

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

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

**Annual report 2021**

The Annual General Meeting adopted the annual report on 8 July 2022.

Chairman of the General Meeting

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Juan Luis Martinez Arteaga

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

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## 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](http://www.danapakflexibles.com)  
E-mail: [info@danapakflex.com](mailto:info@danapakflex.com)

### Board of Directors

Juan Luis Martinez Arteaga  
Marek Pawlak  
Sabine Leutner  
Tina Kiil Jensen (ER)  
Henrik Nordkvist (ER)

### Executive Board

Allan Andersen  
Lene Klingenberg

### Company auditors

Deloitte  
Statsautoriseret Revisionspartnerselskab

## Statement by the Executive Board and Board of Directors

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of Danapak Flexibles A/S for the financial year 1 January – 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations and cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be approved at the Annual General Meeting.

Slagelse, 8 July 2022

### Executive Board:

Allan Andersen  
*Director*

Lene Klingenberg  
*Director*

### Board of Directors:

Juan Luis Martinez Arteaga  
*Chairman*

Marek Pawlak  
*Vice chairman*

Sabine Leutner

Tina Kiil Jensen

Henrik Nordkvist

## Independent Auditor's Report

### To the shareholders of Danapak Flexibles A/S

#### Opinion

We have audited the financial statements of Danapak Flexibles A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations and cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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, 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 judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, den 8 July 2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33963556

**Jan Larsen**

State Authorised Public Accountant

Identification No (MNE) mne16541

**Thomas Aamand Lund**

State Authorised Public Accountant

Identification No (MNE) mne47764

## Management's Review

<b>Financial highlights</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b><u>DKK mill.</u></b>	<b><u>DKK mill.</u></b>	<b><u>DKK mill.</u></b>	<b><u>DKK mill.</u></b>	<b><u>DKK mill.</u></b>
<b>Key figures</b>					
Revenue	342,1	356,1	385,3	393,3	401,5
EBITDA	16,1	23,9	7,8	-1,4	23,1
Operating profit/loss (EBIT)	-0,9	1,6	-8,8	-14,6	10,7
Net financials	-1,8	-2,5	-2,1	-1,4	-1,9
Result before tax (EBT)	-2,6	-1,0	-10,8	-15,9	8,8
Net profit/loss for the year	-1,0	0,1	-8,4	-12,5	6,7
<b>Balance sheet</b>					
Balance sheet total	261,8	268,0	275,7	250,8	236,7
Equity	92,5	93,1	92,9	101,3	113,8
<b>Cash flows</b>					
Investments in (items of)					
property, plant and equipment	13,2	14,8	40,7	33,2	8,2
Investments in intangible assets	15,7	13,6	2,1	2,2	1,6
<b>Number of employees</b>					
	183	193	192	198	187
<b>Ratios</b>					
EBIT-margin (%)	-0,3	0,4	-2,3	-3,7	2,7
Return on Equity (%)	-1,1	0,1	-8,7	-11,6	6,1
Equity share (%)	35,3	34,7	33,7	40,4	48,1

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analyst.

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

### **Primary activities**

The activities of the Company are development, production and marketing of flexible packaging products primarily for the pharmaceutical, dairy, aroma protection and food industries. The Company is the global leader for packaging of aggressive drugs and excipients. Additionally the Company is active in different technical segments e.g. providing different solutions in nano-structured surfaces. The Company has its own Product Technology Centre, which is developing products and ensuring regulatory documentation.

The Company's plant in Slagelse, Denmark meets the highest hygienic standards and is certified according to ISO9001, FSSC22000, ISO50001 as well as FSC on selected products.

### **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 1,0 million (2020: DKK +0,1 million) EBIT a loss of DKK 0,9 million (2020: DKK +1,6 million)

Overall revenue in 2021 decreased by DKK 14,1 million (4%).

As expected and mentioned in recent years financial reports, revenue from pharmaceutical products is impacted negatively, as destocking of earlier inventory building during 2017-2019 related to the special component "Barex", is on-going. Large stocks of barex raw materials and products containing "Barex" were made throughout the entire value-chain to secure time for developing and qualification of new "Barex"-free materials and the packaging material was sold during the years of inventory building. During 2021 we have secured the qualification of various new "Barex-free" laminates that substitute the "Barex" laminates and we have upscaled the business to customers in different geographic regions. The company has to a far extend secured its future business within the "transdermal drug delivery system" specialty area with comprehensive IP rights. Year 2022 will also be impacted negatively by the switch, but the future prospects are promising, as all known customers within this specialty area during 2021 announced switch to Danapak's "Barex"-free materials upon the destocking of "Barex"-materials.

Due to the COVID pandemic the activity in first half year of 2021 was rather low, followed by a second half year with very high activity. However a major challenge in second half year was the sourcing of raw materials, as a world wide shortage of raw materials appeared. This shortage along with difficulties in cargo transport and significantly increased prices for raw materials sat pressure on the earnings. Price increases was announced to the customers, however a large part of the customer contracts only allows price changes a few times a year.

Sustainability continued to be a key focus and during 2021 a number of specifications were exchanged into more sustainable solutions primarily making it easier to sort the packaging materials after it has been opened. Another important step is the continuing down-gauging of the materials, which generally impacts the revenue negatively.

The continuing high activity level in the "Product Technology Center" and the success in inventing new products have resulted in a capitalization of development costs of DKK 13,6 mill. in 2021 (DKK 13,4 million In 2020). The development activities have been focused on developing new and sustainable solutions. In 2021 business was started in the area of certain aluminium products considered highly sustainable due to the inevitable reuse possibility of these products. Besides



development within the dairy and food segment products were developed for pharmaceutical products, where the regulatory affairs demands are much higher.

The implementation of new printing setup (started in 2018) continued with great success through 2021. Various problems were systematically solved reaching the project target midst of the year. The new printing setup is now seen as a competitive asset to offer the customers. During 2022 further optimization will take place.

EBITDA for 2021 was a gain of DKK 16,2 million (2020: a gain of DKK 23,9 million)

The Company has a receivable against the Group cash pool and receive interest income for this on arms lengths basis.

In light of the challenges during the year Management finds the result to be acceptable.

### **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. It is the Company's policy to minimize the risk of being exposed to increasing interest rates. By use of the financial instrument "Interest SWAP" the Company has covered this risk. A movement in interest rates of 1% p.a. will affect finance costs insignificantly.

#### **Liquidity risk**

The Company is participating in the Group cash pool and has a credit line with an external bank. This secures sufficient liquidity of the Company for the coming 12 months.

#### **Currency risks**

The major currencies are DKK and EUR. The Company has receivables and payables in both of these currencies. 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 2021 been sufficient.

#### **Environmental performance**

There are no cases in relation to the authorities on environmental issues.

#### **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 2021 of the company.

### Outlook

The COVID-19 pandemic creates some uncertainty to the outlooks for 2022 but less impact is expected compared to previous years.

The introduction of new products are going according to expectations and the new printing setup is also performing on the expected high level. The risk in 2022 lies in potential limited access to raw materials and own capacity restraints in tandem coex extrusion.

Please see note 22 for more comments on the raw material situation and the outlook for 2022

### Diversity in Management

It is the company policy to always fill leader jobs on basis of competences and qualifications needed that will add value to the company on short term as well as on long term basis. As we seek inclusion and equality in gender we will take care, that the wording in job adds is neutral and the managers will seek – where possible – that more than one gender is invited to an interview.

The company will direct its attention to talents of the underrepresented gender, who have the desire and abilities to pursue a wish of a specialist or leader job. The company wants to create an environment, where each employee – despite of gender – has equal possibilities for a leader job.

On a continuous basis, the company will measure the number of specialists/leaders distributed by gender as well as the gender distribution in the Board of Directors. It is the aim of the Company to have a distribution of 40-60% among specialists/leaders as well as in the Board of Directors within the end of 2024.

The Board of Directors consists of 3 members elected by the General Assembly, these members are elected from their position at the Schur Flexibles Group. The Board of Directors consists at the time of signing of this report of 2 Male and 1 Female appointed by the General Assembly and 1 Male and 1 Female elected by the employees.

The distribution on gender among the salaried staff in 2021:

	Male	Female	Total	Male In percentage	Female
Management group	6	1	7	86	14
Leaders	12	4	16	75	25
Specialists	8	3	11	73	27
Other staff	12	18	30	40	60
<b>Staff in total 2021</b>	<b>38</b>	<b>26</b>	<b>64</b>	<b>59</b>	<b>41</b>
<i>Staff in total 2020</i>	<i>39</i>	<i>26</i>	<i>65</i>	<i>60</i>	<i>40</i>
<i>Staff in total 2019</i>	<i>39</i>	<i>26</i>	<i>65</i>	<i>60</i>	<i>40</i>

**Statement of data ethics policy**

The company's customers are BtB customers. The company does not collect detailed consumer data or the like. Against this background, no need has been assessed for the need to prepare a policy for data ethics. The company consider itself to be in compliance with the GDPR rules.

**For our report on Corporate Social responsibility (CSR) please see Note 23.**

## Accounting policies of Danapak Flexibles A/S for 2021

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. The Financial Statements for 2021 are presented in DKK.

There has been made a reclassification of other payables in the comparison numbers between short-term and long-term other payables. The reclassification have no effect on the result.

### 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

### Intangible assets

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights.

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 6 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.

Intellectual property rights acquired are measured at costs less accumulated amortisation. Patents are amortised over their remaining duration.

### 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 - 50 years
Plant and machinery	7 - 15 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.

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 2021

		2021	2020
	<u>Notes</u>	<u>DKK '000</u>	<u>DKK '000</u>
Revenue	1	342.054	356.133
Change in inventories of finished goods and work in progress		- 19.618	5.293
Own work capitalized		3.127	3.710
Other operating income	2	540	968
		<u>326.103</u>	<u>366.104</u>
Costs of raw materials and consumables		- 164.553	- 185.327
Other external expenses	3	- 43.965	- 50.247
<b>Gross profit</b>		117.585	130.530
Staff costs	4	- 101.423	- 106.626
Depreciation	5	- 17.022	- 22.342
Other operating expenses		- 8	0
		<u>- 868</u>	<u>1.562</u>
<b>Operating profit (EBIT)</b>		- 868	1.562
Financial income/expenses net	6	- 1.781	- 2.549
		<u>- 2.649</u>	<u>- 987</u>
<b>Profit before tax (EBT)</b>		- 2.649	- 987
Tax on profit for the year	7	1.687	1.115
		<u>1.687</u>	<u>1.115</u>
<b>Net profit for the year (EAT)</b>		<u>- 962</u>	<u>128</u>

## Balance sheet

<b>Assets</b>		2021	2020
	<u>Notes</u>	<u>DKK '000</u>	<u>DKK '000</u>
<b>Intangible fixed assets</b>			
Patent costs	8	2.760	676
Development projects in progress	8	<u>24.188</u>	<u>15.621</u>
		<u>26.948</u>	<u>16.297</u>
<b>Tangible fixed assets</b>			
Land and buildings	9	15.581	15.929
Plant and machinery	9	79.856	79.404
Other fixtures, tools and equipment	9	604	905
Fixed assets under construction	9	<u>6.216</u>	<u>4.756</u>
<b>Property, plant and equipment</b>		<u>102.257</u>	<u>100.994</u>
<b>Non-current assets</b>		<u>129.205</u>	<u>117.291</u>
<b>Current assets</b>			
Raw materials and consumables		44.005	36.130
Work in progress		25.030	35.737
Finished goods / goods for resale		<u>11.116</u>	<u>20.027</u>
<b>Inventories</b>		<u>80.151</u>	<u>91.894</u>
Trade receivables		33.043	36.896
Receivables from affiliated companies		14.595	14.258
Receivables from joint taxation		1.077	1.056
Income tax receivable	10	237	0
Deferred tax asset	11	0	1.741
Other receivables		1.845	2.498
Prepayments	12	<u>1.933</u>	<u>2.275</u>
<b>Receivables</b>		<u>52.730</u>	<u>58.724</u>
Cash and cash equivalents		<u>40</u>	<u>47</u>
<b>Current assets</b>		<u>132.921</u>	<u>150.665</u>
<b>Assets</b>		<u>262.126</u>	<u>267.956</u>

## Balance sheet

<b>Equity and Liabilities</b>	Notes	2021 DKK '000	2020 DKK '000
<b>Equity</b>			
Share Capital	13	125.000	125.000
Retained earnings		-50.849	-43.205
Reserve for financial instruments		-513	-847
Reserve for development costs		18.837	12.155
<b>Equity</b>		<u>92.475</u>	<u>93.103</u>
<b>Longterm liabilities other than provisions</b>			
Mortgage	14	19.700	21.424
Financial lease obligation	14	29.837	35.492
Other loans	14	<u>11.376</u>	<u>10.117</u>
<b>Longterm liabilities other than provisions</b>		<u>60.913</u>	<u>67.033</u>
<b>Short-term liabilities other than provisions</b>			
Current portion of mortgage	14	1.759	1.752
Current portion of financial lease obligation	14	5.655	5.546
Current portion of other loans	14	11.775	364
Trade payables		54.214	49.214
Bank debt		9.273	8.947
Deferred tax liability	11	300	0
Amounts owed to affiliated companies		1.235	3.264
Other payables		15.777	23.879
Prepayments received		<u>8.750</u>	<u>14.854</u>
<b>Short-term liabilities other than provisions</b>		<u>108.738</u>	<u>107.820</u>
<b>Liabilities other than provisions</b>		<u>169.651</u>	<u>174.853</u>
<b>Equity and Liabilities</b>		<u>262.126</u>	<u>267.956</u>
Contractual obligations and contingencies	15		
Mortgage and collateral	16		
Related parties	17		
Ownership	18		
Group	19		
Proposed distribution of profit	20		
Financial Instruments	21		
Events after balance sheet date	22		

## Statement of changes in Equity for 2021

	Share Capital DKK '000	Retained earnings DKK '000	Reserve for financial instruments DKK '000	Reserve for develop- ment costs DKK '000	Total DKK '000
<b>Equity at 01.01.2020</b>	125.000	-34.396	-1.006	3.218	92.816
Value adjustments	-	-8.937		8.937	-
Financial instruments, after tax	-		159		159
Net profit/loss for the year	-	128			128
<b>Equity at 01.01.2021</b>	<u>125.000</u>	<u>-43.205</u>	<u>-847</u>	<u>12.155</u>	<u>93.103</u>
Value adjustments	-	-6.682		6.682	-
Financial instruments, after tax	-		334		334
Net profit/loss for the year	-	-962			-962
<b>Equity at 31.12.2021</b>	<u>125.000</u>	<u>-50.849</u>	<u>-513</u>	<u>18.837</u>	<u>92.475</u>

**Cash flow statement for 2021**

	<u>2021</u>	<u>2020</u>
	DKK '000	DKK '000
Operating profit/loss (EBIT)	-868	1.562
Depreciation and gain/loss on sale of fixed assets	17.022	22.342
Tax paid/received from joint taxation & tax credit scheme	<u>3.375</u>	<u>2.772</u>
	19.529	26.676
<b>Change in working capital</b>		
Inventories	11.743	5.204
Trade accounts receivables	3.853	11.514
Ongoing balances with affiliated companies	-1.794	-906
Other receivables, prepayment and accruals	995	-1.167
Trade accounts payable	5.000	-4.573
Other short term debts	<u>-24.258</u>	<u>2.481</u>
<b>Cash flow from change in working capital</b>	<b><u>-4.461</u></b>	<b><u>12.553</u></b>
Financial expenses, paid	<u>-1.781</u>	<u>-2.549</u>
<b>Cash flow from operations</b>	<b>13.287</b>	<b>36.680</b>
Development projects in progress	-15.749	-13.561
Acquisition of property, plant and equipment	-13.187	-14.822
Sale of property, plant and equipment		0
<b>Cash flow from investing activities</b>	<b><u>-28.936</u></b>	<b><u>-28.383</u></b>
Change, long-term liabilities other than provisions	15.888	-7.661
Change, balances with affiliated companies	-572	-4.749
Change in short term bank debt	326	2.804
<b>Cash flows from financing activities</b>	<b><u>15.642</u></b>	<b><u>-9.606</u></b>
<b>Change in cash and cash equivalents</b>	<b><u><u>-7</u></u></b>	<b><u><u>-1.309</u></u></b>
<b>Cash and cash equivalents at 01.01.2021</b>	47	1.356
Change in cash and cash equivalents	<u>-7</u>	<u>-1.309</u>
<b>Cash and cash equivalents at 31.12.2021</b>	<b><u><u>40</u></u></b>	<b><u><u>47</u></u></b>

## Notes

	2021 <u>DKK '000</u>	2020 <u>DKK '000</u>
<b>1. Net Revenue</b>		
Net revenue, Denmark	72.907	90.673
Net revenue, outside Denmark	<u>269.147</u>	<u>265.460</u>
<b>Net revenue</b>	<b><u>342.054</u></b>	<b><u>356.133</u></b>
	2021 <u>DKK '000</u>	2020 <u>DKK '000</u>
<b>2. Other operating income</b>		
Sales commission received from Group Companies	162	172
Subsidie related to COVID-19	73	-
Subsidie related to energy savings	178	333
Other items	<u>127</u>	<u>463</u>
<b>Other operating income</b>	<b><u>540</u></b>	<b><u>968</u></b>
	2021 <u>DKK '000</u>	2020 <u>DKK '000</u>
<b>3. Fees to auditors appointed at the General Meeting</b>		
Fee for statutory audits	-280	-257
Fee for tax assistance	-	-10
Other Fees	<u>-</u>	<u>-9</u>
<b>Fees to auditors appointed at the General Meeting</b>	<b><u>-280</u></b>	<b><u>-276</u></b>

	2021 DKK '000	2020 DKK '000
<b>4. Staff costs</b>		
Salaries and wages	-90.462	-95.430
Pension costs	-8.547	-9.195
Other social security costs	-2.414	-2.001
<b>Staff costs</b>	<u>-101.423</u>	<u>-106.626</u>
Average number of employees	<u>183</u>	<u>193</u>
<b>Salaries and fees paid to Executive Board and Board of directors</b>	<u><b>-3.098</b></u>	<u><b>-3.265</b></u>
Management and a number of key staff have performance related (cash) bonus agreements with the company		
	2021 DKK '000	2020 DKK '000
<b>5. Depreciation</b>		
Non current assets	-5.098	-2.217
Buildings	-348	-1.476
Plant and machinery	-11.025	-18.111
Other fixtures and fittings, tools and equipment	-551	-538
<b>Depreciation</b>	<u>-17.022</u>	<u>-22.342</u>
	2021 DKK '000	2020 DKK '000
<b>6. Financial expenses, net</b>		
Interest income, affiliated companies	171	213
Other financial income	406	818
<b>Financial income</b>	<u>577</u>	<u>1.031</u>
Other financial expenses	-2.358	-3.580
<b>Financial expenses</b>	<u>-2.358</u>	<u>-3.580</u>
<b>Financial expenses, net</b>	<u><u>-1.781</u></u>	<u><u>-2.549</u></u>



	2021 <u>DKK '000</u>	2020 <u>DKK '000</u>
<b>7. Tax on profit/loss for the year</b>		
Current tax from joint taxation/ current tax on profit for the year	35	45
Change in deferred tax	<u>1.652</u>	<u>1.070</u>
Tax on profit/loss for the year	<u><u>1.687</u></u>	<u><u>1.115</u></u>
<b>8. Intangible assets</b>		
	Patent costs <u>DKK '000</u>	Development Projects in progress <u>DKK '000</u>
<b>Development projects in progress and Patent costs</b>		
Costs at 01.01.2021	676	19.209
Additions	2.152	13.597
Disposals	<u>-</u>	<u>-</u>
<b>Costs at 31.12.2021</b>	<u><u>2.828</u></u>	<u><u>32.806</u></u>
Depreciation and impairment losses at 01.01.2021	-	-3.588
Depreciation for the year	-68	-5.030
Reversal relating to disposals	<u>-</u>	<u>-</u>
<b>Depreciation and impairment losses at 31.12.2021</b>	<u><u>-68</u></u>	<u><u>-8.618</u></u>
<b>Carrying amount at 31.12.2021</b>	<u><u>2.760</u></u>	<u><u>24.188</u></u>

Development projects consists of 16 projects to develop sustainable solutions to cover the demand from the market, projects to invent substitutional materials to the material Barex, which where taken off the market by the supplier, projects to enter new markets e.g. developing new solutions using rigid aluminium. All the projects are either on or very close to be on the market and are sold to both existing customers as well as to new customers. The company expects sales from these projects also in the years to come.

<b>9. Tangible fixed assets</b>	Land and buildings DKK '000	Plant and machinery DKK '000	Other fixtures etc DKK '000	Assets in progress DKK '000
<b>Costs at 01.01.2021</b>	61.358	359.989	7.984	4.757
Additions	-	11.477	250	1.459
Disposals	-101	-1.929	-1.093	-
<b>Costs at 31.12.2021</b>	<u>61.257</u>	<u>369.537</u>	<u>7.141</u>	<u>6.216</u>
Depreciation and Impairment losses at 01.01.2021	-45.429	-280.585	-7.079	-
Depreciation for the year	-348	-11.025	-551	-
Reversal relating to disposals	101	1.929	1.093	-
<b>Depreciation and impairment losses at 31.12.2021</b>	<u>-45.676</u>	<u>-289.681</u>	<u>-6.537</u>	<u>-</u>
<b>Carrying amount at 31.12.2021</b>	<u>15.581</u>	<u>79.856</u>	<u>604</u>	<u>6.216</u>
Hereof Financial leasing assets		41.162		
Carrying amount at 31.12.2020	<u>15.929</u>	<u>79.404</u>	<u>905</u>	<u>4.757</u>
Hereof Financial leasing assets		44.082		
			2021 DKK '000	2020 DKK '000
<b>10. Income tax receivable (+)/payable (-)</b>				
Income taxes receivable/payable at 01.01. 2021			-	436
Income taxes paid/received during the year			<u>237</u>	<u>-436</u>
<b>Income tax receivable/payable 31.12.2021</b>			<u>237</u>	<u>-</u>

	Deferred tax asset DKK '000 <u>2021</u>	Deferred tax asset DKK '000 <u>2020</u>
<b>11. Deferred tax asset (+)/ liability (-)</b>		
Deferred tax at 01.01.2021	1.741	3.651
Usage of tax credit scheme, development costs 2020	-2.556	-1.924
Changes for the year	<u>515</u>	<u>14</u>
<b>Deferred tax at 31.12.2021</b>	<u>-300</u>	<u>1.741</u>

## 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.

	2017 <u>DKK '000</u>	2018 <u>DKK '000</u>	2019 <u>DKK '000</u>	2020 <u>DKK '000</u>	2021 <u>DKK '000</u>
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>

<b>14. Long term debt</b>	than 1 year <u>DKK '000</u>	1 and 5 years <u>DKK '000</u>	than 5 years <u>DKK '000</u>	Total <u>DKK '000</u>
Mortgage debt	1.759	7.020	12.680	21.459
Financial leasing obligation	5.655	23.751	6.086	35.492
Other loans	<u>11.775</u>	<u>3.839</u>	<u>7.537</u>	<u>23.151</u>
<b>Long term debt 31.12.2021</b>	<u>19.189</u>	<u>34.610</u>	<u>26.303</u>	<u>80.102</u>
Long term debt 31.12.2020	<u>7.662</u>	<u>32.516</u>	<u>34.517</u>	<u>74.695</u>

Part of other loans (DKK 9,6 million) is related to the change in the law on holiday allowance (Fondsår). Due date for this is uncertain, as the amount falls due, when employees employed from 1<sup>st</sup> September 2019 to 31<sup>st</sup> August 2020) retires or die or if the company chooses to repay earlier.

#### **15. Contractual obligations and contingencies**

	2021 <u>DKK '000</u>	2020 <u>DKK '000</u>
Rent and leasing commitments	<u>4.059</u>	<u>5.675</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.

#### **16. Mortgages and collateral**

The mortgage comprises the plant in Slagelse. Carrying amount of mortgaged plant DKK 15,6 million (2020: DKK 15,9 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. The equity amounts to DKK 92,5 million per 31.12.2021.

Schur Flexibles Group have in 2022 been in a process of reconstruction. At the time for signing the annual report there has been made an agreement about financing for 2022 and the following

years but it will first be final closed in the beginning of September. The Group has received new funds under the new agreement therefor management consider the final closing of the new agreement as a formality.

A Company charge (floating 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 158,8 million.

## 17. 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	Group Parent
B&C Holding Österreich GmbH	Austria	Ultimate Parent
Juan Luiz Martinez Arteaga		Board of Directors
Marek Pawlak		Board of Directors
Sabine Leutner		Board of Directors
Tina Kiil Jensen		Board of Directors
Henrik Nordkvist		Board of Directors

### Transactions with related parties:

	2021	2020
	<u>DKK '000</u>	<u>DKK '000</u>
Sales of goods and services to group companies	1.259	1.109
Sale of services to immediate parent	615	239
Sale of services to ultimate parent	-	-
Purchase of goods and services from companies	-13.151	-8.943
Purchase of services from immediate parent	-4.299	-5.398
Purchase of services from ultimate parent	472	-384
Interest income from group parent	171	213
Receivable from group parent (cash pool)	14.535	13.963
Receivables from other group companies	60	295
Payables to group companies	1.234	3.264

## 18. Ownership

The Company has registered Schur Flexibles Holding GesmbH, IZ NÖ-Süd Strasse 1, Obj. 50C, 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.

## 19. Group

Danapak Flexibles A/S is included in the consolidated financial statements of Schur Flexibles GmbH, Romerstrasse 12, D-87437 Kempten (smallest group) and B&C Holding Österreich GmbH, Universitätsring 14, A-1010 Wien (largest group) from which address the consolidated financial statements may be ordered.

## 20. Proposed distribution of profit/loss

	2021 <u>DKK '000</u>	2020 <u>DKK '000</u>
Retained earnings	<u>-962</u>	<u>128</u>
	<u><u>-962</u></u>	<u><u>128</u></u>

## 21. 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 658 thousand (2020: DKK 1.087 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%.

## 22. Events after the balance sheet date

Following the second half year of 2021, 2022 started out with unstable delivery's of raw materials and a very high market demand. All categories are affected but worst is aluminum and paper. Paper is driven by the high demand for more sustainable solutions combined with a long-term strike at one of the main pulp suppliers in Europe.

For aluminum the high demand on batter foil to electrical vehicles have on a very short time increased dramatical, which have created a global capacity lack on thin aluminum foil.

Furthermore the imposed Anti Dumping Duty on all aluminum foil from China coming into Europe have further put pressure on the availability on material and lead-times are still +26 weeks.

For Danapak, the supply situation is on a good level with few delays due to good cooperation with suppliers and long term forecasts from customers. Prices are in general still increasing, but are expected to level out during 2022.

The heavily increases in prices for raw materials, energy, transportation and the overall inflation has forced the Company to impose price increases on our customers.

## 23. Corporate Social Responsibility

### Our business model & CSR structure

Danapak is producing packaging materials, which needs to fulfil a wide range of requirements:

**Protect and preserve:** It should protect the product against damage e.g. dirt, light and oxygen. It shall be functional in relation to Childproof and Senior-friendly opening, have high tear- and puncture strength, provide inertness and tamper evidence. It should allow products to be transported and stored in safety. Good protection reduces food wastage.

**Attract and sell:** Packaging needs to be attractive to consumers as well as providing important information such as product usage, ingredients, shelf life and disposal of packaging.

**Innovate and safeguard:** Technical innovation means that packaging material can be reduced, recycled or replaced. It involves taking responsibility for the future of our planet to find renewable resources and making the necessary changes throughout the packaging life cycle.

Our business impacts society in various ways and through our business model, we promote sustainable development. We create jobs in the local community and run a transparent and resource efficient business.

The corporate social responsibility (CSR) of Danapak is based on our:

- Code of conduct
- Mission
- The values of Danapak
- Five pillars of sustainability (Recycling, Replace, Reduction, Renewal & Responsibility)
- Instructions and guidelines

The contents of the individual areas are elaborated on in separate policies and in Danapak's Code of Conduct. Each manager is responsible for embedding our Code of Conduct in our culture and business and every colleague plays an important role in the implementation.

We have a special focus on Human rights, Employment rights, Environment, climate and Anti-corruption.

Danapak systematically measures the external environment (energy consumption and waste) and the internal environment (working accidents and sick days, workplace conditions).

### Human rights Policy

On a continuous basis, Danapak will ensure that human rights are complied with including that no differential treatment takes place due to gender, race, skin color, religion or faith, political opinion, sexual orientation, age, disability, ethnic origin or nationality. We want to ensure a workplace characterized by mutual respect and trust, promoting equal opportunities allowing colleagues to live up to their full potential.

Our Works Councils help secure workplace decisions are made in the best interest of both colleagues and company.

### **Impact on society**

We recognize our responsibility to respect basic human rights in the workplace and to contribute to sustainable societal development. We want to ensure that both current and future colleagues are treated in a fair non-discriminatory manner, which will in turn support prosperous societies.

### **Impact on Danapak**

We respect human rights in the workplace by ensuring an open inclusive dialogue, taking the perspectives and innovative approaches of people with diverse backgrounds into account. This approach mitigates significant business risks to Danapak as well as the risk of legal actions and reputational damage.

### **Measurement**

The above mentioned is verbalized by Management to the employees once a year through information meetings.

### **Result**

We can confirm that Management for this reporting year has had no knowledge of any cases of violation of human rights and we expect to have further focus on this in 2022.

## **Anti-corruption & Bribery Policy**

No person within Danapak may encourage or accept any kind of bribery, receive or give presents of a higher value attempting to influence business partners in order to achieve unlawful advantages. We want to conduct our business in an honest and ethical manner. Gifts and hospitality to and from third parties are controlled by rules.

### **Impact on society**

Bribery and corruption present risks to societies by undermining trust in public institutions and the mishandling of resources. Where funds and priorities are diverted to activities that will benefit corrupt individuals, fair competition is undermined.

### **Impact on Danapak**

Any kind of involvement in bribery or corruption would present risks of heavy legal fines and loss of business opportunities. A finding of involvement in bribery would be damaging to our reputation and impacts the business environment.

### **Measurements**

The abovementioned is verbalized by Management to the employees once a year through information meetings.

Payments fulfill the 4-eye-principle meaning the approval of two people. No payments will be performed without a valid and approved invoice.



## **Result**

We can confirm that Management for this reporting year has had no knowledge of any examples of corruption or bribery. We expect to have further focus on this topic in 2022.

## **Child labor Policy**

Danapak wants to avoid any kind of child labor.

Any employee at Danapak must be of the age of 15 or older.

## **Impact on society**

Child labor is, generally speaking, when children perform work that harms them or exploits them in some way - physically, mentally, morally, or by blocking their access to education.

## **Impact on Danapak**

It would be a violation of Danish law to employ children under a certain age. Danapak would risk a fine and a reputational risk. It would also pose a business risk, as we are contractual obliged by several customers not to employ children.

## **Measurements**

The abovementioned is verbalized by Management to the leaders and the HR department is focused on this. All employee contracts must be signed by Management, which ensures this.

On regular basis, we perform audits at our suppliers to ensure, their compliance to this policy.

## **Result**

We can confirm that no employee is under the age of 15.

We did not find any breaches to this policy at our suppliers during audits.

## **External environment, climate, energy and Co2 Policy**

Danapak is supporting the work for sustainable development and is also on the environmental area acting responsible for the benefit of the climate.

Danapak complies to all national and international environmental legislation and rules for the internal and external environment in the countries in which we operate.

Danapak strives to have a safe, healthy and good working environment which meets the high expectations of our employees and the local society.

Danapak strives to use the most rational processes having a minimum consumption of energy, raw materials and auxiliary materials within reasonable technical and economical frames.

Danapak is working targeted to minimize the use of products which have a negative impact on the environment, climate or on the employee's health. Wherever such products are unavoidable, we strive to handle them with absolute focus on safety and waste handling.

Danapak is striving to recycle waste. All waste from production is being sorted at the source and sent to recycling wherever possible. Wastepaper from the offices are also sorted and recycled.

During the production of Danapak's products solvents will be sucked out through the ventilation system and into an incinerator, where the solvents will be heated and burned. This process is controlled and almost no solvents are emitted to the air.

Danapak invested in a system to distillate solvents used for cleaning of cylinders and re-use the solvents.

Danapak always takes reduction of energy consumption and noise and safe working environment into consideration when investing in new equipment.

### **Car fleet**

Danapak is leasing the car fleet through a leasing Company. A company car is renewed every fourth year or with a high mileage even sooner. This means there are no old cars in the fleet. Since the automakers become still better at developing environmentally friendly cars, we find it best to renew the fleet in a four year schedule.

### **Impact on Society**

The use of energy, water and raw materials in processing risk contributing to climate change, depletion of non-renewables resources and air- and water pollution. Waste related to our business both at customer and at consumer level cause multiple environmental impacts.

### **Impact on Danapak**

Climate change, water stress and malfunctioning ecosystems are threats to our supply chain and to our customers. Not addressing environmental and climate challenges pose reputational risks as well.

The Danish Authorities has announced a permit for the site in course of "*Miljøbeskyttelsesloven §41b, Lovbekendtgørelse nr. 1757 af 22. December 2006*". The permit sets out terms for the impact on certain parameters, not complying to this risk the permit to be withdrawn and the business will be closed.

### **Measurements**

During the development phase and in construction of new packaging materials and in optimizing existing products Danapak is working closely with our customers with the aim to reduce material consumption and secure safety and durability of our customers products through a high quality of the packaging material.

We provide solutions for our customers, that will replace or reduce the use of raw materials such as aluminum or plastic film.

Danapak obtained a FSC certification in 2021, securing the sustainability of wood based raw materials. The FSC accreditation is a natural next step in Danapak's continuous efforts not only to act as a responsible world citizen but also to offer sustainable packaging specifications.

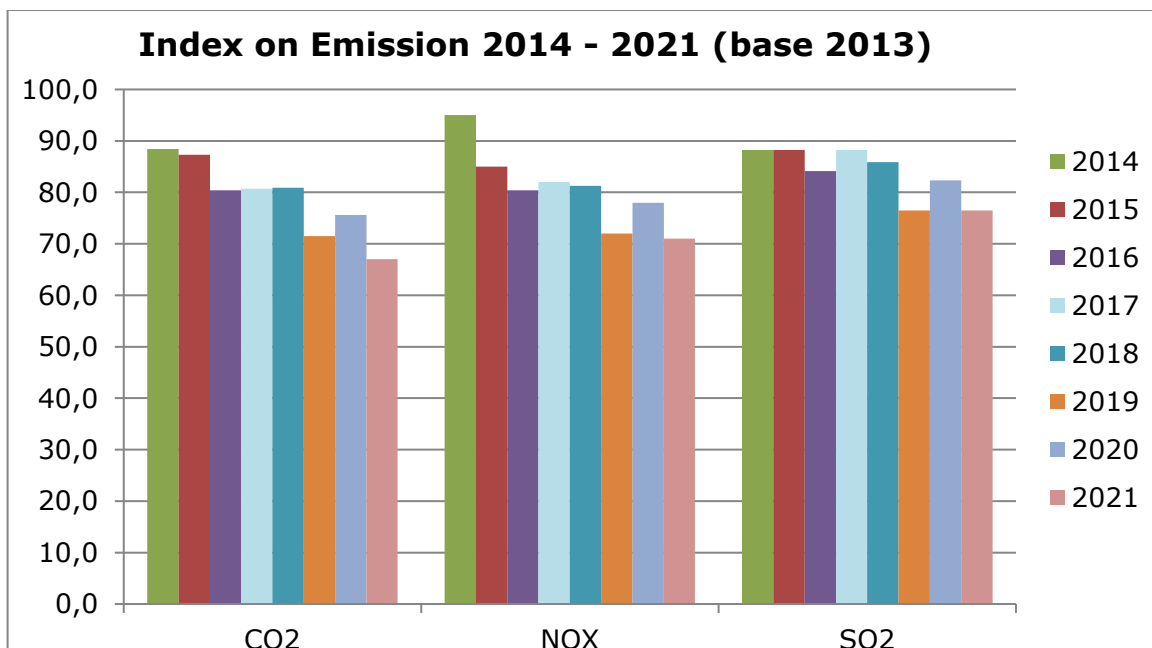
Energy consumption and waste are monitored on a continuous basis. An extra number of electricity meters have been installed on specific equipment in order to provide more detailed

information on where the electricity consumption have an opportunity to be reduced. This has been followed closely since 2018 with the aim to reduce the overall consumption.

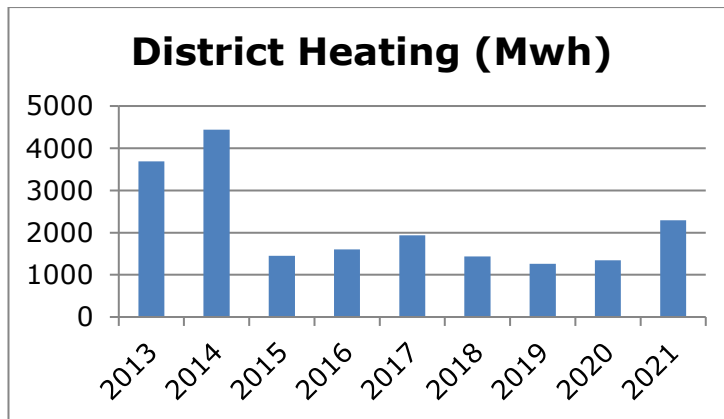
## Results

Danapak is rated as "Gold" ranking with the company Ecovadis for the efforts on environmental issues. We expect to have further focus on these topics in 2022.

Danapak has been performing different projects during the last years with the aim to reduce the energy consumption. In 2019 we especially see the effect from the change of ventilation system and printing set-up performed during 2018.



The use of district heating increased in 2021 due to a defect in a heat exchanger. Due to COVID-19 the delivery term of a new heat exchanger was long. While the heat exchanger had a defect, it was not possible to recover the heated air in our incinerator and the use of district heating increased.



**Waste:**

Throughout the organization there is high attention to the sorting of waste. Waste is split in different fractions at the source and a vast majority of the waste is recovered (2020: 99%, 2019: 100%).

	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hazardous waste for recovery	Ton	122	126	141	161	151	136	170	178	148
Non hazardous waste for landfill	Ton	10	10	28	14	0	0	0	29	0
Non hazardous waste for recovery	Ton	2.135	2.004	1.566	2.003	2.079	2.410	2.083	2.195	2.194

**Internal environment, Health & Safety Policy**

Danapak aims to be a company with good working conditions for the employees, with high focus on the internal environment and the well-being of the employees.

Danapak aims to minimize the potential physical and mental impact from the working environment to the employees through systematically preventive work and by developing new and better ways of production methods.

Danapak has a constant attention to the "near-by" accidents and implement corrective actions to avoid actual accidents to happen. Our overall ambition is to provide all colleagues with safe and healthy working conditions.

**Impact on society**

We offer a large variety of jobs. One part of our license to operate is our ability to ensure safe and healthy working conditions.

**Impact on Danapak**

Not safeguarding the health and safety of our colleagues poses a business risk to Danapak in terms of loss of efficiency, profitability and the opportunity to attract competent colleagues. The

ultimate risk related to safety is serious injuries and fatalities, which poses business risks such as legal action, reputational damage and ultimately loss of license to operate.

### **Measurements**

At Danapak we are working continuously with workplace assessments, employee interviews, fire protection and first aid training as well as education is an important factor in having a good working environment.

In 2019 the project "Vision Zero" was launched. The project is based on the mindset, that all work-related injuries or work-related disorders in principle are preventable. In the aim to have a good and safe working environment it is important, that all employees understand the mindset. Regular workshops have been performed and already a number of initiatives have been implemented and we see an increase in the reports on "near-by-accidents", which makes it possible to implement corrective actions and avoid real accidents from happening.

The well-being of our employees is important, and the employees are invited to conversations regarding absenteeism with the aim to help the employee back to work and to avoid the job being the reason for the absenteeism.

Danapak provides a healthcare insurance for the staff, where a treatment guarantee will help an employee to fast and competent treatment and a quick recovery.

Danapak encourages the employees to participate in sports or Fitness. Danapak supports the employees who participate in e.g. "DHL stafetten" an event where a group of employees are running 5 kilometers each. This event is very popular amongst the employees and every year more employees are participating. It is not just a sports event but also a social event that contributes to a good working environment.

Danapak monitors not only accidents but encourage the employees to report every "near-by" accident. Reports on each event are analyzed carefully and corrective actions are implemented when possible. It is the analyses and the corrective actions which reduces the number of accidents.

### **Results**

Efforts have been made to make sure, that all accidents are reported – even the small ones. As a consequence of this there has been an increase in the number of recorded accidents from 6 in 2020 to 14 in 2021. None of the accidents were severe.

Audit performed by the authorities has given no comments to the health and safety standard. This will also be a focus area in 2022.

## **Contribution to society**

Danapak is contributing to the society in various ways.

Danapak has made commitment to the local "Jobcenter" and has signed a "Partnerskabsaftale". Thereby committing to make effort to help people who in various ways are having difficulties to maintain or getting a job or who are on the way back from longtime illness.

Since 2019 we have a special job (Flex-job) to fit a person whose ability to work is permanently impaired. This job has been successfully implemented in the organization.

Danapak supports the program "InterForce". A cooperation between the National Danish Defense and private companies to support the work of the volunteers in the National Danish Defense.

A larger number of employees participated in the "Schur Flexibles Charity run" where a donation was made to the organization "SOS-Children's Villages".

It has for many years been accepted that employees who are a blood donor may use working hours while donating blood.

Since 2018 Danapak has made a yearly donation to the organization "Kirkens Korshær" in Slagelse. The donation will support the organization in their work to help homeless citizens in our local community to get a free meal, free clothes, a place to sleep and someone to talk to. The homeless citizens might, with a little help, be future employees at Danapak.