

# Q3

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



INNOVATIVE  
PACKAGING  
LEADERS

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IPL Plastics Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

For the three and nine-month periods ended September 30, 2018 and 2017 (unaudited)

(\$'000, unless otherwise stated)	Notes	Three months ended September 30		Nine months ended September 30	
		2018	2017	2018	2017
<b>Continuing operations</b>					
Revenue	2	\$169,173	\$157,516	\$495,786	\$402,446
Cost of sales		(141,172)	(124,935)	(412,243)	(318,528)
<b>Gross profit</b>		<b>28,001</b>	32,581	<b>83,543</b>	83,918
Operating expenses (net)		(17,721)	(16,909)	(53,995)	(46,185)
Initial public offering and related costs	3	—	—	(9,923)	—
Business reorganization and integration costs	3	(2,462)	(2,914)	(5,834)	(7,258)
<b>Operating profit</b>		<b>7,818</b>	12,758	<b>13,791</b>	30,475
Other (expenses)/income (net)		(205)	910	(170)	1,678
Share of profit of equity-accounted investees	4	1,147	1,448	1,953	2,010
Finance costs (net)	5	(2,586)	(4,755)	(12,476)	(10,681)
Refinancing transaction costs	3	(897)	—	(5,658)	—
<b>Income/(loss) before income taxes</b>		<b>5,277</b>	10,361	<b>(2,560)</b>	23,482
Income taxes (charge)/credit	6	(517)	(3,137)	6,165	(6,260)
<b>Income from continuing operations</b>		<b>4,760</b>	7,224	<b>3,605</b>	17,222
<b>Discontinued operations</b>					
Profit/(loss) from discontinued operations	7	—	257	—	(83)
<b>Net income: all attributable to equity holders of the parent</b>		<b>\$4,760</b>	\$7,481	<b>\$3,605</b>	\$17,139
<b>Earnings per share</b>					
Basic earnings per share (in \$)	8	0.09	0.24	0.08	0.55
Diluted earnings per share (in \$)	8	0.09	0.23	0.08	0.53
<b>Earnings per share – continuing operations</b>					
Basic earnings per share (in \$)	8	0.09	0.23	0.08	0.55
Diluted earnings per share (in \$)	8	0.09	0.22	0.08	0.53

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IPL Plastics Inc.

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OTHER COMPREHENSIVE INCOME**

For the three and nine-month periods ended September 30, 2018 and 2017 (unaudited)

(\$'000)	Note	Three months ended September 30 2018	September 30 2017	Nine months ended September 30 2018	September 30 2017
<b>Other comprehensive income</b>					
Net income for the period		<b>\$4,760</b>	\$7,481	<b>\$3,605</b>	\$17,139
<b>Items that are or may be reclassified to profit and loss</b>					
Foreign operations – foreign currency translation adjustments (“FCTA”)		<b>2,052</b>	(1,160)	<b>(3,411)</b>	5,391
Effective portion of changes in fair value of cash flow hedges		—	—	<b>(1,159)</b>	—
Share of equity-accounted investees’ other comprehensive income	4	—	(28)	—	(349)
Available-for-sale financial assets – net change in fair value		<b>(503)</b>	(400)	<b>(3,070)</b>	(1,832)
Translation reserve reclassification to consolidated statements of income on disposal of subsidiary	7	—	—	—	(1,018)
<b>Other comprehensive (loss)/income</b>		<b>1,549</b>	(1,588)	<b>(7,640)</b>	2,192
<b>Total other comprehensive (loss)/income</b>		<b>1,549</b>	(1,588)	<b>(7,640)</b>	2,192
<b>Total comprehensive (loss)/income: all attributable to equity holders of the parent</b>		<b>\$6,309</b>	\$5,893	<b>\$(4,035)</b>	\$19,331

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IPL Plastics Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at September 30, 2018 and December 31, 2017 (unaudited)

(\$'000)	Notes	September 30, 2018	As Restated December 31, 2017
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$56,046	\$47,609
Trade and other receivables		117,237	79,087
Derivative financial assets	9	333	1,324
Inventories		88,680	82,833
		<u>262,296</u>	<u>210,853</u>
<b>Non-current assets</b>			
Trade and other receivables		14,548	13,935
Available-for-sale financial assets	9	—	4,104
Equity-accounted investees	4	5,651	3,519
Property, plant and equipment	10	262,400	257,421
Investment property		1,255	1,657
Goodwill and intangible assets	11	238,579	248,640
Deferred tax assets		5,213	6,229
		<u>527,646</u>	<u>535,505</u>
<b>Total assets</b>		<u>789,942</u>	<u>746,358</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Loans and borrowings	12	130	28,841
Trade and other payables		111,426	118,121
Income taxes payable	6	360	5,566
Deferred contingent consideration	13	—	61
Government grants		685	525
Derivative financial liabilities	9	431	—
Provisions		2,399	3,344
		<u>115,431</u>	<u>156,458</u>
<b>Non-current liabilities</b>			
Loans and borrowings	12	274,219	292,910
Trade and other payables		3,638	3,128
Deferred contingent consideration	13	—	143,622
Government grants		2,469	3,014
Provisions		4,054	3,039
Deferred tax liabilities		41,600	44,504
		<u>325,980</u>	<u>490,217</u>
<b>Total liabilities</b>		<u>441,411</u>	<u>646,675</u>
<b>Shareholders' equity</b>			
Share capital	14	378,216	117,212
Other reserves		(37,799)	(123,283)
Retained earnings		8,114	105,754
<b>Total shareholders' equity</b>		<u>348,531</u>	<u>99,683</u>
<b>Total liabilities and shareholders' equity</b>		<u>\$789,942</u>	<u>\$746,358</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IPL Plastics Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the nine-month period ended September 30, 2018 (unaudited)

(\$'000)	Share capital	Translation reserve	Share-based payment reserve	Available-for-sale reserve	Convertible loan note reserve	Other equity reserve	Retained earnings	Total
<b>Balance at January 1, 2018</b>	\$117,212	\$(33,658)	\$2,362	\$207	\$100	\$(92,294)	\$105,754	\$99,683
<b>Total comprehensive income</b>								
Net income for the period	—	—	—	—	—	—	3,605	3,605
Other comprehensive income								
Effective portion in changes in fair value of cash flow hedges	—	(1,159)	—	—	—	—	—	(1,159)
Currency translation adjustments	—	(3,411)	—	—	—	—	—	(3,411)
Revaluation losses on available-for-sale assets	—	—	—	(3,070)	—	—	—	(3,070)
Realized loss on sale of available-for-sale assets	—	—	—	2,863	—	—	(2,863)	—
<b>Total other comprehensive income</b>	—	(4,570)	—	(207)	—	—	(2,863)	(7,640)
<b>Total comprehensive income</b>	—	(4,570)	—	(207)	—	—	742	(4,035)
Fair value and translation movement in respect of put liability								
Decrease in fair value of put liability on settlement relating to acquired subsidiary undertaking	—	3,438	—	—	—	92,294	(89,999)	5,733
Translation difference in respect of put liability relating to subsidiary undertaking	—	(5,733)	—	—	—	—	—	(5,733)
<b>Total fair value and translation movement in respect of put liability</b>	—	(2,295)	—	—	—	92,294	(89,999)	—
Contributions and distributions								
Issue of ordinary shares – settlement of put liability	140,586	—	—	—	—	—	—	140,586
Issue of new shares from Initial public offering and over-allotment	144,851	—	—	—	—	—	—	144,851
Share issuance costs	(12,861)	—	—	—	—	—	—	(12,861)
Buy back liability	(13,046)	—	—	—	—	—	(8,211)	(21,257)
Exercise of share options	568	—	(140)	—	—	—	140	568
Conversion of convertible loan notes	906	—	—	—	—	—	(446)	460
Reclass from share based payment reserve – lapsed share options	—	—	(134)	—	—	—	134	—
Equity-settled share-based payment reserve – charge for period	—	—	536	—	—	—	—	536
<b>Total contributions and distributions</b>	261,004	—	262	—	—	—	(8,383)	252,883
<b>Total transactions with owners of the Company</b>	261,004	(2,295)	262	—	—	92,294	(98,382)	252,883
<b>Balance at September 30, 2018</b>	\$378,216	\$(40,523)	\$2,624	—	\$100	—	\$8,114	\$348,531

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IPL Plastics Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY – (continued)

For the nine-month period ended September 30, 2017 (unaudited)

(\$'000)	Share capital	Translation reserve	Share-based payment reserve	Available-for-sale reserve	Convertible loan note reserve	Other equity reserve	Retained earnings	Total
<b>Balance at January 1, 2017</b>	\$116,639	\$(38,606)	\$1,971	\$2,574	\$100	\$(43,937)	\$86,314	\$125,055
<b>Total comprehensive income</b>								
Net income for the period	—	—	—	—	—	—	17,139	17,139
<b>Other comprehensive income</b>								
Currency translation adjustments	—	5,391	—	—	—	—	—	5,391
Transfer of FCTA to consolidated statements of income on disposal of foreign operations	—	(1,018)	—	—	—	—	—	(1,018)
Recycling of FCTA on disposal of subsidiaries	—	3,536	—	—	—	—	(3,536)	—
Revaluation losses on available-for-sale assets	—	—	—	(1,832)	—	—	—	(1,832)
Share of equity-accounted investees' other comprehensive income	—	—	—	—	—	—	(349)	(349)
<b>Total other comprehensive income</b>	—	7,909	—	(1,832)	—	—	(3,885)	2,192
<b>Total comprehensive income</b>	—	7,909	—	(1,832)	—	—	13,254	19,331
<b>Fair value and translation movement in respect of put liability</b>								
Increase in fair value of put liability relating to acquired subsidiary undertaking	—	—	—	—	—	(28,884)	—	(28,884)
Translation difference in respect of put liability relating to subsidiary undertaking	—	(385)	—	—	—	—	—	(385)
<b>Total fair value and translation movement in respect of put liability</b>	—	(385)	—	—	—	(28,884)	—	(29,269)
<b>Contributions and distributions</b>								
Equity-settled share-based payment reserve – charge for period	—	—	278	—	—	—	—	278
Issue of ordinary shares	—	—	—	—	—	—	—	—
Issue of ordinary shares – exercise of options	390	—	(94)	—	—	—	—	296
<b>Total contributions and distributions</b>	390	—	184	—	—	—	—	574
<b>Total transactions with owners of the Company</b>	390	(385)	184	—	—	(28,884)	—	(28,695)
<b>Balance at September 30, 2017</b>	\$117,029	\$(31,082)	\$2,155	\$742	\$100	\$(72,821)	\$99,568	\$115,691

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

IPL Plastics Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the three and nine-month periods ended September 30, 2018 and 2017 (unaudited)

(\$'000)	Notes	Three months ended September 30		Nine months ended September 30	
		2018	2017	2018	2017
<b>Net cash flows from/(used in) operating activities before working capital movements</b>	15	<b>\$11,422</b>	\$21,359	<b>\$47,442</b>	\$54,589
Movements in working capital	15	<b>5,199</b>	1,905	<b>(50,607)</b>	(38,991)
<b>Net cash flows from/(used in) operating activities</b>		<b>16,621</b>	23,264	<b>(3,165)</b>	15,598
<b>Cash flows used in investing activities</b>					
Proceeds from sale of property, plant and equipment and intangible assets		<b>520</b>	—	<b>2,286</b>	252
Disposal/discontinuation of subsidiary undertakings		<b>205</b>	1,051	<b>317</b>	43,033
Dividends received from available-for-sale financial assets and equity-accounted investees		—	7,139	—	7,452
Disposal of available-for-sale financial asset		<b>1,112</b>	—	<b>1,112</b>	—
Proceeds received from sale of investment property and property held for sale		<b>347</b>	—	<b>347</b>	425
Acquisition of property, plant and equipment and intangible assets		<b>(9,705)</b>	(11,685)	<b>(44,161)</b>	(34,488)
Acquisition of subsidiary undertakings, including associated costs and net of cash acquired		<b>(135)</b>	(145)	<b>(536)</b>	(125,845)
Deferred consideration paid		—	(93)	<b>(79)</b>	(298)
Grant received		<b>209</b>	—	<b>209</b>	626
<b>Net cash flows used in investing activities</b>		<b>(7,447)</b>	(3,733)	<b>(40,505)</b>	(108,843)
<b>Cash flows used in/from financing activities</b>					
Finance costs paid		<b>(4,463)</b>	(5,105)	<b>(10,221)</b>	(10,345)
Net proceeds from equity issued (excluding share buy-back)		<b>5,720</b>	60	<b>132,749</b>	296
Share buy-back		<b>(21,440)</b>	—	<b>(21,440)</b>	—
Drawdown of borrowings		<b>35,151</b>	29,376	<b>430,715</b>	170,830
Repayment of borrowings		<b>(139,464)</b>	(61,638)	<b>(472,430)</b>	(82,422)
<b>Net cash used in/from financing activities</b>		<b>(124,496)</b>	(37,307)	<b>59,373</b>	78,359
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(115,322)</b>	(17,776)	<b>15,703</b>	(14,886)
Cash and cash equivalents at beginning of period		<b>170,624</b>	47,425	<b>47,609</b>	41,479
Effect of movements in exchange rates on cash held		<b>744</b>	1,721	<b>(7,266)</b>	4,777
<b>Cash and cash equivalents at period end</b>		<b>\$56,046</b>	\$31,370	<b>\$56,046</b>	\$31,370

The accompanying notes are an integral part of these condensed consolidated interim financial statements.



**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

*(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)*

**1 GENERAL INFORMATION, BASIS OF PREPARATION AND USE OF JUDGEMENTS AND ESTIMATES**

IPL Plastics Inc. (the 'Company') is incorporated in Canada. The financial statements for the period ended September 30, 2018 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group,' 'IPLP,' or 'IPL Plastics') and show the Group's interests in its equity-accounted investees under the equity method of accounting. Following the reorganization (outlined below), the unaudited condensed interim financial statements of IPLP are prepared on the basis that the company is a continuation of IPL Plastics Limited, previously known as IPL Plastics plc ("**IPL plc**"), reflecting the substance of the scheme of arrangement outlined below.

**Scheme of Arrangement**

IPLP Plastics Inc. was incorporated under the Canada Business Corporations Act on April 16, 2018 and became the holding company of IPL plc on June 19, 2018. This corporate restructuring was implemented by means of a scheme of arrangement under Chapter 1 of Part 9 of the Companies Act 2014 of Ireland (the "**Scheme**") which was approved by IPL plc shareholders on May 17, 2018 and by the High Court of Ireland on June 14, 2018.

As a result of the Scheme of Arrangement becoming effective, all IPL plc shareholders became shareholders of IPLP by exchanging their respective ordinary shares of IPL plc for Class B common shares on the basis of five shares in IPL plc for one Class B common share in the Company.

As a result of the closing of the initial public offering ("**IPO**"), on the date that is six months following closing (December 28, 2018), all of the issued and outstanding Class B common shares will be automatically converted into common shares, on a one-for-one basis.

**Initial public offering**

On June 28, 2018, the initial public offering of our common shares closed at a price of C\$13.50 per share. 13,200,000 shares were sold under the IPO for total gross proceeds of \$134.5 million (C\$178.2 million). On July 27, 2018, the Underwriters through the over-allotment option purchased an additional 1,000,000 common shares at a price of \$13.50 per common share and for further gross proceeds of \$10.3 million (C\$13.5 million). The Company paid the Underwriters' commission with respect to the IPO and the shares issued pursuant to the exercise of the over-allotment option. The common shares are listed for trading on the Toronto Stock Exchange under the symbol "IPLP".

In connection with the IPO, each holder of Class B common shares was entitled to elect to tender for redemption by IPL Plastics Inc. (subject to the tenders made by other shareholders of IPL plc) all or any portion of the Class B common shares they would receive at the time the Scheme of Arrangement became effective at the same price as the initial public offering common share price of C\$13.50 ("**Buy-Back Option**"). An aggregate of 2,085,678 Class B common shares were tendered under the Buy-Back Option representing a total redemption price of C\$28.2 million. On July 11, 2018, the Company used C\$28.2 million (\$21.3 million) of the proceeds from the IPO to redeem Class B common shares pursuant to the Buy-Back Option.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

*(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)*

**1 GENERAL INFORMATION, BASIS OF PREPARATION AND USE OF JUDGEMENTS AND ESTIMATES (Continued)**

**Reporting entity**

Considering the corporate reorganization and the fact that the Company obtained control of IPL plc by issuing equity instruments in exchange for existing equity instruments of IPL plc, that the assets and liabilities of the IPL Plastics Inc. and IPL plc are the same immediately before and after the reorganization and the owners of IPL plc before the reorganization have the same interests in the net assets of IPL plc and IPL Plastics Inc. immediately before and after the reorganization, the historical financial statements of IPL Plastics Inc. before and after its incorporation are prepared as a continuation of the consolidated financial statements of IPL plc, reflecting the historical carrying value of asset and liabilities of IPL plc and the equity instruments of IPLP.

**Statement of compliance and basis of presentation**

The unaudited condensed consolidated interim financial information, which is presented in U.S. dollars ("USD" or "\$"), included in this report has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ('IAS 34') as issued by the International Accounting Standards Board ("IASB"). All references to "\$" and "US\$" are to U.S. dollars and all references to "C\$", "£" and "€", are to Canadian dollars, Pounds sterling and euros, respectively.

This report should be read in conjunction with the consolidated financial statements of IPL plc for the year ended December 31, 2017, included in the prospectus dated June 21, 2018. The accounting policies, methods of computation and presentation including the associated basis of determination of judgments, estimates and assumptions as adopted in the preparation of the interim financial information are consistent with those described and applied in the IPL plc Annual Report for the financial year ended December 31, 2017, except as described below:

- Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected annual earnings.
- The Group elected to adopt the new general hedge accounting model in IFRS 9 effective April 1, 2018. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. To the extent that the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income ("OCI") and accumulated in the translation reserve. Any remaining differences (being the ineffective portion) are recognized in profit or loss. Following the completion of the Scheme of arrangement on June 19, 2018, hedge accounting was no longer considered appropriate to apply and this treatment was discontinued.

IFRSs issued and effective from January 1, 2018 do not have a significant effect on the interim financial information included in this report. The interim financial information includes all adjustments that management considers necessary for a fair presentation of such financial information. All such adjustments are of a normal recurring nature. Certain tables in this interim financial information may not add precisely due to rounding.

The Company adopted *IFRS 9 Financial Instruments*, which addresses the classification, measurement and recognition of financial assets and liabilities, effective January 1, 2018. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IPLP elected to adopt an accounting policy during Q2 2018 up to the date of the scheme of arrangement, to record

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

**1 GENERAL INFORMATION, BASIS OF PREPARATION AND USE OF JUDGEMENTS AND ESTIMATES (Continued)**

gains and losses on quoted investments through other comprehensive income. Adoption of the *IFRS 9 Financial Instruments* has resulted in no significant change to the financial position. The change in the fair value of the cash flow hedges have been recorded in equity.

The Company adopted *IFRS 15 Revenue from Contracts with Customers*, which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures, effective January 1, 2018. The Standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard does not have a significant impact on the Company's financial statements.

The financial position of the Group, its cash generation, capital resources and liquidity continue to provide a stable financing platform. Having made enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated interim financial statements.

The unaudited and condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on November 8, 2018.

**Judgements and estimates**

In preparing these unaudited condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2017.

**The business**

We operate our business and reporting segments across our three-primary market-facing activities; Consumer Packaging Solutions ("**CPS**"), which serves the North American, European and Chinese markets, Large Format Packaging and Environmental Solutions ("**LF&E**"), which serves the North American and European markets and Returnable Packaging Solutions ("**RPS**"), which was formed through the acquisition of Macro Plastics, Inc. ("Macro") in June 2017.

The principal non-USD currencies applicable to the Group are Pound Sterling, Canadian Dollar, Chinese Renminbi and euro. The average and closing rates to the U.S. dollar for these currencies were:

	Three-month Average rate		Nine-month Average rate		Closing rate	
	2018	2017	2018	2017	2018	2017
Pound Sterling	<b>0.7674</b>	0.7644	<b>0.7400</b>	0.7839	<b>0.7665</b>	0.7469
Canadian Dollar (C\$)	<b>1.3077</b>	1.2545	<b>1.2870</b>	1.3058	<b>1.3013</b>	1.2440
Chinese Renminbi	<b>6.8063</b>	6.6724	<b>6.5117</b>	6.6900	<b>6.8817</b>	6.6520
Euro	<b>0.8599</b>	0.8517	<b>0.8371</b>	0.8982	<b>0.8639</b>	0.8470

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

*(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)*

**2. OPERATING SEGMENTS**

The Board of IPL Plastics Inc. is deemed the chief operating decision maker (“**CODM**”) within the Group. The Group is organized into three strategic business units, which are its reportable segments. These segments offer different products and services and are managed separately. The Board reviews quarterly internal management reports of each business unit. Effective January 1, 2018, the Group realigned its operating segments to align with and underpin the Group’s strategy of focused growth and development through organic and acquisition led initiatives, and to support the efforts to achieve synergies and leverage expertise across our business, by structuring the Company and our operating segments across our three-primary market facing activities; LF&E, CPS and RPS.

The following summary describes the operations of each reportable segment.

<b>Reportable segment</b>	<b>Operations</b>
Large Format Packaging and Environmental Solutions	This segment comprises the manufacture of a range of large containers, crates and pails for the food, environmental, industrial, agricultural and retail end-markets in North America and Europe.
Consumer Packaging Solutions	This segment primarily consists of value-add specialty, customized thin-wall injection molded containers, lids and overcaps primarily for branded and private label consumer products customers and custom packaging solutions in North America, Europe and China.
Returnable Packaging Solutions	This segment is primarily in the manufacture and sale of rigid plastic bulk packaging components and instruments to the agriculture and automotive sectors primarily in the USA. This segment was formed following the acquisition of Macro Plastics, Inc. in June 2017.

The CODM monitors the results of the reportable segments separately in order to allocate resources between them and assess performance. Segmental performance is predominantly evaluated based on Adjusted EBIT and Adjusted EBITDA.

**Information about reportable segments**

Information related to each reportable segment is set out below. Segmental performance is evaluated based on Revenue, Adjusted EBIT and Adjusted EBITDA. The Board believes that Adjusted EBIT/EBITDA, while not defined under IFRS, provides a fair reflection of the underlying trading performance of the Group. Adjusted EBITDA consists of income from continuing operations before income taxes, net finance costs, share of profit of equity-accounted investees, refinancing transaction costs, business reorganization and integration costs, initial public offering and related costs, depreciation and amortization, and other income/(expenses). Adjusted EBIT is Adjusted EBITDA as described, less depreciation and amortization. Adjusted EBIT and Adjusted EBITDA are therefore measured differently from net income or operating profit in the unaudited condensed consolidated interim financial statements as explained and reconciled to income from continuing operations in the table below.

**IPL Plastics Inc.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

**2. OPERATING SEGMENTS (Continued)**

(\$'000)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Income from continuing operations	<b>\$4,760</b>	\$7,224	<b>\$3,605</b>	\$17,222
<b>Adjusted for</b>				
Other (income)/expenses (net)	<b>205</b>	(910)	<b>170</b>	(1,678)
Share of profit of equity-accounted investees	<b>(1,147)</b>	(1,448)	<b>(1,953)</b>	(2,010)
Finance costs (net)	<b>2,586</b>	4,755	<b>12,476</b>	10,681
Refinancing transaction costs	<b>897</b>	—	<b>5,658</b>	—
Income taxes expense/(credit)	<b>517</b>	3,137	<b>(6,165)</b>	6,260
<b>Operating profit</b>	<b>7,818</b>	12,758	<b>13,791</b>	30,475
Initial public offering and related costs	—	—	<b>9,923</b>	—
Business reorganization and integration costs	<b>2,462</b>	2,914	<b>5,834</b>	7,258
<b>Adjusted EBIT</b>	<b>10,280</b>	15,672	<b>29,548</b>	37,733
Depreciation and amortization	<b>10,241</b>	9,862	<b>30,825</b>	23,191
<b>Adjusted EBITDA</b>	<b>\$20,521</b>	\$25,534	<b>\$60,373</b>	\$60,924

**IPL Plastics Inc.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

**2. OPERATING SEGMENTS (Continued)**

	Three months ended September 30									
	LF&E		CPS		RPS		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(\$'000)										
<b>External revenues</b>	<b>\$84,780</b>	\$84,149	<b>\$46,180</b>	\$40,374	<b>\$32,544</b>	\$27,121	<b>\$5,669</b>	\$5,872	<b>\$169,173</b>	\$157,516
Adjusted EBITDA	<b>8,812</b>	10,957	<b>7,815</b>	7,798	<b>4,702</b>	6,981	<b>(808)</b>	(202)	<b>20,521</b>	25,534
Depreciation and amortization	<b>(4,531)</b>	(4,131)	<b>(3,177)</b>	(2,928)	<b>(2,370)</b>	(2,663)	<b>(163)</b>	(140)	<b>(10,241)</b>	(9,862)
<b>Adjusted EBIT</b>	<b>4,281</b>	6,826	<b>4,638</b>	4,870	<b>2,332</b>	4,318	<b>(971)</b>	(342)	<b>10,280</b>	15,672
Business reorganization and integration costs (note 3)	—	—	—	—	—	—	—	—	<b>(2,462)</b>	(2,914)
Other (expenses)/income (net)	—	—	—	—	—	—	—	—	<b>(205)</b>	910
Share of profit of equity-accounted investees (note 4)	—	—	—	—	—	—	—	—	<b>1,147</b>	1,448
Finance costs (net) (note 5)	—	—	—	—	—	—	—	—	<b>(2,586)</b>	(4,755)
Refinancing transaction costs (note 3)	—	—	—	—	—	—	—	—	<b>(897)</b>	—
Income taxes (note 6)	—	—	—	—	—	—	—	—	<b>(517)</b>	(3,137)
Loss from discontinued operations (note 7)	—	—	—	—	—	—	—	—	—	257
<b>Net income for the period</b>	—	—	—	—	—	—	—	—	<b>4,760</b>	7,481
<b>Other segment information</b>										
Capital additions	<b>7,155</b>	8,696	<b>2,222</b>	5,427	<b>2,232</b>	510	<b>142</b>	213	<b>11,751</b>	14,846
									<b>September 30</b>	<b>December 31,</b>
									<b>2018</b>	<b>2017</b>
Total current assets	—	—	—	—	—	—	—	—	<b>262,296</b>	210,853
Total current liabilities	—	—	—	—	—	—	—	—	<b>(115,431)</b>	(156,458)
<b>Total net current assets</b>	—	—	—	—	—	—	—	—	<b>146,865</b>	54,395

**IPL Plastics Inc.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

**2. OPERATING SEGMENTS (Continued)**

(\$'000)	Nine months ended September 30									
	LF&E		CPS		RPS		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>External revenues</b>	<b>\$247,076</b>	\$232,346	<b>\$140,551</b>	\$119,017	<b>\$89,060</b>	\$34,247	<b>\$19,099</b>	\$16,836	<b>\$495,786</b>	\$402,446
Adjusted EBITDA	<b>25,755</b>	30,675	<b>23,706</b>	22,428	<b>13,216</b>	9,283	<b>(2,304)</b>	(1,462)	<b>60,373</b>	60,924
Depreciation and amortization	<b>(13,576)</b>	(11,520)	<b>(9,626)</b>	(8,409)	<b>(7,242)</b>	(2,875)	<b>(381)</b>	(387)	<b>(30,825)</b>	(23,191)
<b>Adjusted EBIT</b>	<b>12,179</b>	19,155	<b>14,080</b>	14,019	<b>5,974</b>	6,408	<b>(2,685)</b>	(1,849)	<b>29,548</b>	37,733
Initial public offering and related costs (note 3)	—	—	—	—	—	—	—	—	<b>(9,923)</b>	—
Business reorganization and integration costs (note 3)	—	—	—	—	—	—	—	—	<b>(5,834)</b>	(7,258)
Other expenses/(income) (net)	—	—	—	—	—	—	—	—	<b>(170)</b>	1,678
Share of profit of equity-accounted investees (note 4)	—	—	—	—	—	—	—	—	<b>1,953</b>	2,010
Finance costs (net) (note 5)	—	—	—	—	—	—	—	—	<b>(12,476)</b>	(10,681)
Refinancing transaction costs (note 3)	—	—	—	—	—	—	—	—	<b>(5,658)</b>	—
Income taxes (note 6)	—	—	—	—	—	—	—	—	<b>6,165</b>	(6,260)
Loss from discontinued operations (note 7)	—	—	—	—	—	—	—	—	—	(83)
<b>Net income for the period</b>	<b>—</b>	—	<b>—</b>	—	<b>—</b>	—	<b>—</b>	—	<b>3,605</b>	17,139
<b>Other segment information</b>										
Capital additions	<b>15,226</b>	23,836	<b>12,522</b>	16,874	<b>8,714</b>	510	<b>338</b>	417	<b>36,800</b>	41,637
									<b>September 30</b>	<b>December 31</b>
									<b>2018</b>	<b>2017</b>
Total current assets	—	—	—	—	—	—	—	—	<b>262,296</b>	210,853
Total current liabilities	—	—	—	—	—	—	—	—	<b>(115,431)</b>	(156,458)
<b>Total net current assets</b>	<b>—</b>	—	<b>—</b>	—	<b>—</b>	—	<b>—</b>	—	<b>146,865</b>	54,395

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 3. TRANSACTION, REORGANIZATION AND INTEGRATION COSTS

Transaction, reorganization and integration costs consists of initial public offering and related costs, business reorganization and integration costs, and refinancing transaction costs. In accordance with the Group's accounting policy, the following items have been presented separately in the condensed consolidated interim statements of income:

(\$'000)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
<b>Initial public offering and related costs</b>	—	—	<b>\$(9,923)</b>	—
<b>Business reorganization and integration costs</b>				
Acquisition related costs	(59)	(827)	(209)	(3,771)
Business reorganization costs	(2,403)	(2,087)	(5,625)	(3,487)
	<b>\$(2,462)</b>	<b>\$(2,914)</b>	<b>\$(5,834)</b>	<b>\$(7,258)</b>
<b>Refinancing transaction costs</b>	<b>(897)</b>	—	<b>(5,658)</b>	—
<b>Total Transaction, reorganization and integration Costs</b>	<b>\$(3,359)</b>	<b>\$(2,914)</b>	<b>\$(21,415)</b>	<b>\$(7,258)</b>

Transaction, reorganization and integration costs were \$3.4 million in Q3 2018 compared to \$2.9 million in Q3 2017, an increase of \$0.5 million.

Business, reorganization and integration costs were \$2.5 million in Q3 2018 compared to \$2.9 million in Q3 2017, a decrease of \$0.4 million. In Q3 2018, \$2.0 million was expensed in respect of business reorganization costs which were incurred in relation to the start-up and integration of the major capital expansion projects at our North American facilities. In Q3 2017, the business reorganization and integration costs related primarily to corporate reorganization, management restructuring and redundancies, and costs related to the acquisition of Macro. The movements in the year to date business, reorganization and integration costs are driven by the same movements driving the quarter on quarter costs.

During Q3 2018, the unsecured subordinated debentures of C\$45.0 million were repaid in full. In consideration for the early prepayment of these debentures a premium of \$0.3 million which was equal to 1% of the principal amount was paid to the debenture holders with the prepayment. In addition, the unamortized finance costs in respect of the unsecured subordinated debentures were expensed to the consolidated statements of income in Q3 2018. \$0.6 million is recognized within refinancing transaction costs in respect of these transactions.

As part of the bank refinancing that was completed in April 2018, the unamortized finance costs in respect of the repaid indebtedness of the Company under the previously existing Irish bank facility agreement and under the previously existing Canadian credit agreement, which amounted to \$4.8 million were expensed to the consolidated statements of income in Q2 2018 and recognized within refinancing transaction costs.

## 4. EQUITY-ACCOUNTED INVESTEEES

The Group has two associate undertakings; Altas Investments plc ("**Altas**") and Rilta Environmental Ltd ("**Rilta**"). The Group's interest in Altas and Rilta, both of which are unlisted, are set out below.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 4. EQUITY-ACCOUNTED INVESTEEES (Continued)

The Group holds a 23.6% shareholding in Altas, an Irish company whose principal activity is that of an investment holding company in the road and energy sectors. On the basis of representation on the Board since June 2012 and the Group's 23.6% shareholding in Altas, the Group is deemed to have significant influence over the relevant activities of Altas and therefore Altas is an associate undertaking of the Group. The carrying value of the Group's investment in Altas at September 30, 2018 is \$2.2 million.

The Group also holds a 25% interest in Rilta following the disposal of 75% of the Group's 100% shareholding effective January 1, 2017. Rilta is a Specialist Environmental Services ("SES") business that was part of the Group's ClearCircle operating segment in prior years. The 25% shareholding is retained by the Group under a five year put and call option agreement. The Group CEO, Alan Walsh is a Board member of Rilta since the date of disposal.

Under the terms of this agreement, the current holders of the other 75% shareholding in Rilta have the option to purchase the remaining shares. The Group has no entitlement to a share of the profits or losses of Rilta during this five-year agreement. The carrying value of Rilta as an equity-accounted investee at September 30, 2018 is \$3.5 million, which is the discounted fair value of the investment under the terms of the agreement.

<i>(\$'000)</i>	<b>Associates</b>
<b>Balance at January 1, 2017</b>	\$4,265
Interest arising on new associate undertaking	3,023
Share of profit, after tax	2,010
Share of other comprehensive income	(349)
Distribution received	(5,892)
Currency translation adjustment	408
<b>Balance at September 30, 2017</b>	3,465
Currency translation adjustment	54
<b>Balance at January 1, 2018</b>	3,519
Movement in fair value	340
Share of profit after tax	1,953
Currency translation adjustment	(161)
<b>Balance at September 30, 2018</b>	\$5,651

The investment in associates as stated above comprises entirely of an equity investment. The share of associate profits per the statement of income for Q3 2018 is \$1.1 million (Q3 2017: \$1.4 million) and the Group's share of other comprehensive expense is \$Nil (Q3 2017: \$0.0 million).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 5. FINANCE COSTS (NET)

(\$'000)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Financial liabilities measured at amortized cost – interest expense	\$2,739	\$4,703	\$12,937	\$10,534
Interest on deferred consideration	—	13	17	37
Unwind of discounts	(194)	—	(601)	—
Convertible loan note interest	41	39	123	110
<b>Total Finance costs (net)</b>	<b>\$2,586</b>	<b>\$4,755</b>	<b>\$12,476</b>	<b>\$10,681</b>

Net interest expense decreased by \$2.2 million to \$2.6 million in Q3 2018 (Q3 2017: \$4.8 million) due primarily to the effect of repaying a net amount of approximately \$70.0 million from the Revolving Credit Facility and the C\$45.0 million of unsecured subordinated debentures in Q3 2018.

As part of the bank refinancing that was completed in April 2018, the unamortized finance costs in respect of the repaid indebtedness of the Company under the previously existing Irish bank facility agreement and under the previously existing Canadian credit agreement which amounted to \$4.8 million were expensed to the consolidated statements of income in Q2 2018 and recognized within refinancing transaction costs. During Q3 2018, the unamortized finance costs in respect of the unsecured subordinated debentures of \$0.6 million and the prepayment premium of \$0.3 million, which was recognized with refinancing transaction costs.

## 6. INCOME TAXES

The income tax charge was recognized based on management's best estimate of the weighted average annual tax rate expected for the full financial year in accordance with the requirements of IAS 34. The net tax charge for Q3 2018 was \$0.5 million compared with a charge of \$3.1 million in Q3 2017, a decrease of \$2.6 million on the prior year. The reduced tax charge is driven primarily by a reduction in the profit before income taxes of \$5.1 million in Q3 2018 when compared to Q3 2017 and reassessment of tax risk accruals.

## 7. ASSETS AND LIABILITIES HELD FOR SALE

During April 2017 (effective January 1, 2017), the Group disposed of both its Irish and U.K. SES businesses. A loss of \$0.1 million was recognized in discontinued operations in YTD 2017, which includes the profit and loss recognized on the disposal of the separate Irish and U.K. SES businesses and the realization of the foreign currency translation reserve on disposal of the U.K. business.

As explained in Note 4, the Group continues to hold a 25% investment in Rilta Environmental Limited under a five-year put and call option agreement. Under the terms of this agreement, the current holders of the other 75% shareholding in Rilta have the option to purchase the remaining shares. The Group has no entitlement to a share of the profits or losses of Rilta during this five-year agreement and the Group's return is limited to the agreed option price plus a 10% compound interest charge over the life of the retained equity investment. The carrying value of this shareholding is \$3.5 million at September 30, 2018, which represents the discounted fair value of the investment under the terms of the agreement.

In addition to the put and call option, a portion of the disposal consideration takes the form of a \$5.8 million, 6% vendor loan note with a term of 5 years.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

*(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)***8. EARNINGS PER SHARE****(a) Basic earnings per share**

The 2017 earnings per share reflects historical earnings per share recast using the weighted average number of ordinary shares outstanding for the relevant period, after giving effect to the Scheme of Arrangement, which became effective on June 19, 2018, pursuant to which the holders of ordinary shares of IPL plc exchanged their shares for Class B common shares on the basis of five shares of IPL plc for one Class B common share. The calculation of basic earnings per share has been based on the income attributable to shareholders and weighted-average number of shares outstanding.

<i>(\$'000, unless otherwise stated)</i>	<i>Three months ended September 30</i>					
	<b>2018</b>			<b>2017 (Recasted)</b>		
	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>	Continuing operations	Discontinued operations	Total
<b>Net income attributable to shareholders</b>	<b>\$4,760</b>	—	<b>\$4,760</b>	\$7,224	\$257	\$7,481
<b>Number of shares in thousands:</b>						
Issued common shares at July 1	<b>52,563</b>	—	<b>52,563</b>	31,630	—	31,630
Weighted-average number of common shares issued	<b>627</b>	—	<b>627</b>	50	—	50
Weighted-average number of common shares at September 30	<b>53,190</b>	—	<b>53,190</b>	31,680	—	31,680
<b>Basic earnings per share (in \$)</b>	<b>0.09</b>	—	<b>0.09</b>	0.23	0.01	0.24

<i>(\$'000, unless otherwise stated)</i>	<i>Nine months ended September 30</i>					
	<b>2018</b>			<b>2017 (Recasted)</b>		
	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>	Continuing operations	Discontinued operations	Total
<b>Net income/(loss) attributable to shareholders</b>	<b>\$3,605</b>	—	<b>\$3,605</b>	\$17,222	\$(83)	\$17,139
<b>Number of shares in thousands:</b>						
Issued common shares at January 1	<b>31,719</b>	—	<b>31,719</b>	31,418	—	31,418
Weighted-average number of common shares issued	<b>11,613</b>	—	<b>11,613</b>	37	—	37
Weighted-average number of common shares at September 30	<b>43,332</b>	—	<b>43,332</b>	31,455	—	31,455
<b>Basic earnings per share (in \$)</b>	<b>0.08</b>	—	<b>0.08</b>	0.55	0.00	0.55

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 8. EARNINGS PER SHARE (Continued)

## (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the income attributable to ordinary shareholders noted in (a) above and the weighted-average number of shares outstanding after adjustment for the effects of all dilutive potential shares noted below:

(\$'000, unless otherwise stated)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
<b>Net income attributable to shareholders</b>	<b>\$4,760</b>	\$7,481	<b>\$3,605</b>	\$17,139
<b>Number of common shares in thousands:</b>				
Weighted-average number of common shares (basic)	<b>53,190</b>	31,680	<b>43,332</b>	31,455
Equity instruments with a dilutive effect – share options	<b>1,430</b>	1,244	<b>1,488</b>	1,192
<b>Weighted-average number of common shares (diluted) at September 30</b>	<b>54,620</b>	32,924	<b>44,820</b>	32,647
<b>Diluted earnings per share</b>	<b>0.09</b>	0.23	<b>0.08</b>	0.53
Diluted earnings per share (in \$) (continuing operations)	<b>0.09</b>	0.22	<b>0.08</b>	0.53
Diluted earnings per share (in \$) (discontinued operations)	—	0.01	—	—

## 9. FINANCIAL INSTRUMENTS

## Measurement of fair values and fair value hierarchy

The Group elected to adopt the new general hedge accounting model in IFRS 9 (effective April 1, 2018) to the date of the scheme of arrangement. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. To the extent that the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in OCI and accumulated in the translation reserve. Any remaining differences (being the ineffective portion) are recognized in profit or loss. Following the completion of the Scheme on June 19, 2018, hedge accounting was no longer considered appropriate to apply and this treatment was discontinued. There have been no other major changes to the methods and assumptions used in estimating the fair values of assets and liabilities as disclosed in note 35 to the IPL plc 2017 financial statements, which were included in the final prospectus issued on June 21, 2018.

As regards the fair value hierarchy, the Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 9. FINANCIAL INSTRUMENTS (Continued)

At September 30, 2018 and December 31, 2017, the Group recognized and measured the following financial instruments at fair value:

(\$'000)	Level 1	Level 2	Level 3	Total
<b>September 30, 2018</b>				
<b>Assets measured at fair value</b>	—	—	—	—
<b>Derivative financial assets</b>				
<i>At fair value through profit and loss</i>				
Interest rate swaps	—	\$297	—	\$297
Foreign exchange contracts	—	\$36	—	\$36
	—	\$333	—	\$333
<i>At fair value through other comprehensive income</i>				
<b>Liabilities measured at fair value</b>				
<i>Derivative financial liabilities At fair value through profit or loss</i>				
Foreign exchange contracts	—	\$(431)	—	\$(431)
<i>At fair value through other comprehensive income</i>				
<b>December 31, 2017</b>				
<b>Assets measured at fair value</b>				
<i>Available-for-sale</i>				
Available-for-sale financial assets	\$4,064	—	\$40	\$4,104
<b>Derivative financial assets At fair value through profit and loss</b>				
Foreign exchange contracts	—	\$1,324	—	\$1,324
<b>Liabilities measured at fair value</b>				
<i>At fair value through other comprehensive income</i>				
Deferred contingent consideration – Put Liability	—	—	\$(143,622)	\$(143,622)

## 10. PROPERTY, PLANT AND EQUIPMENT

During the three-month period to September 30, 2018, the Group had additions of \$11.8 million to property, plant and equipment and for the nine months to September 30, 2018, additions amounted to \$36.8 million (Q3 2017: \$14.8 million, nine months ended September 30, 2017: \$41.6 million). The cash outflow for the purchase of property, plant and equipment was \$9.7 million for the three-month period (Q3 2017: \$11.5 million) and \$44.2 million for the nine-month period ended September 30, 2018 (nine months ended September 30, 2017: \$34.5 million) which includes movement in capital creditors. The depreciation charge was \$8.5 million for the three-month period and \$25.8 million for the nine months to September 30, 2018 (Q3 2017: \$7.5 million, nine months ended September 30, 2017: \$19.2 million). Other movements include foreign currency exchange movements, which was a \$2.0 million gain for the three-month period and \$(4.4) million loss for the nine-month period to September 30, 2018 (Q3 2017: \$(5.1) million loss, nine months ended September 30, 2017: \$(13.7) million loss). Disposals were \$Nil for the three-month period and \$(1.6) million for the nine-month period to September 30, 2018 (Q3 2017: \$1.1 million, nine months ended September 30, 2017: \$1.4 million).

## 11. GOODWILL AND INTANGIBLE ASSETS

During the three-month period to September 30, 2018, the Group had additions of \$0.3 million to intangible assets and for the nine months to September 30, 2018, additions amounted to \$0.3 million (Q3 2017: \$Nil, nine months ended September 30, 2017: \$0.3 million). The

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

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(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 11. GOODWILL AND INTANGIBLE ASSETS (Continued)

amortization charge recognized for the three-month period ended September 30, 2018 was \$1.7 million and for the nine-month period \$5.0 million (Q3 2017: \$2.4 million, nine months ended September 30, 2017: \$4.0 million) with \$1.2 million of foreign exchange gains having been incurred in the three-month period and \$(5.2) million in the nine-month period to September 30, 2018 (Q3 2017: \$5.4 million, nine months ended September 30, 2017: \$14.4 million). No impairments were recognized during the periods. Disposals were \$(0.5) million for the three-month period and \$(0.1) million for the nine-month period to September 30, 2018 (Q3 2017: \$Nil, nine months ended September 30, 2017: \$Nil).

As part of the final fair value assessment of Macro Plastics, Inc. as at the date of acquisition, an adjustment was made to the fair value of goodwill of \$0.5 million. This related to additional accruals recognized at the acquisition date.

## 12. LOANS AND BORROWINGS

(\$'000)	September 30, 2018	December 31, 2017
<b>Current</b>		
Bank loans	—	28,181
Subordinated term borrowings from NCI's	—	546
Finance lease liabilities	130	114
<b>Total current loans and borrowings</b>	<b>130</b>	<b>\$28,841</b>
<b>Non-current</b>		
Bank loans	274,020	257,937
Subordinated term borrowings from NCI's	—	34,734
Finance lease liabilities	199	239
<b>Total non-current loans and borrowings</b>	<b>\$274,219</b>	<b>\$292,910</b>

The Group is primarily funded by committed bank facilities and free cash flow generated from operations.

On April 17, 2018, IPLP entered into a new €400 million (\$494.3 million), multi-currency banking facility, with a five-year term, with a syndicate of banks arranged by The Governor and Company of the Bank of Ireland and National Bank Financial Inc. The new facility combines a term loan facility of €110 million (\$135.9 million) with a Revolving Credit Facility of €290 million (\$358.4 million).

The Group's bank facilities are secured by charges on the assets of IPL Plastics Inc. and its subsidiary undertakings, subject to exceptions (the "**Subsidiary Guarantors**"). The Company and the Subsidiary Guarantors have provided first ranking security interests, first fixed and floating charges, or negative pledge agreements to the security agent for the benefit of the secured parties over all of their property, assets and undertaking. The Company and the Subsidiary Guarantors have also pledged, with few exceptions, all shares held by them as security.

The Group's bank borrowings are denominated in Euro, Pound Sterling, US dollar and Canadian dollar. Interest rates for euro, Pound Sterling, US dollar and Canadian dollar denominated loans under its committed facilities are based on the applicable margin for the facility and spread over EURIBOR interest rates, GBP LIBOR, US dollar LIBOR and CDOR, as applicable, for a minimum period of three months. The Group's Euro, Pound Sterling and US dollar denominated loans are at a variable interest rate whereas the Group's Canadian dollar loans are a mix of fixed and variable interest rates.

## IPL Plastics Inc.

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

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(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

#### 12. LOANS AND BORROWINGS (Continued)

The Group's committed banking facilities total \$463.0 million at September 30, 2018 (December 31, 2017: \$378.5 million). At September 30, 2018, the Group had net debt of \$219.7 million. Net debt is defined by the Group as loans and borrowings and convertible loan notes less cash and cash equivalents and excludes the Put liability.

Included in net debt are subordinated loans which amounted to \$Nil million (C\$Nil million) at September 30, 2018 (December 31, 2017: \$35.9 million) which were provided by certain shareholders of IPL Plastics Inc. On August 31, 2018 the unsecured subordinated debentures of C\$45.0 million were repaid in full. In consideration for the early prepayment of these debentures a premium equal to 1% of the principal amount was paid to the debenture holders.

#### 13. DEFERRED CONTINGENT CONSIDERATION

(\$'000)	September 30, 2018	December 31, 2017
Balance at beginning of period	\$143,683	\$76,568
Movement in put liability arising from fair value increase and accretion of interest	—	48,357
Put liability arising on business combination	—	9,963
Settlement of put liability	(145,916)	—
Interest charged to consolidated statements of income	17	50
Paid during the period	(79)	(435)
Currency translation adjustments	2,295	9,180
<b>Balance at period/year end</b>	<b>—</b>	<b>\$143,683</b>
Classified as current liabilities	—	\$61
Classified as non-current liabilities	—	\$143,622

The liability for deferred consideration at September 30, 2018 comprises \$Nil (December 31, 2017: \$143.6 million) included within non-current liabilities in respect of IPL Inc. and \$Nil (December 31, 2017: \$0.1 million) relating to Straight plc.

The Group's liability in respect of the 33.33% shareholding in IPL Inc. that it did not own at December 31, 2017 amounted to \$143.6 million and was known as the "Put Liability". The Put Liability was measured at fair value and represented the anticipated consideration required to acquire the IPL Inc. minority interests' shareholdings in July 2021 (date from when the put was to become exercisable), discounted to present value. This was prior to the reorganization completed on February 28, 2018.

On December 6, 2017, shareholders approved a reorganization of the existing IPL Inc. shareholding structure by agreeing to an exchange of the minority shareholders' equity interests in IPL Inc. for shares in the Company. On February 28, 2018, the minority shareholders' equity interests in IPL Inc. were exchanged for 47,238,242 shares in IPL plc, under the authority given by shareholders at the extraordinary general meeting on December 6, 2017. The completion of this transaction has the effect of settling the put liability from February 28, 2018. There was no significant difference between the fair value of the put liability at the exchange date and as at December 31, 2017. The excess of the fair value over the nominal value of the shares issued was accounted for through a merger relief reserve, in accordance with Irish Company Law. The merger relief reserve is included as part of share capital in IPLP.

**IPL Plastics Inc.****NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

As at and for the three-month and nine-month period ended September 30, 2018 (unaudited)

(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

**14. SHARE CAPITAL**

('000)	September 30, 2018
<b>Number of shares</b>	
Opening Shares at January 1 – IPL plc	158,593
Issue of ordinary shares – exercise of share options	1,039
Issue of ordinary shares – settlement of Put Liability	47,238
Issue of ordinary shares – redemption of convertible loan notes	375
Shares in issue at June 19, 2018 – IPL plc	207,245
Adjustment for Scheme of Arrangement (1 for 5 share exchange) <sup>(1)</sup>	41,449
Issue of common shares through IPO and over-allotment	12,114
Closing number of common and class B common shares at September 30, 2018	53,563

(1) After giving effect to the scheme of arrangement pursuant to which the holders of ordinary shares exchanged their shares for Class B common shares on the basis of five shares of IPL plc for one Class B common share in IPL Plastics Inc.

Share capital amounts:

(\$'000)	Share capital	Share premium	Other reserves	Total
Balance at January 1, 2018 – IPL plc	\$2,081	\$116,837	\$(1,706)	\$117,212
Issue of ordinary shares – exercise of share options	13	555	—	568
Issue of ordinary shares – settlement of put liability	577	—	140,009	140,586
Issue of ordinary shares – redemption of convertible loan notes	5	901	—	906
	\$2,676	\$118,293	\$138,303	\$259,272
Scheme of arrangement transfer from IPL plc				\$259,272
Issue of common shares through IPO and over-allotment of shares				144,851
Share issuance costs				(12,861)
Class B common shares to be redeemed as part of the buy-back option				(13,046)
<b>Closing balance at September 30, 2018</b>				<b>\$378,216</b>

As a result of the closing of the initial public offering (“IPO”), on the date that is six months following closing, all of the issued and outstanding Class B common shares will be automatically converted into common shares, on a one-for-one basis.

**Convertible loan notes**

In May and June 2018, €750,000 of the convertible loan notes (“CLN”) were redeemed in exchange for ordinary shares of IPL plc. These €750,000 CLN’s were converted to 375,000 ordinary shares at a price of €2.00 per share.



**IPL Plastics Inc.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

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(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

**14. SHARE CAPITAL (Continued)**

**Buy-back option**

On July 11, 2018, the Company used C\$28.2 million (\$21.3 million) of the proceeds from the IPO to redeem an aggregate of 2,085,678 Class B common shares pursuant to the Buy-Back Option.

The excess of \$8.3 million of the redemption price over the weighted average carrying value of the class B common shares redeemed of \$13.0 million has been recorded in retained earnings.

**15. CASH GENERATED FROM OPERATIONS**

(\$'000)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
<b>Net income for the financial period</b>	<b>\$4,760</b>	\$7,481	<b>\$3,605</b>	\$17,139
Adjustments for:				
Depreciation and amortization charges	10,241	9,862	30,825	23,191
Amortization of government grants	(128)	(107)	(380)	(290)
Exchange differences	(297)	181	(1,130)	223
Loss/(gain) on sale of property, plant and equipment	159	(146)	32	(344)
Gain on settlement of third party loan	—	—	—	(106)
Initial public offering and related costs	—	—	9,923	—
Payment of IPO related costs	(6,070)	—	(7,360)	—
Business reorganization and integration costs	(501)	614	355	3,641
Refinancing transaction costs	897	—	5,658	—
Net (loss)/gain on disposal of discontinued subsidiary undertakings	(205)	(257)	(205)	83
Finance costs (net)	2,586	4,755	12,476	10,681
Uplift in fair value of investment property	—	(483)	—	(483)
Income received from available-for-sale financial assets	—	(924)	—	(1,237)
Share of profit of equity-accounted investees	(1,147)	(1,448)	(1,953)	(2,010)
Movement on derivative financial instruments	763	(468)	1,388	(1,147)
Equity-settled share-based payment transactions	247	—	536	278
Onerous lease adjustment	—	—	—	(109)
Income taxes	517	3,137	(6,165)	6,260
Income taxes paid	(400)	(838)	(163)	(1,181)
<b>Net cash flows from/(used in) operating activities before working capital movements</b>	<b>11,422</b>	21,359	<b>47,442</b>	54,589
Changes in:				
Inventories	(885)	2,235	(9,493)	(13,180)
Trade and other receivables	774	2,262	(43,553)	(14,548)
Trade and other payables	5,310	(2,592)	2,439	(11,263)
<b>Total movements in working capital</b>	<b>5,199</b>	1,905	<b>(50,607)</b>	(38,991)
<b>Net cash flows from/(used in) operating activities</b>	<b>\$16,621</b>	\$23,264	<b>\$(3,165)</b>	\$15,598

## **IPL Plastics Inc.**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

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*(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)*

#### **16. RELATED PARTIES AND TRANSACTIONS**

##### **Transactions with equity-accounted investees**

Under IAS 24, the Group had a related party relationship with its associate undertaking, Altas Investments plc during the current and prior year.

The following transactions took place during the period between the Group and Altas Investments plc:

- Amounts totaling \$3,435 (Q3 2017: \$4,227) were paid to the Group by Altas for fees relating to membership of that company's Board of Directors by IPLP employees in Q3 2018. An amount of \$8,466 was owing at September 30, 2018 (September 30, 2017 \$Nil).

##### **Transactions with shareholders**

IPL Inc., a Canadian subsidiary of the Company had previously drawn down subordinated term debt of C\$45.0 million from *Caisse de depot et placement du Québec* ("CDPQ"), Fonds de solidarité des travailleurs du Québec (F.T.Q) ("FSTQ") and Investissement Québec ("IQ"). On August 31, 2018 the unsecured subordinated debentures of C\$45.0 million were repaid in full. In consideration for the early prepayment of these debentures a premium equal to 1% of the principal amount was paid to the debenture holders, pursuant to the terms of the debentures. In connection with the IPO, the Company entered into an Investor Rights Agreement with CDPQ, which became effective on June 28, 2018, the date the IPO closed.

#### **17. BUSINESS COMBINATIONS**

##### ***Macro Plastics, Inc.***

On June 9, 2017, the Group acquired 100% of the ordinary share capital of Macro Plastics, Inc. a US based business which is one of the largest manufacturers of rigid bulk bins worldwide and is a market leader in providing value added rigid plastic bulk packaging solutions to the agricultural and automotive sectors, and operates some of the largest bulk machines in North America. The fair value of the assets and liabilities acquired were provisional at December 31, 2017. Adjustments in the amount of \$0.5 million were made to the provisional fair values of goodwill as presented at December 31, 2017 during the period to June 30, 2018.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

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(In thousands of U.S. dollars except the number of shares and per share data and unless stated otherwise)

## 17. BUSINESS COMBINATIONS (Continued)

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

<i>(\$'000)</i>	<i>At June 9, 2017 As adjusted</i>
Property, plant and equipment	\$46,884
Intangible assets	34,148
Inventories	15,577
Trade and other receivables	15,392
Cash and cash equivalents	11,729
Prepayments	442
Trade and other payables and provisions	(21,981)
Loans and borrowings acquired	(23,334)
Income tax asset (net)	357
Deferred tax liability	(13,880)
<b>Total identifiable net assets acquired</b>	<b>65,334</b>
Consideration transferred at date of acquisition – cash	127,124
<b>Goodwill at date of acquisition</b>	<b>\$61,790</b>

## 18. CONTINGENCIES AND COMMITMENTS

There have been no significant changes in any of the Group's contingent assets or liabilities and commitments (including purchase commitments) requiring additional separate disclosure as at September 30, 2018.

## 19. SEASONALITY OF OPERATIONS

IPLP's business exhibits moderate seasonality driven by the seasonality of its customers' end markets. While certain variable costs of the Company can be managed to match seasonal patterns, a significant portion of our costs are fixed and cannot be adjusted for seasonality. For example, customers in the agricultural market are typically busiest through the second and third quarter of the year, which coincides with key produce growing seasons. Certain products in the food and consumer end-market, such as yogurt and ice cream, are also impacted by seasonality. Demand is typically strongest during the second and third quarters of the year. The number and timing of municipal and public council tenders fluctuates by year and is dependent on local micro economic conditions which can also cause variances in the operational performance of our LF&E environmental container business. For these reasons, IPLP's revenue and Adjusted EBITDA tend to be lower in the first and fourth quarters of each year when compared with the second and third quarters of such year.

## 20. COMPARATIVE NOTES

Comparative amounts have been regrouped, where necessary, on the same basis as in the current period.

