• Kallermann Revision A/S •

statsautoriseret revisionsfirma
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NOVIO PACKAGING A/S

Bækgårdsvej 56
4140 Borup

VAT no. 66 15 28 12

Årsrapport 2018

The annual report has been presented and approved on the Company's ordinary general meeting on 17/6 2019

Chairman of general meeting

Morison KSI
Independent member

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COMPANY DETAILS

Reporting entity	NOVIO PACKAGING A/S Bækgårdsvej 56 4140 Borup	
	CVR no.:	66 15 28 12
	Date of foundation:	August 14, 1980
	Reporting entity:	Borup
	Reporting period:	1 January 2018 - 31 December 2018
Board of Directors	Hanne Zinck Jørgensen, chairman Bjarke Rolf Halkjær Arlø Erik Leonard Adolf Trum Marcus Cornelius Martinus Jansen	
Executive Board	Bjarke Rolf Halkjær Arlø	
Company auditors	Kallermann Revision A/S - statsautoriseret revisionsfirma Stationspladsen 1 og 3 3000 Helsingør	
	CVR no.:	30 19 52 64

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report for the financial year 1 January - 31 December 2018 for NOVIO PACKAGING A/S.

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

In our opinion the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of its financial performance for the financial year 1 January - 31 December 2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Borup, 11 June 2019

Direktion

Bjarke Rolf Halkjær Arlø

Bestyrelse

Hanne Zinck Jørgensen
chairman

Bjarke Rolf Halkjær Arlø

Erik Leonard Adolf Trum

Marcus Cornelius Martinus Jansen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of NOVIO PACKAGING A/S

Opinion

We have audited the Financial Statements of NOVIO PACKAGING A/S for the financial year 1 January - 31 December 2018, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position at 31 December 2018 and of the result of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty concerning going concern

The Company's cash position and going concern are described in note 1. We agree with the Management's statement.

Management's Responsibility 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 Responsibility 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 of accounting information 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

INDEPENDENT AUDITOR'S REPORT

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.

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, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Elsinore, 11 June 2019
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CVR no. 30 19 52 64

Peter Kallermann
State Authorized Public Accountant
MNE no.: mne8285

MANAGEMENT'S REVIEW

Primary activities
The main activity of the company is design, development, manufacturing and sales of standard and specialty packaging.

Uncertainty relating to recognition and measurement
The financial report is not affected by uncertainty in recognition and measurement.

Development in activities and finances
The annual report for the period 01.01. to 31.12.2018 shows a result of 863.639 DKK against 3.380.920 DKK for the period 01.01. to 31.12.2017. For 2018 the EBITDA was 7.792.694 DKK and the balance shows an equity of 17.545.882 DKK.

The company has had a very positive sales growth of approx. 30% during the year. In the anticipation of the growth the number of staff members was increased to a level that had a negative and unsatisfactory impact on the profitability.

During the year further investments in increased capacity, automatization, packing lines and vision technology was made, resulting in reduced head count by the end of the year and thus giving expectations of improved profitability in the years to come.

In 2018 Scandinavian Packaging A/S merged with the Dutch packaging group Novio Packaging Group B.V. and by the end of the year changed name to Novio Packaging A/S. Being part of the Novio Group will further fuel the profitable growth in the years to come and will increase the service and assortment that we can offer our valuable customers.

Description of environmental matters
During the year the company has maintained its certifications within quality management (ISO9001), food safety (ISO22000/FSSC22000), GMP pharma production (ISO15378) and also environmental management (ISO14001). Based on focused projects the energy, emission and waste numbers has been decreased further than expected and delineates the company as being sustainability focused company in line with the strategy of the Novio Group.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Description of significant changes in business and economic conditions
For changes in accounting policies we refer to the section under accounting policies.

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ACCOUNTING POLICIES

This annual report of NOVIO PACKAGING A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with additional choice of a few rules from class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year except that the management has decided to change the lifeperiod for installations and auxiliary equipment recognized under fixed assets. The effect of this is approx. 110.000 DKK positivily in income statement for the year 2018. No corrections have been made to the comparative figures.

In 2018, the Company has chosen to include further debts, which relate to previous years, directly in the equity, and the effect hereof comprises 287.040 DKK on the equity's free reserves.
The monetary effect and cost of the year's result after tax is limited to -53.040 DKK in 2017, respectively -234.000 DKK in 2016. As the corrections to the comparative figures in the present year are limited, we have not adjusted them.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies 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 recognized in the income statement as financial income or financial expenses.

Long-term assets purchased in foreign currency are translated at the exchange rate at the transaction date.

Leasing
Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially measured in the balance sheet at the lower of fair value and the net present value of the future lease payments. In calculating the net present value of future lease payments, the discount factor is the interest rate implicit in the lease or an alternative rate. Assets held under finance leases are subsequently treated as the Company's other non-current assets.

The capitalised residual lease obligation is recognized in the balance sheet as a liability and the interest implicit in the lease is recognized in the income statement over the lease term.

All other leases are defined as operating leases. Operating lease payments and other lease payments are recognized in the income statement over the lease term. The Company's total liabilities relating to operating leases and other leases are disclosed in the notes under contingent liabilities.

INCOME STATEMENT
Revenue
Revenue from sales of commodities and end products, is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. The time for transfer of the most significant advantages and risks is based on the standardized delivery terms based on Incoterms(R) 2010. Revenue from sales of goods, where delivery on buyer's request is postponed, is recognized in the income, when the ownership of the goods passes to buyer.

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ACCOUNTING POLICIES

Revenue is measured to fair value of the agreed fee ex. VAT and taxes charged on behalf of third parties. All discounts granted in connection with the sale are recognized in the revenue.

Gross profit (loss)
With reference to the Danish Financial Statements Act section 32 revenue with deduction of cost of sales and external cost is condensed into one item called gross profit.

External expenses
Other external expenses comprise expenses for distribution, sale, marketing, bad debts, operational costs etc.
Staff costs
Staff costs comprise salaries and wages including holiday pay and pensions as well as social security costs, etc for the Company's staff. Received compensations from the authorities have been deducted in staff costs.

Financial income and expenses
Financial income and expenses comprise interest income and expense, leasing costs, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Income tax
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to changes directly recognized in equity is recognized directly in equity.

BALANCE SHEET
Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation. Concerning self-constructed assets the cost comprises direct and indirectly expenses to materials, components, subcontractors, wages and borrowing costs from specific and general borrowing, which directly relate to the construction of the single asset.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and equipment, 5-14 years
Other fixtures and fittings, tools and equipment, 5-14 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are re-assessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is

ANNUAL REPORT

ACCOUNTING POLICIES

recognized prospectively as a change in accounting estimates.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income and other operating costs, respectively.

Investments
Deposits are measured at cost.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables
Receivables are measured at amortised cost or at a lower net realisable value, which equals nominal value less provisions for bad debts. Depreciations on loss are recognized on basis of an individual valuation of the single receivable and for the receivables from sales as well as a general depreciation based on the Company's experiences from previous years.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years.

Dividends
Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Tax payables and deferred tax
Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured on basis of the tax rules and tax rates, which are valid according to the legislation on the balance sheet date, when deferred tax is expected to become actual tax. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Current tax receivable and payable is recognized in the balance sheet as tax computed on the taxable income for

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ACCOUNTING POLICIES

the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Allowances under the tax prepayment scheme are included in the income statement as financial items.

Liabilities other than provisions
Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Furthermore, the capitalized residual lease liability on financial leasing contracts is recognized in the financial liabilities.

Other financial liabilities are measured at net realisable value.

Deferred income liabilities
Deferred income, recognized in liabilities, comprises received payment concerning revenue in the following years.

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INCOME STATEMENT FOR 2018

	Notes	2018 DKK	2017 DKK
Gross profit		**26.791.217**	**25.539.559**
Staff costs	2	-18.998.523	-15.600.119
Depreciation, amortisation and impairment losses		-5.217.785	-3.979.949
Profit (loss) from ordinary operating activities		**2.574.909**	**5.959.491**
Financial income	3	240.081	232.654
Financial expenses	4	-1.703.391	-1.833.225
Profit (loss) from ordinary activities before tax		**1.111.599**	**4.358.920**
Tax	5	-247.960	-978.000
PROFIT/LOSS FOR THE YEAR		**863.639**	**3.380.920**
Proposed distribution of results:			
Retained earnings		863.639	3.380.920
		863.639	**3.380.920**

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BALANCE OF 31 DECEMBER 2018

	Notes	2018 DKK	2017 DKK
ASSETS			
Plant and machinery		36.559.813	23.260.963
Fixtures, fittings, tools and equipment		16.829.396	13.985.975
Property, plant and equipment	6	**53.389.209**	**37.246.938**
Deposits, investments and receivables		395.400	395.400
Long-term investments and receivables		**395.400**	**395.400**
FIXED ASSETS		**53.784.609**	**37.642.338**
Raw materials and consumables		1.652.102	1.222.355
Manufactured goods and goods for resale		11.637.237	11.035.049
Prepayments for goods		0	37.235
Inventories		**13.289.339**	**12.294.639**
Trade receivables		12.400.874	9.793.833
Receivables from group enterprises		400.632	9.493.685
Other receivables		9.952.297	521.199
Deferred income assets		386.801	365.971
Receivables		**23.140.604**	**20.174.688**
Cash and cash equivalents		**712.606**	**31.250**
CURRENT ASSETS		**37.142.549**	**32.500.577**
ASSETS		**90.927.158**	**70.142.915**

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BALANCE OF 31 DECEMBER 2018

	Notes	2018 DKK	2017 DKK
EQUITY AND LIABILITIES			
Contributed capital		2.250.000	2.250.000
Retained earnings		15.295.882	14.719.283
EQUITY		**17.545.882**	**16.969.283**
Provisions for deferred tax		2.309.000	2.142.000
PROVISIONS		**2.309.000**	**2.142.000**
Debt to banks		750.000	1.500.000
Debt to other credit institutions		18.917.693	10.368.950
Long-term liabilities other than provisions	7	**19.667.693**	**11.868.950**
Debt to other credit institutions		27.600.963	14.996.670
Prepayments received from customers		45.976	115.769
Trade payables		14.649.702	16.176.758
Payables to group enterprises		618	0
Other payables		2.831.483	3.037.205
Short-term part of long-term liabilities other than provisions		6.275.841	4.836.280
Short-term liabilities other than provisions		**51.404.583**	**39.162.682**
LIABILITIES OTHER THAN PROVISIONS		**71.072.276**	**51.031.632**
EQUITY AND LIABILITIES		**90.927.158**	**70.142.915**

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STATEMENT OF CHANGES IN EQUITY FOR 2018

	2018 DKK	2017 DKK
Contributed capital:		
Capital, 1 January 2018	2.250.000	2.250.000
Capital, 31 December 2018	**2.250.000**	**2.250.000**
Retained earnings:		
Retained earnings, 1 January 2018	14.719.283	11.338.363
Decrease of equity regarding additional debt from previous years	-368.000	0
The tax effect of debt from previous years	80.960	0
Increase	863.639	3.380.920
Retained earnings, 31 December 2018	**15.295.882**	**14.719.283**
Equity, 31 December 2018	**17.545.882**	**16.969.283**

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NOTES

	2018 DKK	2017 DKK

1. Uncertainties relating to going concern

The Company's cash position is overstretched as a result of significant investments through 2018 in fixed assets, which to a major extent are financed by short-term debts. It is the Management's opinion, that the Company may generate sufficient liquidity from the Company's operations in order to meet the liabilities. Therefore, the Management presents the annual report according to the going concern principles.

	2018 DKK	2017 DKK
2. Staff costs		
Wages and salaries	19.349.739	14.845.301
Post-employment benefit expense	1.409.614	1.088.705
Social security contributions	303.749	217.363
Employee expenses transferred to assets	-2.330.000	-814.592
Other employee expense	265.421	263.342
Employee benefits expense	**18.998.523**	**15.600.119**
Average number of employees	45	37
3. Other finance income		
Interest income from group enterprises	0	232.654
Other interest income	240.081	0
Other finance income	**240.081**	**232.654**
4. Other finance expenses		
Other interest expenses	1.421.177	1.438.875
Other adjustments of finance expenses	282.214	394.350
Other finance expenses	**1.703.391**	**1.833.225**
5. Tax		
Current tax expense	0	0
Adjustments for deferred tax	167.000	978.000
Adjustments for deferred tax on changes in equity	80.960	0
Tax expense on ordinary activities	**247.960**	**978.000**
6. Property, plant and equipment		
Plant and machinery:		
Cost, 1 January 2018	40.559.579	31.242.729
Reclassified	0	270.951
Additions	16.761.045	9.045.899
Cost, 31 December 2018	**57.320.624**	**40.559.579**
Accumulated depreciation, 1 January 2018	-17.298.616	-14.674.608
Depreciation	-3.462.195	-2.616.290
Reclassified	0	-7.718
Accumulated depreciation, 31 December 2018	**-20.760.811**	**-17.298.616**
Plant and machinery, 31 December 2018	**36.559.813**	**23.260.963**

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	2018 DKK	2017 DKK
5. Property, plant and equipment, continued		
Fixtures, fittings, tools and equipment		
Cost, 1 January 2018	33.583.217	26.782.380
Reclassified	0	-270.951
Additions	4.599.011	7.071.788
Cost, 31 December 2018	**38.182.228**	**33.583.217**
Accumulated depreciation, 1 January 2018	-19.597.242	-18.241.301
Depreciation	-1.755.590	-1.363.659
Reclassified	0	7.718
Accumulated depreciation, 31 December 2018	**-21.352.832**	**-19.597.242**
Fixtures, fittings, tools and equipment, 31 December 2018	**16.829.396**	**13.985.975**

Accounting value of assets, which are not owned by the Company, amounts to 32.298.631 DKK.

7. Long-term liabilities		
Long-term liabilities other than provisions due after five years and more	2.516.273	529.832
Long-term liabilities other than provisions due after five years and mor	**2.516.273**	**529.832**

8. Contingent liabilities

The former Group's Danish companies are jointly and severally liable for tax of the Group's jointly taxable income until 31th of January 2018.

The Company has rent commitments of 5.687 DKK'000 at 31 December 2018.

The Company's contractual lease commitments, which are not recognized in the balance at 31 December 2018, amount to 545 T.DKK. The lease commitments' start-up is in 2019.

9. Mortgages and collaterals

As collateral for debt to banks and other credit institutions, the Company has issued mortgage deeds of a total of 20.500 DKK'000, which give security in fixed assets, prepayments and stock with a accounting value of total 67.461 DKK'000 per 31 December 2018.

Trade receivables with a total accounting value of 12.401 DKK'000 have been given as collateral for debt to banks of 9.379 DKK'000.

As collateral for debt to leasing company a security of 1.786 DKK'000 has been made per 31 December 2018.

The parent company has provided surety to the company's credit institution. This guarantee involve any present and future obligation which the company has or may have towards the credit institution.