


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

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

Annual report 2018

The Annual General Meeting adopted the annual report on 23 May 2019.

Chairman of the General Meeting



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

Contents:

Company details	3
Statement by the Executive Board and Board of Directors	4
Independent auditor's report	5
Management's review	7
Accounting policies of Danapak Flexibles A/S for 2018	11
Profit and Loss Statement 2018	17
Balance sheet.....	18
Statement of changes in Equity for 2018.....	20
Cash flow statement for 2018	21
Notes	22

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

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Internet: www.danapakflexibles.com

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Board of Directors

Michael Schernthaner
Friedrich Humer
Sandra Konnertz
Ole Kokborg (ER)
Henrik Nordkvist (ER)

Executive Board

Lars W. Hyldgaard
Friedrich Humer

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 2018.

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 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018.

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, 23 May 2019

Executive Board:


Lars W. Hyldgaard
Chief Executive Officer


Friedrich Humer

Board of Directors:


Michael Scherthaner
Chairman


Friedrich Humer


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 2018, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 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 2018, 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,

Danapak Flexibles A/S

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 23 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Jan Bunk Harbo Larsen
State Authorised Public Accountant
mne30224



Martin Langhoff Hansen
State Authorised Public Accountant
mne36027

Management's review

Financial highlights	2014	2015	2016	2017	2018
	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>	<u>DKK mill.</u>
Key figures					
Revenue	367,2	373,2	369,8	401,5	393,1
EBITDA	11,0	15,5	26,9	23,1	-1,4
Operating profit/loss (EBIT)	2,9	4,7	14,6	10,7	-14,6
Net financials	-5,1	-1,6	-2,5	-1,9	-1,4
Result before tax (EBT)	-2,2	3,1	12,1	8,8	-15,9
Net profit/loss for the year	1,0	4,6	9,6	6,7	-12,5
Balance sheet					
Balance sheet total	195,4	232,9	217,9	236,7	250,8
Equity	93,0	97,7	106,9	113,8	101,3
Cash flows					
Investments in (items of) property, plant and equipment	11,8	4,4	8,6	8,2	33,2
Number of employees	187	176	179	187	198
Ratios					
EBIT-margin (%)	0,8	1,3	3,9	2,7	-3,7
Return on Equity (%)	1,4	4,8	9,4	6,1	-11,6
Equity share (%)	47,6	41,9	49,1	48,1	40,4

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 loss of DKK 12,5 mill. EBIT a loss of DKK 14,6 mill.

Compared to 2017 the turnover decreased in total by DKK 8.2 mill. (2%). As foreseen in the report of 2017 sales to our pharmaceutical customers declined considerably as the market had piled up stock during last quarter of 2017. The total sales for the pharmaceutical market in 2018 was DKK 23,0 mill lower than in 2017. The situation on the pharmaceutical market is still influenced by the special component with excellent barrier properties, which was taken off the market in 2015. The available quantity on the world market of this component has been considerably reduced since 2015, but the remainder is now being traded between the initial buyers. This means we were able to buy more of this component to secure production also for 2019 and 2020. We thus expect an increase in sales for this product for 2019 compared to 2018.

Turnover for the tobacco market continued increasing through 2018 and turnover was DKK 18,0 mill higher in 2018 than in 2017. This turnover has mainly been for unprinted laminates whereas we expect further adding value to the product in 2019 by adding decoration to the product. One problem in 2018 was that the qualification of decoration had to be done on old printing setup that can't fulfil the technical requirements. This problem will disappear in 2019 via implementation of a new investment in state-of-the-art printing setup.

Another significant problem in 2018 was a bottleneck in the department for heat sealable lids. The growth in sales for heat sealable lids continued from 2017 into 2018 but came too fast for the established capacity. To overcome this, until new capacity was installed midst of the year, a considerable amount of overtime was needed. This had a negative impact on the EBITDA of DKK 0,8 mill.

First half year was marked by severe challenges on the quality of raw materials from certain suppliers. This meant extra claim costs and although this was mostly covered by the supplier, it had an impact on our capacity, as orders had to be produced 2 times, adding further to constraints to our capacity.

In 2017 it was decided to invest approx. DKK 59 mill. in a new printing set-up and replace 2 old printing machines. The investment will be a giant jump forward in technologies and includes automatization for our printing area. This meant, that in 2018 we closed down 1 printing machine, which was dismantled during 2nd half year. This had a huge negative impact on capacity and to cover for this extra manning and extra shifts was necessary through the whole year, as was the

use of sub-suppliers. Temporary workers had to be employed and trained. This led to a tremendous impact on the efficiency and incurred approx. DKK 5,8 Mill in extra costs in 2018.

The continuing 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 2,1 mill. in 2018.

Financial expenses were DKK 0,5 mill. lower than last year due to less losses on exchange rate differences. The losses are related to bank deposits, receivables and payables. The Company has a receivable against the Group cash pool and receive interest income for this on arms lengths basis.

EBITDA for 2018 was a loss of DKK 1,4 mill.

Management acknowledges the efforts made by the organization to overcome the challenges faced through 2018, however Management does not consider the overall result satisfactory.

The Company will be very focused in 2019 to install and implement the new printing set-up, which will reduce the production costs considerably and improve competitiveness.

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 year's the losses on outstanding accounts receivable have been very limited.

Intellectual capital resources

The Company employs highly specialized personnel. The staff resources have in 2018 been sufficient.

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 Product Technology center of the company, which also is responsible for all work with documentation and IP-rights.

The part of the 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 2018 of the company.

Outlook

The Company is expecting to improve the result in 2019 through especially improved efficiency and reduction of waste in the new printing set-up and through increasing turnover for customers within the tobacco industry, the pharmaceutical industry and within the heat sealable lids market.

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/2019/05/CSR-report-2018.pdf>

Accounting policies of Danapak Flexibles A/S for 2018

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.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized 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 recognized in the income statement.

Assets are recognized 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 recognized 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 2 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

		2018	2017
	<u>Notes</u>	<u>DKK '000</u>	<u>DKK '000</u>
Revenue	1	393.311	401.542
Change in inventories of finished goods and work in progress		14.724	2.692
Other operating income	2	<u>1.112</u>	<u>849</u>
		409.147	405.083
Costs of raw materials and consumables		-237.569	-221.831
Other external expenses	3	<u>-66.116</u>	<u>-62.908</u>
Gross profit		105.462	120.344
Staff costs	4	-106.887	-97.212
Depreciation	5	-13.084	-12.382
Other operating expenses		<u>-59</u>	<u>-82</u>
Operating profit (EBIT)		-14.568	10.668
Financial income/expenses net	6	<u>-1.398</u>	<u>-1.871</u>
Profit before tax (EBT)		-15.966	8.797
Tax on profit for the year	7	<u>3.502</u>	<u>-2.074</u>
Net profit for the year (EAT)		<u><u>-12.464</u></u>	<u><u>6.723</u></u>

Balance sheet

Assets

		2018	2017
	Notes	DKK '000	DKK '000
Intangible fixed assets			
Patent costs	8	144	-
Development projects in progress	8	4.113	2.052
		4.257	2.052
Tangible fixed assets			
Land and buildings	9	18.723	19.921
Plant and machinery	9	36.051	40.983
Other fixtures, tools and equipment	9	864	356
Fixed assets under construction	9	25.954	320
Property, plant and equipment		81.592	61.580
Non-current assets		85.849	63.632
Current assets			
Raw materials and consumables		36.231	40.845
Work in progress		25.885	24.075
Finished goods / goods for resale		35.446	22.532
Prepayment for goods		-	13
Inventories		97.562	87.465
Trade receivables		42.930	48.647
Receivables from affiliated companies		15.787	31.971
Receivables from joint taxation		1.938	-
Income tax receivable	10	418	-
Deferred tax asset	11	1.614	51
Other receivables		2.112	1.655
Prepayments	12	2.551	2.523
Receivables		67.350	84.847
Cash and cash equivalents		583	792
Current assets		165.495	173.104
Assets		251.344	236.736

Balance sheet

		2018	2017
	Notes	DKK '000	DKK '000
Equity and Liabilities			
Equity			
Share Capital	13	125.000	125.000
Retained earnings		- 25.490	- 12.543
Reserve for development costs		<u>1.839</u>	<u>1.354</u>
Equity		<u>101.349</u>	<u>113.811</u>
Longterm liabilities other than provisions			
Longterm bank debt		24.007	-
Mortgage	14	24.679	26.369
Financial lease obligation	14	<u>-</u>	<u>3.097</u>
Longterm liabilities other than provisions		<u>48.686</u>	<u>29.466</u>
Short-term liabilities other than provisions			
Current portion of long-term liabilities other than provisions	14	1.736	1.729
Current portion of financial lease obligation	14	3.097	2.460
Trade payables		55.421	39.448
Bank debt		5.973	-
Income tax payable	10	-	516
Amounts owed to affiliated companies		957	708
Payables related to joint taxation		-	-
Other payables		24.072	32.840
Prepayments received		<u>10.053</u>	<u>15.758</u>
Short-term liabilities other than provisions		<u>101.309</u>	<u>93.459</u>
Liabilities other than provisions		<u>149.995</u>	<u>122.925</u>
Equity and Liabilities		<u>251.344</u>	<u>236.736</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 2018

	Share Capital DKK '000	Retained earnings DKK '000	Reserve for develop- ment costs DKK '000	Total DKK '000
Equity at 01.01.2017	125.000	-18.174	79	106.905
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 01.01.2018	<u>125.000</u>	<u>-12.543</u>	<u>1.354</u>	<u>113.811</u>
Value adjustments	-	-1.607	1.607	-
Financial instruments, after tax	-	2	-	2
Net profit/loss for the year 2018	-	-12.464	-	-12.464
Equity at 31.12.2018	<u>125.000</u>	<u>-26.612</u>	<u>2.961</u>	<u>101.349</u>

Cash flow statement for 2018

	2018 DKK '000	2017 DKK '000
Operating profit/loss (EBIT)	-14.568	10.669
Depreciation and gain/loss on sale of fixed assets	13.143	12.464
Tax paid/received from joint taxation	-934	8
	-2.359	23.141
Change in working capital		
Inventories	-10.097	-2.631
Trade accounts receivables	5.717	-2.599
Ongoing balances with affiliated companies	370	-90
Other receivables, prepayment and accruals	-485	438
Trade accounts payable	15.973	10.637
Other short term debts	-14.470	6.222
Cash flow from change in working capital	-2.992	11.977
Financial expenses, paid	-1.398	-1.871
Cash flow from operations	-6.749	33.247
Development projects in progress	-2.205	-1.553
Acquisition of property, plant and equipment	-33.155	-8.184
Sale of property, plant and equipment	1	0
Cash flow from investing activities	-35.359	-9.737
Change, long-term liabilities other than provisions	19.863	-3.945
Change, balances with affiliated companies	16.063	-19.855
Change in short term bank debt	5.973	-
Cash flows from financing activities	41.899	-23.800
Change in cash and cash equivalents	-209	-290
Cash and cash equivalents at 01.01.2018	792	1.082
Change in cash and cash equivalents	-209	-290
Cash and cash equivalents at 31.12.2018	583	792

Notes

	2018 DKK '000	2017 DKK '000
1. Net Revenue		
Net revenue, Denmark	107.739	105.123
Net revenue, outside Denmark	285.572	296.419
Net revenue	393.311	401.542
	2018 DKK '000	2017 DKK '000
2. Other operating income		
Sales commission received from Group Companies	362	63
Refund of membership costs prior years	287	-
Subsidie related to energy savings	428	786
Other items	35	-
Other operating income	1.112	849
	2018 DKK '000	2017 DKK '000
3. Fees to auditors appointed at the General Meeting		
Fee for statutory audits	-249	-276
Fee for tax assistance	-18	-15
Audit-related fees	-35	-55
Other Fees	-20	-25
Fees to auditors appointed at the General Meeting	-322	-371

	2018 DKK '000	2017 DKK '000
4. Staff costs		
Salaries and wages	-95.611	-86.821
Pension costs	-8.998	-8.279
Other social security costs	-2.278	-2.112
Staff costs	<u>-106.887</u>	<u>-97.212</u>
Average number of employees	<u>198</u>	<u>187</u>
Salaries and fees paid to Executive Board and Board of directors	<u>-3.180</u>	<u>-2.961</u>

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

	2018 DKK '000	2017 DKK '000
5. Depreciation		
Buildings	-1.486	-1.456
Plant and machinery	-11.330	-10.746
Other fixtures and fittings, tools and equipment	-268	-180
Depreciation	<u>-13.084</u>	<u>-12.382</u>

	2018 DKK '000	2017 DKK '000
6. Financial expenses, net		
Interest income, affiliated companies	490	374
Other financial income	765	171
Financial income	<u>1.255</u>	<u>545</u>
Interest expenses, affiliated companies	-	-17
Other financial expenses	-2.653	-2.399
Financial expenses	<u>-2.653</u>	<u>-2.416</u>
Financial expenses, net	<u>-1.398</u>	<u>-1.871</u>

	<u>DKK '000</u>	<u>DKK '000</u>
7. Tax on profit/loss for the year		
Current tax from joint taxation/ current tax on profit for the year	1.938	- 773
Change in deferred tax	<u>1.564</u>	<u>-1.301</u>
Tax on profit/loss for the year	<u>3.502</u>	<u>-2.074</u>
8. Intangible assets		
	Patent costs DKK '000	Development Projects in progress DKK '000
	<u>DKK '000</u>	<u>DKK '000</u>
Development projects in progress and Patent costs		
Costs at 01.01.2018	-	2.052
Additions	144	2.061
Disposals	<u>-</u>	<u>-</u>
Costs at 31.12.2018	<u>144</u>	<u>4.113</u>
Depreciation and impairment losses at 01.01.2018	-	-
Depreciation for the year	-	-
Reversal relating to disposals	<u>-</u>	<u>-</u>
Depreciation and impairment losses at 31.12.2018	<u>-</u>	<u>-</u>
Carrying amount at 31.12.2018	<u>144</u>	<u>4.113</u>
Carrying amount at 31.12.2017	<u>0</u>	<u>2.052</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 market. The progress of the projects is satisfactory and they are expected to be finalized beginning of 2019, where the first commercial deliveries will take place.

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 01.01.2018	60.898	316.971	8.916	320
Additions	288	6.459	777	25.634
Disposals		-16.783	-404	
Costs at 31.12.2018	<u>61.186</u>	<u>306.647</u>	<u>9.289</u>	<u>25.954</u>
Depreciation and impairment losses at 01.01.2018	-40.977	-275.988	-8.561	-
Depreciation for the year	-1.486	-11.330	-268	
Reversal relating to disposals		16.722	404	
Depreciation and impairment losses at 31.12.2018	<u>-42.463</u>	<u>-270.596</u>	<u>-8.425</u>	<u>-</u>
Carrying amount at 31.12.2018	<u>18.723</u>	<u>36.051</u>	<u>864</u>	<u>25.954</u>
Hereof Financial leasing assets	-	6.484	-	-
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	-	-

	2018	2017
	DKK '000	DKK '000

10. Income tax receivable (+)/payable (-)

Income taxes payable at 01.01	-516	318
Current tax for the year	-	-648
Current tax on equity	-	-52
Current tax from joint taxation	-	-1.500
Income taxes paid during the year	<u>934</u>	<u>1.366</u>
Income tax receivable/payable 31.12	<u>418</u>	<u>-516</u>

	Deferred tax asset DKK '000 <u>2018</u>	Deferred tax asset DKK '000 <u>2017</u>
11. Deferred tax		
Deferred tax at 01.01.2018	51	1.352
Changes for the year	<u>1.563</u>	<u>-1.301</u>
Deferred tax at 31.12.2018	<u>1.614</u>	<u>51</u>

The deferred tax asset consists tax losses. The deferred tax asset is expected to be used in positive taxable income for the joint taxation 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>2014</u> DKK '000	<u>2015</u> DKK '000	<u>2016</u> DKK '000	<u>2017</u> DKK '000	<u>2018</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>

	Due less than 1 year DKK '000	Due between 1 and 5 years DKK '000	Due more than 5 years DKK '000	Total DKK '000
14. Long term debt				
Mortgage debt	1.736	6.946	17.733	26.415
Financial leasing obligation	<u>3.097</u>	<u>-</u>	<u>-</u>	<u>3.097</u>
Long term debt 31.12.2018	<u>4.833</u>	<u>6.946</u>	<u>17.733</u>	<u>29.512</u>
Long term debt 31.12.2017	<u>4.189</u>	<u>10.207</u>	<u>19.139</u>	<u>33.535</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 2018 was affected by preparation for a new printing set-up. As an investment of approx. 59m DKK in a new printing machine was approved in 2017, the existing set-up of the printing area had to be changed, one older printing machine had to be dismantled and removed and temporary workers had to be employed and trained. This led to a tremendous impact on the efficiency and incurred approx. 5,8M DKK in extra costs in 2018, which in the opinion of the Board of Directors do not form part of the operating activities.

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

	2018 DKK '000	2017 DKK '000
Effected lines in P&L		
Costs of raw materials and consumables	-804	-
Other operating expenses	-2.912	-
Staff costs	<u>-2.044</u>	
	<u>-5.760</u>	<u>-</u>

16. Contractual obligations and contingencies

	2018 DKK '000	2017 DKK '000
Rent and leasing commitments	<u>2.270</u>	<u>3.019</u>

The company has signed a contract for the supply of technical machinery in 2019 at a value of DKK 44.4 million. Carrying amount of the asset under construction is DKK 25,9 million.

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 DKK 18,7 million (2017: DKK 19,9 million).

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 given as security for bank overdraft. Carrying amount of the assets is DKK 177,3 million.

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. Hyltdgaard		Managing Director
Michael Schernthaner		Board of Directors
Friedrich Humer		Board of Directors & Management board
Sandra Konnertz		Board of Directors
Ole Kokborg		Board of Directors
Henrik Nordkvist		Board of Directors

Transactions with related parties:	2018	2017
	<u>DKK '000</u>	<u>DKK '000</u>
Sales of goods and services to group companies	1.756	15.364
Sale of services to immediate parent	246	-
Sale of services to ultimate parent	1.160	-
Purchase of goods and services from companies	10.707	16.134
Purchase of services from immediate parent	6.405	5.088
Interest income from group parent	490	374
Interest expenses to group parent	-	17
Receivable from group parent (cash pool)	15.228	31.291
Receivables from other group companies	618	680
Payables to group companies	1.023	707

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

	2018	2017
	<u>DKK '000</u>	<u>DKK '000</u>
Retained earnings	<u>-12.464</u>	<u>6.723</u>
	<u><u>-12.464</u></u>	<u><u>6.723</u></u>

22. Financial instruments

The Company has entered into an interest rate swap presented as other payables. The interest rate swap is recognized with a negative fair value of DKK 1.139 thousand (2017: DKK 1.142 thousand). The Company swaps from variable interest rate to fixed interest rate related to the mortgage. The principal amounts to DKK 25.957 thousand and the interest rate swap runs until 31.12.2024. The interest rate is fixed at 1,53%.