,075** | **4,050** |
| Dividends | 6,075 | 4,050 |

## Notes to the accounts

### VIII. Statement of capital *(in thousands of Euro)*

| | Amounts | Number of shares |
|---|---|---|
| **Capital** | | |
| **Issued capital (heading I.A. of liabilities)** | | |
| - At the end of the preceding period | 17,184 | |
| - At the end of the period | 17,184 | |
| **Structure of the capital** | | |
| Different categories of shares | | |
| Shares without face value that each represent 1/2,024,860th of the capital | 17,184 | 2,024,860 |
| Registered shares - bearer shares/dematerialised | | |
| Registered | | 2,602 |
| Dematerialised | | 2,022,258 |
| | | |
| **Amount of authorised capital, not issued** | **17,184** | |

**Shareholder structure of the company at the year end, as shown by the notifications that the company has received:**

Notification in accordance with the transparency legislation (Law of May 2nd, 2007 on the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions) and notifications in the context of the exemption from the obligation to bid under the provisions of the Law of 1 April 2007 on public takeover bids.

| Who | Number of shares | % (1) |
|---|---|---|
| Tridec Stichting Administratiekantoor under Dutch law, Houtsnip 17, 3766 VD Soest, The Netherlands Acting in mutual consultation with the De Cuyper family, NV Immo Tradec, NV Belfima Invest and NV Tradidec | 921,000 | (45.48%) |
| Family De Cuyper - Notifier: Dirk De Cuyper, Acting in mutual consultation with Tridec Stichting Administratiekantoor, NV Immo Tradec, NV Belfima Invest and NV Tradidec | 114,072 | (5.63%) |
| NV Immo Tradec - BE 0439 777 214 Acting in mutual consultation with Tridec Stichting Administratiekantoor, Family De Cuyper, NV Belfima Invest and NV Tradidec | 58,534 | (2.89%) |
| NV Tradidec - BE 0464 996 422 Acting in mutual consultation with Tridec Stichting Administratiekantoor, Family De Cuyper, NV Belfima Invest en NV Immo Tradec | 25,973 | (1.28%) |
| NV Belfima Invest - BE 0466 014 328 Acting in mutual consultation with Tridec Stichting Administratiekantoor, Family De Cuyper, NV Immo Tradec and NV Tradidec | 33,340 | (1.65%) |
| NV Capfi Delen Asset Management - BE 0422 682 151 | 101,073 | (4.99%) |

(1) % calculated based on the total existing numbers of shares (2,024,860)

# GENERAL INFORMATION ON RESILUX NV

## 1. GENERAL INFORMATION

### 1.1. Name

RESILUX NV

### 1.2. Registered office

Damstraat 4 - 9230 Wetteren - Belgium

### 1.3 Company number

RPR Ghent - division Dendermonde

VAT BE 0447.354.397

### 1.4. Incorporation, amendments to the company's articles of association, duration

The company was incorporated on May 5, 1992, by notarial deed published in the Annexes to the Belgian Official Journal of May 28, 1992 under number 920528-59.

The company's articles of association have been amended several times, the last time by the extraordinary general shareholders' meeting of June 28, 2017.

The company has been incorporated for an indefinite period of time.

### 1.5. Legal form

Resilux is a limited liability company (société anonyme/naamloze vennootschap) incorporated under Belgian law.

### 1.6. Financial year

As from 2001, the financial year commences on January 1st and ends on December 31 of each year. Previously, the financial year used to cover the period as from July 1st to June 30th of the following year. Exceptionally, the 1999/2000 financial year was extended by six months.

### 1.7. Audit of the annual accounts

The supervision of the annual accounts is entrusted to BCVBA Ernst & Young Company Auditors, Moutstraat 54, B-9000 Gent, Belgium, represented by Mr. Paul Eelen whose mandate was granted by the general shareholders' meeting of May 17, 2013. At the general shareholders' meeting of 2016 the mandate has been prolonged for a term of three years, ending after the general shareholders' meeting of 2019.

For the statutory and consolidated annual accounts of the financial year ending on December 31, 2018, the Auditor has issued a report without reservations.

### 1.8. Consultation of company documents

The company's statutory and consolidated annual accounts and the accompanying reports are deposited with the National Bank of Belgium.

According to the articles 535 and 553 of the Companies Code, the annual accounts and accompanying reports are yearly sent, free of charge, to the nominal shareholders, to the warrant holders, to the directors and to the auditor.

Every holder of dematerialised shares can, by submitting a certificate drawn up by a recognised account holder or settlement services confirming the number of dematerialised shares subscribed under the name of the shareholder, obtain a copy of the documents at the headquarters of the company once the convocation for the general shareholders' meeting has been published.

Once the convocation for the general shareholders' meeting has been published, every holder of nominal shares, every holder of dematerialised shares and every warrant holder may consult the following at the company headquarters:

1° the list of shareholders whose shares are not fully paid up, with reference to the amount of their shares and their place of residence;

2° the list of public funds, shares, bonds and other stock of companies who are part of the portfolio.

The annual financial report with the abridged statutory and consolidated annual accounts, the reports from the board of directors and the auditor regarding the consolidated annual accounts for the financial years 2003 to 2018 can be consulted in Dutch and in English (and in French until the financial year 2012) on the company's website (www.resilux.com) and are also available in hardcopy on request. Only the Dutch version of the annual report is legally binding. The versions in other languages are free translations of the original Dutch version.

The full version of the approved statutory accounts, with the accompanying undersigned reports from the board of drectors and the auditor regarding the financial years 2006 to 2018 are published on the company's website.

Any interested party can register free of charge to receive emails with press releases and the compulsory financial information, which is also available on the company's website.

The convocation for the general shareholders' meeting/extraordinary general shareholders' meeting is published in the Belgian Official Journal, in a national newspaper and in media that may be reasonably assumed to ensure the effective dissemination of information to the public within the European Economic Area that is quickly and non-discriminatory accessible, and is also available on the website, as well as the respective power of attorney forms, - if appropriate - the draft amendments of the company's articles of association, and the undersigned minutes from the last general shareholders' meeting.

Decisions regarding the appointment and dismissal of members of the board of directors as well as other decisions or reports that must be published by law are published in the Annexes to the Belgian Official Journal and are also announced on the company's website.

The company's articles of association and special reports required by the Code of Companies are available for consultation at the court registry of the Commercial Court of Dendermonde, and also at the headquarters of the company and on the company's website.

The Corporate Governance Charter can be consulted on the company's website.

## 2. EXCERPTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

### 2.1. Objects of the company

**Article 2 - Objects**

The objects of the company are, both for its own account and for that of third parties or in participation with third parties, acting by itself or through the agency of any other natural or legal person in Belgium or abroad:

1. To perform all transactions relating to the trade, import and export, purchase and sale, demonstration, hiring out, representation and commission trade:
    - in relation to synthetic materials, finished products and related articles, the manufacturing or recycling thereof in wholesale and retail trade and thus to perform all relevant transactions without any restriction.
      This description thus both covers production by means of all existing technologies, including injection, extrusion, blow moulding, thermoforming, welding techniques and others, and the combination or purchase of all forms of synthetic materials, raw materials, semi-finished and finished products, moulds or other technical peripherals, the hiring of agencies in these agreements as well as the marketing and sale of all these products.
    - in relation to all machines that are of use to the plastic processing industry, spare parts and accessories, including both the company's own construction of these machines, moulds and technical peripherals and all forms of services for the plastic processing industry, such as training, breakdown, repair, innovation, installation and consulting services.

2. Taking out of patents on own inventions or those relating to the improvement of existing systems, the granting of license agreements.
3. The supervision of all managerial instructions, the performance of all mandates and duties that relate directly or indirectly to its company objects or may contribute towards the achievement of its objects.

The company may perform all commercial, industrial, financial, movable or immovable transactions that may be directly or indirectly necessary or useful for the achievement of its objects.

The company may by means of contribution, merger, subscription, purchase of shares or in any other way be involved in all dealings that have similar or related objects or whose objectives are important to the achievement of its company objects.

### 2.2. Capital

**Article 5 - Share capital**

The registered capital is fixed at € 3,600,429.00 represented by 2.024.860 no par-value shares, which each represent a 1/2.024.860th share of the registered capital.

**Article 6 - Change of the subscribed capital**

The registered capital may not be increased or decreased, other than by means of a resolution of the general shareholders' meeting of shareholders, deliberating according to the conditions required for the amendment of the articles of association. The general shareholders' meeting may only adopt a resolution to reduce the registered capital in accordance with the rules laid down in Articles 612, 613 and 614 of the Belgian Companies Code.



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**Article 7 - Authorised capital**

In accordance with Article 603 of the Belgian Companies Code, the board of directors may be granted the authority to increase the registered capital on one or more occasions. The capital may be increased by means of a monetary or non-monetary contribution as well as by the conversion of reserves, subject to compliance with Article 603 et seq. of the Belgian Companies Code. In addition to the issue of ordinary shares, capital increases decided on by the board of directors, may also be implemented through the issue of preference shares, through the issue of shares without voting rights, through the issue of shares in favour of personnel and through the issue of convertible bonds and warrants.

The board of directors is granted the authority to limit or cancel the pre-emptive right in the interests of the company if the capital increase is implemented within the scope of the authorised capital.

The board of directors is authorised to limit or cancel the pre-emptive right in favour of one or more people, even if these people are not personnel of the company or its subsidiaries.

The general shareholders' meeting may expressly grant the board of directors the authority to increase the subscribed capital on one or more occasions as from the date of the notice from the Financial Services and Markets Authority (FSMA) to the company of a public takeover bid for the shares of the company , by means of monetary contributions with the cancellation or limitation of the existing shareholders' pre-emptive right or by means of non-monetary contributions in accordance with Article 607 of the Belgian Companies Code. If a capital increase is implemented by means of cash subscriptions with an issue premium, the board of directors will be authorised to stipulate that the issue premium will be credited to the non-distributable 'issue premiums' account, which will constitute a guarantee to third parties to the same extent as the registered capital and, except for the possibility of conversion into capital by the board of directors, may only be disposed of in accordance with the conditions laid down by the Belgian Companies Code for amendments to the articles of association.The board of directors is authorised to amend the company's articles of association in accordance with the capital increase that was decided on within the scope of its authority.

**Article 8 - Nominal shares - Bearer shares - Dematerialised shares**

The partly paid-up shares are registered.
The fully paid-up shares and other securities of the company are registered or dematerialised, within the limits envisaged by the applicable legislation.

The holder of dematerialised securities may at any time request the conversion thereof into registered securities and vice versa at his expense.
The dematerialised security is represented by an entry on account, in the name of the owner or holder, at an approved account holder or at a settlement institution.

A register will be kept at the company's registered office for every category of registered securities in accordance with Article 463 of the Belgian Companies Code. Any holder of securities may examine the register in relation to his securities.

The board of directors is authorised, subject to compliance with the statutory rules, to replace the existing register with an electronic register.

In case of an electronic share register, a new copy will be made after every alteration. These copies will be kept at the company's registered office.

**Article 11 - Preferential right**

In case of a capital increase, implemented other than by way of a non-monetary contribution or merger, and subject to any different decision by the general shareholders' meeting or the board of directors, the existing shareholders will be given preference to the new shares, in proportion to the part of the registered capital represented by their shares.
The pre-emptive right may be exercised for a period of at least fifteen days, to be calculated from the day on which the subscription for new shares opens.

The subscription price and the period during which the pre-emptive right may be exercised will be determined by the general shareholders' meeting or, if the resolution to increase the capital has been adopted in accordance with Article 603 of the Belgian Companies Code, by the board of directors.
If the ownership of shares is divided into usufruct and bare ownership, the bare owner of the shares will have the pre-emptive right. In case of pledged shares, the owner-pledgor will have the pre-emptive right.

If the general shareholders' meeting or board of directors decides to request an issue premium, this must be fully paid upon subscription and credited to a non-distributable reserve that may only be reduced or reversed by a resolution of the general shareholders' meeting or the board of directors that is adopted in the manner required for an amendment of the articles of association. The issue premium will serve as a guarantee to third parties to the same extent as the registered capital.

## 2.3. Management

**Article 14 - Transparency declaration**
The applicable quota pursuant to Articles 6 to 10 inclusive of the Belgian Act of May 2, 2007 on disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions is determined at 3%, 5% and multiples of 5%.

## 2.4. Management and Supervision

**Article 15 - Right of nomination**
The company is managed by a board of directors of at least three and no more than seven members, shareholders or otherwise, who are appointed by the general shareholders' meeting, which may suspend and dismiss them at any time. Their term of office may not exceed four years. The directors are eligible for reappointment. At least three of the directors must be independent.

Four of the directors will be appointed from among the candidates nominated for that purpose by the trust office 'TRIDEC', insofar as it, as well as all entities that are directly or indirectly controlled by it (control is understood as the competence de iure or de facto to have a decisive influence on the appointment of the majority of its directors or managers or on the orientation of its policy), directly or indirectly hold at least thirty-five per cent of the company's shares at the time of both the nomination of the candidate directors and the appointment by the general shareholders' meeting.

**Article 23bis**
In accordance with Article 524bis of the Belgian Companies Code, the board of directors may assign its management powers to a management committee, however without this assignment being able to relate to the general policy of the company or all acts that are reserved for the board of directors on the basis of other statutory provisions.
The conditions for the appointment of the members of the management committee, their dismissal, their remuneration, their term of office and the procedures of the management committee will be determined by the board of directors.
The board of directors is responsible for supervising that committee.
A member of the management committee who has a direct or indirect conflict of interests of a financial nature with a decision or transaction that falls within the scope of the committee's authority must notify the other members thereof before the committee deliberates. The provisions of Article 524*ter* of the Belgian Companies Code must also be observed.
An audit committee and a remuneration committee will be established within the board of directors in accordance with Article 526*bis* and 526*quater* of the Belgian Companies Code.

## 2.5. General shareholders' meeting

**Article 29 - Meeting**

The general shareholders' meeting will be held every year at three o' clock in the afternoon on the third Friday of May, at the registered office or at another venue as stipulated in the meeting notices, in order to listen to the annual report and the audit report as drawn up respectively by the board of directors and the statutory auditors being read out, to approve the annual financial statements and remuneration report, to appoint directors and statutory auditors and to generally deliberate on all agenda items.

If this day is a public holiday or an extra day's holiday following a public holiday (typically to make a long weekend), the meeting will be held on the next working day.
A special or an extraordinary general shareholders' meeting must be convened whenever required by the interests of the company and must be convened every time shareholders who collectively represent one-fifth of the registered capital so request.

After the approval of the annual financial statements, the meeting will hold a special vote to decide whether or not to discharge the directors and statutory auditors from liability.

**Article 30 - Right to add items to the agenda and file new proposed resolutions**

The board of directors or the statutory auditor(s) will convene the general shareholders' meeting .
The meeting notices will at least contain the information provided for in Article 533bis of the Belgian Companies Code. They will be given in the form and within the periods prescribed by Articles 533 et seq. of the Belgian Companies Code.

The agenda must contain the items to be discussed and the motions. The Audit committee's motion for the appointment or reappointment of the statutory auditor will be included in the agenda.

The people who must be given notice of a general shareholders' meeting pursuant to the Belgian Companies Code and who participate in or arrange to be represented at a meeting will be regarded as having been given valid notice. The same people – before or after a general shareholders' meeting that they have not attended – may also waive their right to rely on a lack of notice or a defective notice.

One or more shareholders, who jointly hold at least 3% of the company's registered capital, may, in accordance with Article 533ter of the Belgian Companies Code, have items to be discussed placed on the agenda of the general shareholders' meeting and submit motions with regard to items to be discussed that are included or are to be included on the agenda.

The shareholders will not be entitled to do this if a second extraordinary general shareholders' meeting meeting is convened because the required quorum was not reached for the first extraordinary general shareholders' meeting.
Requests must comply with the requirements of Article 533ter of the Belgian Companies Code.

Requests will be formulated in writing and accompanied either by the text of the items to be discussed and the relevant motions or the text of the motions to be placed on the agenda.

A postal or e-mail address will be stated, to which the company will send proof of receipt of these requests.

The company must receive these requests by no later than the twenty-second day prior to the date of the general shareholders' meeting. They must be sent to the company with due observance of the formalities mentioned in the meeting notice.
The company will confirm receipt of the requests within a period of forty-eight hours calculated from that receipt.

The company must publish the amended agenda not later than the fifteenth day prior to the date of the general shareholders' meeting.

The items to be discussed and the motions that are placed on the agenda under this provision will only be discussed if the aforementioned share of the registered capital is registered in accordance with Article 31 of these articles of association.

**Article 31 - Admission requirements**

The right to participate in and to exercise the right to vote at the general shareholders' meeting will only be granted on the basis of the accounting entry of the shareholder's registered shares at midnight (Belgian time) on the fourteenth day prior to the general shareholders' meeting, either by their entry in the company's share register or by their entry in the accounts of an approved account holder or a settlement institution, regardless of the number of shares that the shareholder holds on the date of the general shareholders' meeting.

The time and date referred to in the first paragraph form the registration date.

The shareholder must state that he wishes to participate in the general shareholders' meeting no later than the sixth day prior to the date of the meeting, with due observance of the formalities mentioned in the meeting notice and by submitting the proof of registration that was handed to him, by the approved account holder or settlement institution, to the company or to the person appointed by the company for that purpose.

The holders of warrants and bonds and the holders of depositary receipts, whether these securities are registered or dematerialised, may attend the general shareholders' meeting, provided that the conditions for admission laid down for the shareholders are fulfilled.

The name and address or registered office of every shareholder that has given notice of his wish to participate in the general shareholders' meeting will be included in a register designated by the board of directors, together with the number of shares that he held on the registration date, which he used to indicate his willingness to participate in the general shareholders' meeting , as well as the description of the documents that prove that he did hold those shares on the registration date.

**Article 32 - Representation by proxy**

All shareholders who are entitled to vote may vote in person or by proxy. A shareholder may only designate one person as proxy holder for a specific general shareholders' meeting, notwithstanding the exceptions provided for by the Belgian Companies Code. The proxy holder must not be a shareholder.

The company will provide the forms that may be used for voting by proxy on its website, supplemented, where applicable, by any additional items to be discussed and additional motions that are placed on the agenda and/or simply by any motions that are formulated.

The designation of a proxy must be in writing and signed by the shareholder.

The board of directors may determine the form of proxies in the meeting notice. Notice of the proxy to the company must be given in writing and in accordance with the terms set out by the board of directors in the meeting notice.

The company must receive the original proxy by no later than the sixth day prior to the date of the general shareholders' meeting.

Proxies that are communicated to the company before the publication of a supplemented agenda, in accordance with Article 533ter of the Belgian Companies Code, will remain valid for the items to be discussed on the agenda to which they apply. Notwithstanding the above, the proxy holder may deviate during the meeting from any instructions of the principal in respect of the items to be discussed on the agenda for which new motions have been submitted in accordance with Article 533ter of the Belgian Companies Code, if carrying out those instructions could prejudice the principal's interests. The proxy holder must notify the principal hereof.

The proxy must state whether the proxy holder is authorised to vote or must abstain from voting on the new items to be discussed on the agenda.

**Article 33 - Organisation**

Each general shareholders' meeting is chaired by the chairman of the board of directors or, in his absence, by a managing director or, in his absence, by the oldest director.

The chairman appoints the secretary, who does not have to be a shareholder or director.

If justified by the number of shareholders, the meeting will elect two vote tellers. The directors in attendance make up the general shareholders' meeting committee.

**Article 35 - Number of votes - Exercise of the voting right**

Every share confers the right to one vote.

The voting right associated with jointly owned shares may only be exercised by the person designated by all co-owners. The voting right associated with a share that is encumbered with a usufruct vests in the usufructuary. The voting right associated with a share that is pledged vests in the owner-pledgor.

The holders of bonds may attend the general shareholders' meeting in an advisory role.

In accordance with Article 541 of the Belgian Companies Code, the voting right for partially paid-up shares will be suspended if the requested payments are not made when they become due and payable.

**Article 36 - Attendance List, Question law, Majorities, Remote voting**

An attendance list stating the names of the shareholders and the number of shares with which they are participating in the meeting will be signed by each of them or their representatives before the meeting is opened.

The representatives of legal entity shareholders must submit the documents that establish their capacity as a body or special representative.

An attendance list that indicates the names and addresses of the holders of bonds, warrants and depositary receipts that were issued with the company's cooperation, as well as the number of securities that they hold, will also be signed by these holders or their proxy holders.

The general shareholders' meeting cannot deliberate on items that are not on the agenda, unless all shareholders are personally present or represented at the meeting and unilaterally agree to extend the agenda.

The directors will answer the questions put to them by the shareholders, during the meeting or in writing, in relation to their report or the agenda items, insofar as the disclosure of details or facts is not of such a nature that it could prejudice the company's business interests or the confidentiality which the company or its directors have undertaken to observe.

The statutory auditor(s) will answer the questions put to him/them by the shareholders, during the meeting or in writing, in relation to his/their report, insofar as the disclosure of details or facts is not of such a nature that it could prejudice the company's business interests or the confidentiality which the company, its directors or the statutory auditor(s) have undertaken to observe.

As soon as the meeting notice is published, the shareholders may direct written questions to the directors in relation to their report or the agenda items, and to the statutory auditors in relation to their report, insofar as those shareholders comply with the formalities of Article 31 of these articles of association. These questions must reach the company by no later than the sixth day prior to the meeting.

Barring any statutory provisions or provisions of the articles of association to the contrary, resolutions will be adopted by an ordinary majority of the votes cast, regardless of the number of shares represented at the meeting. Blank and invalid votes will not be counted as cast votes.

If a single candidate does not achieve an absolute majority of the votes cast in case of a resolution to appoint a director or statutory auditor, a second vote will take place between the two candidates who received the most votes.
If the votes are tied in case of the second vote, the oldest candidate will be elected.
A secret ballot will only take place if it is requested by the majority of members of the general shareholders' meeting.

The above does not affect the right of any shareholder to vote by letter using a form that will be provided by the company, on condition that the board of directors provided for this option in the meeting notice.

The form for voting by letter must include at least the following information, as provided for in Article 550 §2 of the Belgian Companies Code:
1° the name and place of residence or registered office of the shareholder;
2° the number of votes that the shareholder wishes to cast during the general shareholders' meeting;
3° the form of the held shares;
4° the agenda of the meeting, including the motions;
5° the period within which the company must receive the form for remote voting;
6° the signature of the shareholder.
Forms that do not refer to either the manner of voting or abstention are void.

If a motion which has already been voted on is altered during the meeting, the voting will be deemed to be void.

The company must receive the form for voting by letter by no later than the sixth day prior to the general shareholders' meeting.

The form for remote voting that is sent to the company for a specific meeting will apply to successive meetings that are convened with the same agenda.

A shareholder who has voted remotely by letter may not choose any other manner of participation in the meeting for the number of votes thus cast.

Forms for remote voting that were received by the company before the publication of a supplemented agenda, in accordance with Article 533ter of the Belgian Companies Code, will remain valid for the items to be discussed on the agenda to which they relate. Notwithstanding the above, voting on an item to be discussed on the agenda for which a new motion has been submitted, in accordance with Article 533ter of the Belgian Companies Code, will be void.

The holders of registered bonds or warrants, as well as the holders of registered depositary receipts that are issued with the company's cooperation, are entitled to inspect the adopted resolutions at the company's registered office.

## 2.6. Appropriation of profit

**Article 41 - Payment**

The surplus of the balance sheet that remains after the deduction of all costs and charges of any nature, depreciation/amortisation and tax and other provisions constitutes the net profit.
The following will be deducted from this profit:

- five per cent for the creation of a statutory reserve fund until this fund totals one-tenth of the registered capital;
- the balance will be at the disposal of the general shareholders' meeting, which will decide on its appropriation on the understanding that no dividends may be paid or profit-sharing bonuses awarded if the assets, as they appear on the balance sheet minus the provisions and debts, are or would be lower than the sum of the paid-up capital plus the reserves, all in accordance with Article 617 of the Belgian Companies Code;
- the board of directors is granted the authority, although under its own responsibility, to pay an interim dividend on the result of the financial year, subject to the provisions of Article 618 of the Belgian Companies Code.

**Article 42 - Payment of dividends**

The payment of dividends will take place each year at the time and place determined by the general shareholders' meeting or the board of directors.

## 2.7. Winding up - Liquidation

**Article 43 - Early winding up**

In accordance with Articles 633, 634, 645 and 646 of the Belgian Companies Code, the company may be dissolved early by means of a resolution of the general shareholders' meeting, deliberating as for the amendment of the articles of association.

**Article 44 - Liquidation**

In case of the dissolution of the company, the general shareholders' meeting will appoint one or more liquidators and determine their powers and remuneration.
In the absence of such an appointment, the board of directors acting in the capacity of a liquidation committee will oversee the liquidation.
In the absence of any decision to the contrary, liquidators will act jointly and have the most extensive powers in accordance with Articles 186, 187, 188 and 190 to 195 inclusive of the Belgian Companies Code.

**Article 45 - Distribution**

After the payment of all debts, charges and expenses of the company, the net assets will firstly be used to return the fully paid-up amount of the shares that have not yet been repaid in cash or in kind.
Any surplus will be awarded in equal parts to the shares.
If the net proceeds are insufficient to repay all the shares, the liquidators will pay those in preference that are fully paid-up to a greater extent until they are on an equal footing with the shares that are fully paid-up to a lesser extent or make a further call for capital that is payable by these latter shares.

## 2.8. Temporary provisions

**Authorised capital**

For a period of five years from the publication of the general shareholders' meeting's resolution of May 20, 2016 16 in the Schedules to the Belgian Official Journal, the board of directors will be authorised to increase the registered capital on one or more occasions to the amount of € 17,183,856.00 (seventeen million, one hundred and eighty-three thousand, eight hundred and fifty-six euros).

The capital may be increased by means of a monetary or non-monetary contribution as well as by the conversion of reserves of any kind and/or by an issue premium.

In addition to the issue of ordinary shares, capital increases decided on by the board of directors, may also be implemented through the issue of preference shares, through the issue of shares without voting rights, through the issue of shares and/or warrants in favour of staff and through the issue of convertible bonds and/or bonds with warrants.

The board of directors is granted the authority to limit or cancel the pre-emptive right in the interests of the company if the capital increase is implemented within the scope of the authorised capital.

The board of directors is authorised to limit or cancel the pre-emptive right in favour of one or more people, even if these people are not personnel of the company or its subsidiaries.

The general shareholders' meeting has expressly granted the board of directors the authority to increase the subscribed capital on one or more occasions as from the date of the notice from the Financial Services and Markets Authority (FSMA) to the company of a public takeover bid for the securities of the company, by means of monetary contributions with the cancellation or limitation of the existing shareholders' pre-emptive right or by means of non-monetary contributions in accordance with Article 607 of the Belgian Companies Code. This authorisation is valid for a period of three (3) years to be calculated from the publication of the resolution of the general shareholders' meeting of May 20, 2016 in the Annexes to the Belgian Official Journal.

If a capital increase is implemented by means of cash subscriptions with an issue premium, the board of directors will be authorised to stipulate that the issue premium will be earmarked for the non-distributable 'issue premiums' account, which will constitute a guarantee to third parties to the same extent as the registered capital and, except for the possibility of conversion into capital by the board of directors, may only be disposed of in accordance with the conditions laid down by the Belgian Companies Code for amendments to the articles of association.

The board of directors is authorised to amend the company's articles of association in accordance with the capital increase that was decided on within the scope of its authority.

**Purchase by the company of shares in its own capital**

The board of directors is authorised, in accordance with article 620 and following of the Company Code, to acquire shares, profit-sharing certificates or associated certificates of the company at the expense of the latter, if this acquisition is necessary to preventing the company from suffering imminent, serious damage. This authorisation is valid for a period of three (3) years to be calculated from the publication of the resolution of the extraordinary general shareholders' meeting of May 20, 2016 in the Annexes to the Belgian Official Journal. This authorisation can be renewed for periods of three (3) years. Insofar as allowable by law (among others article 622 of the Company Code), the authorisation to transfer ownership is valid without limitation in time.

[The arrangement provided for in this second paragraph of the Temporary provisions - regarding the acquisition of own shares - of the articles of association of the company is not repeated here since it was withdrawn by a decision of the EGM dated 18 May 2018 and replaced by a new arrangement - see below].

The board of directors is authorised, in accordance with article 622 §2 of the Belgian Companies Code, to transfer ownership of own shares:

(i) in the framework of transactions, such as takeovers or acquisition of tangible or intangible assets, opportune for the strategic development of the company, and at a price at least equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the transaction, decreased with ten percent (10%) and at most equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the transaction, increased with ten percent (10%);

(ii) in the framework of exercising stock options granted to the personnel of the company or its subsidiaries or self-employed service providers with a high management position within the company or its subsidiaries, and at a price of the option at least equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the granting of the options, decreased with ten percent (10%) and at most equal to the average closing quote of the share of the most recent thirty (30) calendar days preceding the granting of the options, increased with ten percent (10%);

(iii) in the framework of article 3, paragraph 2 of the warrant plan of 28 January 2013 and for the price of the warrants.

On 18 May 2018, the extraordinary general shareholders' meeting decided to withdraw, except in the event of necessity to prevent a serious and imminent disadvantage for the company, the existing authorisation granted to the board of directors to acquire own shares and to replace it with the following authorisation: The board of directors is authorised, in accordance with article 620 et seq. of the Companies Code, to acquire, through purchase or exchange, shares, profit-sharing certificates or depositary receipts relating thereto in the company for the account of the latter, at a unit price that may not be lower than the accounting par value and not higher than twenty percent (20%) above the highest closing quote for the share over the most recent twenty (20) trading days preceding the transaction. The restriction of Article 620, §1, 2° of the Companies Code applies to this authorisation. The authorisation to acquire applies for a period of five (5) years starting from the publication in the annexes to the Belgian Official Journal of the decision of the extraordinary general shareholders' meeting of 18 May 2018. This authorisation may be renewed for periods of five (5) years. To the extent permitted by law (and in particular by article 622 of the Companies Code), the authorisation to alienate shall apply without time limitation.

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Resilux NV specialises in the manufacture and sales of PET preforms and bottles. These preforms and bottles are used for the packaging of water, soft drinks, edible oils, ketchup, detergents, milk, beer, wine, fruit juices and other applications. As from 1 October 2017, Resilux extended its core business with PET recycling activities, located in Switzerland. Resilux NV originally was a family business, and was established in 1994. Since 3 October 1997, Resilux NV has been quoted on Euronext Brussels. Resilux NV has production units in Belgium, Spain, Switzerland, Greece, Russia, Hungary, Serbia and in the U.S.