

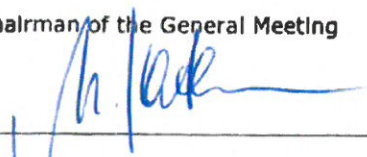
**Danapak Flexibles A/S
Strudsbergsvej 3
DK-4200 Slagelse**

***Central Business Registration
No 61 72 53 18***

Annual report 2017

The Annual General Meeting adopted the annual report on 24 April 2018.

Chairman of the General Meeting



Please note that Danish decimal and digit grouping symbols have been used in the Annual report.

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Danapak Flexibles A/S

Company details

Company

Danapak Flexibles A/S
Strudsbergsvej 3, DK-4200 Slagelse
Central Business Registration No: 61 72 53 18
Financial year: 1 January – 31 December
Registered in: Slagelse

Phone: +45 65 48 00 00
Internet: www.danapakflexibles.com
E-mail: info@danapakflex.com

Board of Directors

Michael Schemthaler
Sandra Konnertz
Lars W. Hylgaard
Ole Kokborg (ER)
Henrik Nordkvist (ER)

Executive Board

Lars W. Hylgaard

Company auditors

PriceWaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors

Today, the Executive Board and the Board of Directors have discussed and approved the annual report of Danapak Flexibles A/S for the financial year 1 January – 31 December 2017.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017.

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

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

Slagelse, 24 April 2018

Executive Board:



Lars W. Hyldgaard

Chief Executive Officer

Board of Directors:



Michael Scherthaner

Chairman



Lars W. Hyldgaard

Sandra Konnertz



Ole Kokborg



Henrik Nordkvist

Independent auditor's report

To the shareholders of Danapak Flexibles A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Danapak Flexibles A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Trekantsområdet, den 24 April 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jørgen Bunk Harbo Larsen
State Authorised Public Accountant
mne30224



Martin Langhoff Hansen
State Authorised Public Accountant
mne36027

Management's review

Financial highlights	2013	2014	2015	2016	2017
	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>
Key figures					
Revenue	388,8	367,2	373,2	369,8	401,5
EBITDA	19,7	11,0	15,5	26,9	23,1
Operating profit/loss (EBIT)	11,6	2,9	4,7	14,6	10,7
Net financials	-3,4	-5,1	-1,6	-2,5	-1,9
Result before tax (EBT)	8,2	-2,2	3,1	12,1	8,8
Net profit/loss for the year	21,5	1,0	4,6	9,6	6,7
Balance sheet					
Balance sheet total	214,3	195,4	232,9	217,9	236,7
Equity	46,4	93,0	97,7	106,9	113,8
Cash flows					
Investments in (items of) property, plant and equipment	6,0	11,8	4,4	8,6	8,2
Number of employees	198	187	176	179	187
Ratios					
EBIT-margin (%)	3,0	0,8	1,3	3,9	2,7
Return on Equity (%)	60,3	1,4	4,8	9,4	6,1
Equity share (%)	21,7	47,6	41,9	49,1	48,1

Financial- and key figures are calculated in accordance with "Recommendations and key figures 2015" of Finansforeningen and generally acknowledged calculations principles.

EBIT-margin $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Net turnover}}$

Return on Equity % $\frac{\text{Net result for the year} \times 100}{\text{Average equity}}$

Equity share $\frac{\text{Equity} \times 100}{\text{Balance sheet total}}$

Management's review

Primary activities

The activities of the Company are development, production and marketing of flexible packaging products primarily for the dairy, pharmaceutical, tobacco and food industries. The Company has its own Product Technology Centre, which is developing products for these sectors.

The Company's plant is located in Slagelse in Denmark. The plant meets the highest hygienic standards and is certified according to ISO9001, ISO22000, ISO50001 and Global Standard for Packaging and Packaging material (BRC/IOP).

Equity and Ownership

The company is owned by Schur Flexibles Holding GesmbH, Austria.

Development in activities and finances

Net result for the year was a gain of DKK 6,7 mill. EBIT a gain of DKK 10,7 mill.

The result before tax improved DKK 7,5 mill compared to 2016, if the gain in 2016 from sale on building and machinery is disregarded.

Compared to 2016 the turnover increased in total by 9%. With a 52% increase in sales for tobacco products, 17% increase in sales for processed food and 9% on sales for pharmaceutical products the Company really benefited from the R&D work performed during the last years. New products have been received very well in the market.

The breakthrough we saw in 2016 within packaging material for tobacco, introducing a new specification for a large tobacco customer continued in 2017. Turnover for this segment increased by DKK 15 mill on top of the high increase from 2016. Further growth within this product range is expected also in 2018.

The pharmaceutical market is undergoing changes as a special component with excellent barrier properties was taken off the market in 2015. The sales in 2017 was strong compared to 2016 due to a wish from our customers to convert the remaining stock of the special component into laminates to expand the lifetime of the product. Danapak has succeeded in introducing alternative materials and have filed patent applications for this. We expect this market will decrease a bit in 2018 as the customers has piled up stock. We expect qualification of our alternatives to begin in 2018 after initial long-term testing has proven remarkable results.

Growth in sales for processed food is related to our heat sealable lids, where existing and several new customers were introduced to our product range. The department for punching the heat sealable lids has suffered capacity problems and it has been decided to expand the number of machines by investment in 2018.

The high activity level in the "Product Technology Center" and the success in inventing new products especially for pharmaceutical products has resulted in a capitalization of development costs of DKK 1,6 mill. in 2017.

Financial expenses were lower than last year. In 2016 a building and some older machines were sold and the proceeds were used to repay debt. The Company has a receivable against the Group cash pool and receive interest income for this.

Exchange rate differences were a net loss of DKK 0,9 mill. (2016: a net loss of DKK 0,6 mill.) The losses are related to bank deposits, receivables and payables in EUR. Exposures in EUR are not hedged.

EBITDA for 2017 was DKK 3,8 mill. lower than 2016. If the profit on sale of building and machinery in 2016 is disregarded, the EBITDA for 2016 would have been DKK 16 mill. In this comparison 2017 was DKK 7,1 mill. better than 2016 an improvement of 44%. Despite this progress management does not consider the result satisfactory.

The Company will continue the high focus on introducing new products to the market and expect a further growth in especially the tobacco and heat sealable lids market in 2018.

Particular risks

Business risks

A major part of the turnover is covered by long term customer contracts, which reduces the business risk. Management has attention on reducing risks, coming from raw materials, energy supply and other areas, by innovation, dual suppliers and other measures.

Financial exposure

A part of the Company's loan portfolio is subject to variable interest rates. The risk for increase in interest rate has been covered by an interest SWAP. A movement in interest rates of 1% p.a. will affect finance costs insignificantly.

Currency risks

The major currencies are DKK and EUR. Occasional major exposures in other currencies are covered by forward contracts.

Credit risks

The credit risk related to all major customers is evaluated regularly. The Company has taken out a credit insurance covering all trade accounts receivable except for a small group of selected customers. For many years the losses on outstanding accounts receivable have been very limited.

Intellectual capital resources

The Company employs highly specialized personnel. The staff resources have in 2017 occasionally been insufficient since it has been difficult to get qualified personnel – especially personnel with an engineer background.

Environmental performance

The results of the year have been fine and are specified in the CSR report of the Company. There are no cases in relation to the authorities.

Research and development activities

The Company carries out development projects for technical applications in the research and development center of the company.

Costs for development projects are included under intangible assets to the extent the projects comply with the criteria for recognition of these activities.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would negatively influence the evaluation of this annual report or the financial position at 31. December 2017 of the company.

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Outlook

The Company is expecting to further improve the result in 2018 through increasing turnover and effect from efficiency improvements and the new products.

Corporate Social responsibility (CSR)/diversity in Management

The Company's statement on the Corporate Social responsibility and diversity in Management is obtainable via the Company's homepage www.danapakflex.com/en/about-us/csr or on direct link <http://danapakflex.com/en/files/2015/05/CSR-report-2017.pdf>

Accounting policies of Danapak Flexibles A/S for 2017

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for this annual report are consistent with those applied last year. A few entries have been reclassified. Comparison figures have been adjusted.

Recognition and measurement

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

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

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

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Other operating income

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

Cost of raw materials and consumables

Cost of raw materials and consumables comprises direct and indirect costs of raw materials and consumables incurred to earn revenue.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs

Staff costs comprise expenses for wages and salaries, social costs, pensions etc. for the employees of the Company.

Other operating expenses

Other operating expenses comprise items secondary to the Company's activities, including losses on disposal of intangible assets and items of property, plant and equipment.

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies as well as amortisation premium/allowance on mortgage debt etc.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly on equity by the portion attributable to entries directly on equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income adjusted for prepaid tax.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forward, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The Company is jointly taxed with the group company Schur Flexibles Denmark A/S. The current Danish income tax is allocated among the jointly taxed Danish companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Development projects

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and is not to exceed 10 years.

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

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For company-manufactured assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	20 - 30 years
Plant and machinery	7 - 12 years
Other fixtures and fittings, tools and Equipment	3 - 7 years
Computing equipment	3 - 4 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under "Contractual obligations and contingencies, etc."

Impairment of non-current assets

The carrying amount of intangible and tangible assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost less write-downs assessed for bad debt losses based on individual assessments.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less depreciation/write-downs and taxes. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Liabilities

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities are recognised at amortised cost.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Company's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Danapak Flexibles A/S

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayments of finance leases, instalments on interest-bearing debt, and payment of dividends.

Cash and cash equivalents comprise of cash in hand and at banks.

Segment information

Information is disclosed by geographical market. Segment information is based on the Company's accounting policies, risks and internal financial management.

Profit and Loss Statement 2017

	Notes	2017 DKK '000	2016 DKK '000
Revenue	1	401.542	369.844
Change in inventories of finished goods and work in progress		2.692	-8.353
Other operating income	2	849	11.841
		405.083	373.332
Costs of raw materials and consumables		-221.831	-193.174
Other external expenses	3	-62.908	-64.739
Gross profit		120.344	115.419
Staff costs	4	-97.212	-88.109
Depreciation	5	-12.382	-12.252
Other operating expenses		-82	-429
Operating profit (EBIT)		10.668	14.629
Financial income/expenses net	6	-1.871	-2.491
Profit before tax (EBT)		8.797	12.138
Tax on profit for the year	7	-2.074	-2.526
Net profit for the year (EAT)		6.723	9.612
Proposed distribution of profit	21		

Balance sheet

Assets		2017	2016
	Notes	DKK '000	DKK '000
Intangible fixed assets			
Development projects in progress	8	<u>2.052</u>	<u>499</u>
Tangible fixed assets			
Land and buildings	9	19.921	20.682
Plant and machinery	9	40.983	44.833
Other fixtures, tools and equipment	9	356	345
Fixed assets under construction	9	<u>320</u>	<u>0</u>
Property, plant and equipment		<u>61.580</u>	<u>65.860</u>
Non-current assets		<u>63.632</u>	<u>66.359</u>
Current assets			
Raw materials and consumables		40.845	38.431
Work in progress		24.075	20.835
Finished goods / goods for resale		22.532	23.080
Prepayment for goods		<u>13</u>	<u>2.488</u>
Inventories		<u>87.465</u>	<u>84.834</u>
Trade receivables		48.647	46.048
Receivables from affiliated companies		31.971	13.313
Receivables from joint taxation		0	0
Income tax receivable	10	0	318
Deferred tax asset	11	51	1.352
Other receivables		1.655	2.393
Prepayments	12	<u>2.523</u>	<u>2.223</u>
Receivables		<u>84.847</u>	<u>65.647</u>
Cash and cash equivalents		<u>792</u>	<u>1.082</u>
Current assets		<u>173.104</u>	<u>151.563</u>
Assets		<u>236.736</u>	<u>217.922</u>

Balance sheet

Equity and Liabilities

	Notes	2017 DKK '000	2016 DKK '000
Equity			
Share Capital	13	125.000	125.000
Retained earnings		-12.543	-18.174
Reserve for development costs		1.354	79
Equity		<u>113.811</u>	<u>106.905</u>
Longterm liabilities other than provisions			
Longterm debt to affiliated companies		0	0
Mortgage	14	26.369	27.978
Financial lease obligation	14	3.097	5.557
Longterm liabilities other than provisions		<u>29.466</u>	<u>33.535</u>
Short-term liabilities other than provisions			
Current portion of long-term liabilities other than provisions	14	1.729	1.725
Current portion of financial lease obligation	14	2.460	2.340
Trade payables		39.448	28.811
Income tax payable	10	516	0
Amounts owed to affiliated companies		708	1.339
Payables related to joint taxation		0	656
Other payables		32.840	23.166
Prepayments received		15.758	19.445
Short-term liabilities other than provisions		<u>93.459</u>	<u>77.482</u>
Liabilities other than provisions		<u>122.925</u>	<u>111.017</u>
Equity and Liabilities		<u>236.736</u>	<u>217.922</u>
Special items	15		
Contractual obligations and contingencies	16		
Mortgage and collateral	17		
Related parties	18		
Ownership	19		
Group	20		
Proposed distribution of profit	21		
Financial Instruments	22		

Statement of changes in Equity for 2017

	Share Capital DKK '000	Retained earnings DKK '000	Reserve for develop- ment costs DKK '000	Total DKK '000
Equity at 01.01.2016	125.000	-27.265	-	97.735
Value adjustments	-	-79	79	-
Financial instruments, after tax	-	-442	-	-442
Net profit/loss for the year 2016	-	9.612	-	9.612
Equity at 01.01.2017	<u>125.000</u>	<u>-18.174</u>	<u>79</u>	<u>106.905</u>
Value adjustments	-	-1.275	1.275	-
Financial instruments, after tax	-	183	-	183
Net profit/loss for the year 2017	-	6.723	-	6.723
Equity at 31.12.2017	<u>125.000</u>	<u>-12.543</u>	<u>1.354</u>	<u>113.811</u>

Cash flow statement for 2017

	2017 DKK '000	2016 DKK '000
Operating profit/loss (EBIT)	10.669	14.629
Depreciation and gain/loss on sale of fixed assets	12.464	1.826
Tax paid/received from joint taxation	8	1.155
	<u>23.141</u>	<u>17.610</u>
Change in working capital		
Inventories	-2.631	11.641
Trade accounts receivables	-2.599	6.616
Ongoing balances with affiliated companies	-90	-3.376
Other receivables, prepayment and accruals	438	311
Trade accounts payable	10.637	-4.086
Other short term debts	6.222	-3.017
	<u>11.977</u>	<u>8.089</u>
Cash flow from change in working capital		
Financial expenses, paid	-1.871	-2.491
	<u>33.247</u>	<u>23.208</u>
Cash flow from operations		
Development projects in progress	-1.553	-101
Acquisition of property, plant and equipment	-8.184	-8.642
Sale of property, plant and equipment	0	20.425
Cash flow from investing activities	<u>-9.737</u>	<u>11.682</u>
Change, long-term liabilities other than provisions	-3.945	-3.413
Change, balances with affiliated companies	-19.855	-33.734
Cash flows from financing activities	<u>-23.800</u>	<u>-37.147</u>
	<u>-290</u>	<u>-2.257</u>
Change in cash and cash equivalents		
Cash and cash equivalents at 01.01.2017	1.082	3.339
Change in cash and cash equivalents	-290	-2.257
Cash and cash equivalents at 31.12.2017	<u>792</u>	<u>1.082</u>

Notes

	2017 DKK '000	2016 DKK '000
1. Net Revenue		
Net revenue, Denmark	105.123	112.060
Net revenue, outside Denmark	296.419	257.784
Net revenue	401.542	369.844
	2017 DKK '000	2016 DKK '000
2. Other operating income		
Gain on sale of property, plant and equipment	-	10.855
Subsidie related to energy savings	786	696
Other items	63	290
Other operating income	849	11.841
	2017 DKK '000	2016 DKK '000
3. Fees to auditors appointed at the General Meeting		
Fee for statutory audits	-276	-208
Fee for tax assistance	-15	-10
Other Fees	-80	-72
Fees to ausitors appointed at the General Meeting	-371	-290

	2017 DKK '000	2016 DKK '000
4. Staff costs		
Salaries and wages	-86.821	-78.661
Pension costs	-8.279	-7.778
Other social security costs	-2.112	-1.670
Staff costs	<u>-97.212</u>	<u>-88.109</u>
Average number of employees	<u>187</u>	<u>179</u>
Salaries and fees paid to Executive Board and Board of directors	<u>2.961</u>	<u>2.916</u>

Management and a number of key staff have performance related (cash) bonus agreements with the company

	2017 DKK '000	2016 DKK '000
5. Depreciation		
Buildings	-1.456	-1.768
Plant and machinery	-10.746	-10.294
Other fixtures and fittings, tools and equipment	-180	-190
Depreciation	<u>-12.382</u>	<u>-12.252</u>

	2017 DKK '000	2016 DKK '000
6. Financial expenses, net		
Interest income, affiliated companies	374	-
Other financial income	171	987
Financial income	<u>545</u>	<u>987</u>
Interest expenses, affiliated companies	-17	-388
Financial expenses - refinancing	-	-398
Other financial expenses	-2.399	-2.692
Financial expenses	<u>-2.416</u>	<u>-3.478</u>
Financial expenses, net	<u>-1.871</u>	<u>-2.491</u>

	2017 DKK '000	2016 DKK '000
7. Tax on profit/loss for the year		
Current tax from joint taxation/ current tax on profit for the year	-773	-463
Change in dererred tax	<u>-1.301</u>	<u>-2.063</u>
Tax on profit for the year	<u>-2.074</u>	<u>-2.526</u>

The Company has received DKK 0k from joint taxation in 2017 (2016: DKK 1.286k)

	2017 DKK '000	2016 DKK '000
8. Intangible assets		
Development projects in progress		
Costs at 01.01.2017	499	827
Additions	1.634	101
Disposals	<u>-81</u>	<u>-429</u>
Costs at 31.12.2017	<u>2.052</u>	<u>499</u>
Depreciation and impairment losses at 01.01.2017	-	-
Depreciation for the year	-	-
Reversal relating to disposals	<u>-</u>	<u>-</u>
Depreciation and impairment losses at 31.12.2017	<u>-</u>	<u>-</u>
Carrying amount at 31.12.2017	<u>2.052</u>	<u>499</u>

A special component has been taken off the world market and the development projects are related to develop an alternative component. The products will replace existing products for new as well as existing customers in the pharmaceutical marked. The progress of the projects is satisfying and they are expected to be finalized during 2018.

9. Tangible fixed assets	Land and buildings	Plant and machinery	Other fixtures etc	Assets in progress
Property, plant and equipment	DKK '000	DKK '000	DKK '000	DKK '000
Costs at 01.01.2017	60.280	317.277	9.327	-
Additions	695	6.896	190	320
Disposals	-77	-7.202	-601	
Costs at 31.12.2017	<u>60.898</u>	<u>316.971</u>	<u>8.916</u>	<u>320</u>
Depreciation and impairment losses at 01.01.2017	-39.598	-272.444	-8.982	-
Depreciation for the year	-1.456	-10.746	-180	
Reversal relating to disposals	77	7.202	601	
Depreciation and impairment losses at 31.12.2017	<u>-40.977</u>	<u>-275.988</u>	<u>-8.561</u>	<u>-</u>
Carrying amount at 31.12.2017	<u>19.921</u>	<u>40.983</u>	<u>355</u>	<u>320</u>
Hereof Financial leasing assets	-	6.817	-	-
Carrying amount at 31.12.2016	<u>20.682</u>	<u>44.833</u>	<u>345</u>	<u>0</u>
Hereof Financial leasing assets	-	8.486	-	-

	2017 DKK '000	2016 DKK '000
10. Income tax receivable/payable		
Income taxes payable at 01.01	-318	743
Current tax for the year	648	463
Current tax on equity	52	-125
Current tax from joint taxation	1.500	1.309
Income taxes paid during the year	-1.366	-2.708
Income tax receivable/payable 31.12	<u>516</u>	<u>-318</u>

	Deferred tax asset DKK '000 <u>2017</u>	Deferred tax asset DKK '000 <u>2016</u>
11. Deferred tax		
Deferred tax at 01.01.2017	1.352	3.416
Changes for the year	<u>-1.301</u>	<u>-2.064</u>
Deferred tax at 31.12.2017	<u>51</u>	<u>1.352</u>

The deferred tax asset consists tax depreciation in excess of book value. The deferred tax asset is expected to be used in positive taxable income during the next 1-2 years.

12. Prepayments

Prepayments comprises of payments for expenses related to next year, leasehold, insurance premiums and subscriptions.

13. Share capital

The share capital comprises 125.000 shares at DKK 1.000. No shares carry special voting rights.

	<u>2013</u> DKK '000	<u>2014</u> DKK '000	<u>2015</u> DKK '000	<u>2016</u> DKK '000	<u>2017</u> DKK '000
Share capital 01.01.	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>
Share capital 31.12	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>	<u>125.000</u>

14. Long term debt	Due less than 1 year <u>DKK '000</u>	Due between 1 and 5 years <u>DKK '000</u>	Due more than 5 years <u>DKK '000</u>	Total <u>DKK '000</u>
Mortgage debt	1.729	7.110	19.139	27.978
Financial leasing obligation	<u>2.460</u>	<u>3.097</u>	<u>-</u>	<u>5.557</u>
Long term debt 31.12.2017	<u>4.189</u>	<u>10.207</u>	<u>19.139</u>	<u>33.535</u>
Long term debt 31.12.2016	<u>4.065</u>	<u>12.475</u>	<u>21.060</u>	<u>37.600</u>

15. Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred to extensive structuring of processes and basic structural adjustments, as well as any relating disposal gains and losses, and which over time have a material impact. Special items also comprise significant one-off items, which in the opinion of Management do not form part of the Group's operating activities.

The profit for the year 2016 was affected by sale of building and machinery from the plant in the City of Horsens, which was closed in 2015, that in the opinion of the Board of Directors do not form part of the operating activities.

No items for the year 2017 are considered as special items.

	<u>2017</u> <u>DKK '000</u>	<u>2016</u> <u>DKK '000</u>
Other operating income		
Gain from sale of machinery	-	2.787
Gain from sale of Land, building and installations	<u>-</u>	<u>8.068</u>
	<u>-</u>	<u>10.855</u>

16. Contractual obligations and contingencies

	2017 <u>DKK '000</u>	2016 <u>DKK '000</u>
Rent and leasing commitments	<u>3.019</u>	<u>2.463</u>

The company is jointly taxed with the affiliated company Schur Flexibles Denmark A/S. As the administrative company, together with the affiliated company, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

17. Mortgages and collateral

The mortgage comprises the plant in Slagelse. Carrying amount of mortgaged plant 19,9 million DKK (2015: 20,7 mill. DKK).

In 2015 Danapak Flexibles entered into a financing agreement that applies for the entire Schur Flexibles Group. Danapak Flexibles has acceded to the entire financing agreement of EUR 56 million as a guarantor. Danapak Flexibles guarantee obligations are limited to an amount equal to the company's equity where payments under the guarantee should be requested.

A Company charge of DKK 50 million secured upon operating equipment, inventories and trade receivables has been registered, the Company charge is in possession of the Company.

18. Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in Danapak Flexibles A/S:

<u>Name</u>	<u>Registered Office</u>	<u>Basis of influence</u>
Schur Flexibles Holding GesmbH	Austria	Immediate Parent
Schur Flexibles GmbH	Germany	Group Parent
Atlas Flexibles GmbH	Germany	Ultimate Parent
Lars W. Hylgaard		Managing Director
Michael Schernthaner		Board of Directors
Sandra Konnertz		Board of Directors
Ole Kokborg		Board of Directors
Henrik Nordkvist		Board of Directors

Transactions with related parties:

	2017	2016
	<u>DKK '000</u>	<u>DKK '000</u>
Sales of goods and services to group companies	15.364	14.438
Purchase of goods and services from companies	16.134	6.811
Purchase of services from immediate parent	5.088	4.923
Interest income from group parent	374	93
Interest expenses to group parent	17	531
Gain from sale of fixed assets to group companies	-	2.787
Receivable from group parent (cash pool)	31.291	11.436
Receivables from other group companies	680	1.877
Payables to group companies	707	1.339

19. Ownership

The Company has registered Schur Flexibles Holding GesmbH, IZ NÖ Süd, Strasse 1, Objekt 50, Haus C, A-2351 Wiener Neudorf as shareholder to hold more than 5% of the voting share capital or of the nominal value of the share capital.

20. Group

Danapak Flexibles A/S is included in the consolidated financial statements of Schur Flexibles GmbH, Romerstrasse 12, D-87437 Kempten.

21. Proposed distribution of profit/loss

	2017	2016
	<u>DKK '000</u>	<u>DKK '000</u>
Retained earnings	<u>6.723</u>	<u>9.612</u>
	<u>6.723</u>	<u>9.612</u>

22. Financial instruments

The Company has entered into an interest rate swap presented as other payables. The interest rate swap is recognised with a negative fair value of 1.142 kDKK (2016: 1.377 kDKK). The Company swaps from variable interest rate to fixed interest rate related to the mortgage. The principal amounts to 25.957 kDKK and the interest rate swap runs until 31.12.2024. The interest rate is fixed at 1,53%.