

**QUADPACK INDUSTRIES S.A., BOARD OF DIRECTORS REPORT
IN CONNECTION WITH THE PROPOSED CAPITAL INCREASE AGREEMENT
INCLUDING PRE-EMPTIVE SUBSCRIPTION RIGHTS**

1. OBJECT OF THE REPORT.

The Board of Directors of QUADPACK INDUSTRIES, S.A. (the “Company”), at a meeting held on 5 April 2019, resolved to submit for the approval of the Extraordinary Shareholders' General Meeting to be held on 31 May 2019, on first call, or, as the case may be, on 1 June 2019, on second call (the “Extraordinary General Meeting”), a capital increase with cash contributions for a maximum amount of 4.000.000 Euros with the creation of 160.000 shares, with 1 Euro of par value each, with an issue premium of 24 Euros per share, so that the amount of the increase, accounting for nominal and premium amounts to 4.000.000 Euros with recognition of the pre-emptive subscription right and providing of incomplete subscription (the “Capital Increase”).

This report is issued in accordance with in Articles 286 and 297.1.a.) of the Consolidated Text of the Capital Company Act, approved by Royal Legislative Decree 1/2010, of 2 July (the “Capital Company Act”). This report will be made available to shareholders when the Extraordinary Shareholders' General Meeting is called to decide on the Capital Increase. In order to make it easier for shareholders to understand the reasoning behind the proposed Capital Increase agreement that will be submitted for their consideration, this report contains: (i) the justification of the need to carry out the proposed Capital Increase, and (ii) a description of the characteristics of said Capital Increase.

2. JUSTIFICATION OF THE PROPOSAL.

At the Extraordinary General Meeting, the Board of Directors of the Company will propose the approval of a monetary capital increase by which the strategic internal and external growth plan will continue to be implemented during 2019 and 2020, facing the internal and external growth with the necessary funding keeping the external funding at 80% and the internal funding via the Company's equity and capital increases at 20%. In view of the foregoing, this growth plan advises that the Company should have sufficient flexibility to obtain the financing necessary to undertake the new projects that arise. In particular, the Company must have sufficient funds to cover investments in research and development of new products, so as to achieve a competitive and leading position in the market without having to resort exclusively to external sources of financing. Thus, funds will be available to execute the necessary investments without significantly increasing their leverage. The Board of Directors considers that the proposed resolution submitted to the Extraordinary Shareholders' General Meeting is fully justified as it provides the Board of Directors with an instrument that the corporate legislation in force

authorises in accordance with the provisions of article 297.1.a) of the Capital Company Act and that, at all times and without the need to hold another Shareholders' General Meeting, allows the previously adopted capital increase resolution to be executed, within the limits and under the terms, deadlines and conditions established by the Shareholders' General Meeting.

3. CHARACTERISTICS OF THE CAPITAL INCREASE.

The Capital Increase will have the following characteristics:

- i. Capital Increase Amount: It is proposed to increase the Company's capital by a nominal amount of one hundred and sixty thousand Euros (€ 160.000) by issuing and putting one hundred and sixty thousand (160.000) new shares into circulation (the "New Shares") with a par value of 1 Euro each, with the issue premium of 24 Euros per share totalling FOUR MILLION EUROS (€ 4.000.000). The Capital Increase will be charged against cash contributions and will be carried out with recognition of the shareholders' pre-emptive subscription right. The New Shares will be ordinary shares and will belong to the same class and series as the ordinary shares of the Company currently in circulation and will confer on their holders the same rights and obligations as those attached to them.
- ii. Pre-emptive Subscription Right: Shareholders whose ownership is recorded, under the terms determined by the Board of Directors, before 11:59 p.m. on the day of publication of the announcement of the subscription offer in the Official Gazette of the Commercial Registry (the "BORME" [Boletín Oficial del Registro Mercantil]), shall be entitled to subscribe for the number of shares proportional to the par value of those they own. Pre-emptive subscription rights shall be transferable under the same conditions as the shares from which they are derived in accordance with the provisions of article 306.2 of the Capital Company Act. The period for exercising the pre-emptive subscription right (hereinafter referred to as the "Pre-emptive Subscription Period") shall be one (1) month from the day following the publication of the announcement of the offer to subscribe the New Shares in the BORME. In order to exercise the pre-emptive subscription rights, the holders of said rights should contact the Vice-Secretary of the Board of Directors of the Company indicating their willingness to exercise them. Unexercised pre-emptive subscription rights will automatically expire at the end of the Pre-emptive Subscription Period. In compliance with the strategic plan that is being undertaken, those New Shares that are not subscribed in exercise of the pre-emptive subscription right by the current shareholders of the Company will be offered by the Board of Directors for

subscription to third party investors under the terms described in the following section.

- iii. Discretionary Allocation Period: If, after the conclusion of the Pre-emptive Subscription Period and the determination of the number of New Shares subscribed in exercise of the pre-emptive subscription right, New Shares remain to be subscribed and allotted (the “Surplus Shares”), a period of discretionary allocation will commence, which will have a maximum duration of ten (10) calendar days from the date of such communication (the “Discretionary Allocation Period”), and the Board of Directors may terminate the Discretionary Allocation Period at any time. During the Discretionary Allocation Period, the Board of Directors may decide to distribute shares to third parties. Thus, during the Discretionary Allocation Period, investors may submit requests for subscription of Surplus Shares for allocation which, as indicated in the preceding paragraph, shall be decided by the Board of Directors. The subscription requests made during the Discretionary Allocation Period will be firm and irrevocable. The Company will notify the final allocation of said shares to the investors awarded, indicating the number of New Shares that have been allocated to them during the Discretionary Allocation Period.

- iv. Disbursement: The full payment of the issue price of each new share subscribed in exercise of the pre-emptive subscription right during the Pre-emptive Subscription Period, including its par value and the issue premium, shall be made by means of monetary contributions. This payment shall be made by depositing the corresponding amount in the Company's bank account and within 48 hours from the date on which the shareholder is notified of the approval of the subscription exercise. In turn, the full disbursement of the issue price of the shares assigned in the Discretionary Allocation Period, including their par value and the issue premium, shall be made by means of monetary contributions and must also be made in the Company's bank account and within 48 hours from the communication made by the Vice-Secretary to investors confirming acceptance of the subscription.

- v. Potential for incomplete Capital Increase subscription: Likewise, and in accordance with the provisions of article 311.1 of the Capital Company Act, the incomplete subscription of this Capital Increase is permitted, in the event that, at the end of the Discretionary Allocation Period, there are still shares to be subscribed, in which case the share capital will be increased by the amount corresponding to the number of shares effectively subscribed and paid out, and the Capital Increase will be null and void for the remaining amount.

- vi. Representation of New Shares: The New Shares will be represented by book entries in accordance with the provisions of the Company's Articles of Association, the accounting record of which will be attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its participating entities.

- vii. New Share Rights: The New Shares will be ordinary shares and will belong to the same class and series as the ordinary shares of the Company currently in circulation and will confer on their holders the same rights and obligations as these.

- viii. Capital Increase Execution Date: It shall be for the Board of Directors to determine the date on which the Capital Increase resolution referred to in this report must be implemented in the amount reached within a maximum period of two (2) months from the date of the resolution of the Extraordinary General Meeting and in accordance with the conditions indicated in the preceding paragraphs. It will also be a power of the Board of Directors to set the terms of the Capital Increase in everything not expected in the agreement of the Shareholders' General Meeting. In any case, once the Board of Directors has exercised the power of execution conferred by the General Meeting, this power shall be deemed to be exhausted, and therefore it may not be used by the Board of Directors for the adoption or execution of other resolutions to increase the Company's share capital.

4. PROPOSED CAPITAL INCREASE AGREEMENT.

Based on the above sections, the full text of the proposed Capital Increase which will be approved by the Extraordinary Shareholders' General Meeting is as follows:

“Approval of a capital increase charged against cash contributions for a nominal capital of one hundred and sixty thousand Euros (€ 160.000), through the issue and putting into circulation of one hundred and sixty thousand Euros (160.000) new ordinary shares with a par value of 1 Euro each, of the same class and series as those currently in circulation, with an issue premium of twenty-four Euros (€ 24) per share, which amounts to a total premium of three millions eight hundred forty thousand Euros (€ 3.840.000) which in total nominal capital plus premium will reach the maximum of FOUR MILLION EUROS (€ 4.000.000), with recognition of the pre-emptive subscription right and providing of incomplete subscription. Delegation to the Board of Directors of the power to indicate, within a period of two (2) months, the date on which the resolution already adopted must be put into effect, establishing the conditions thereof in all matters not provided for in the resolution of the Shareholders' General Meeting pursuant to the provisions of article 297.1.a) of the Capital Company Act, as well as to redraft the article of the

Share Capital of the Articles of Association. The new shares will be represented by book entries, the accounting record of which will be attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its investee entities.

- 1. Capital Increase Amount: It is proposed to increase the Company's capital by a nominal amount of one hundred and sixty thousand Euros (€ 160.000) by issuing and putting into circulation one hundred and sixty thousand (160.000) new shares (the "New Shares") with a par value of one (1) Euro each, with the issue premium of 24 Euros per share totalling FOUR MILLION EUROS (€ 4.000.000) (hereinafter the "Capital Increase"). The Capital Increase will be charged against cash contributions and will be carried out with recognition of the pre-emptive subscription right. The New Shares will be ordinary shares and will belong to the same class and series as the ordinary shares of the Company currently in circulation and will confer on their holders the same rights and obligations as ordinary shares.*
- 2. Pre-emptive subscription right: Pre-emptive subscription: Shareholders whose ownership is recorded, under the terms determined by the Board of Directors, before 11:59 p.m. on the day of publication of the announcement of the subscription offer in the Official Gazette of the Commercial Registry (the "BORME" [Boletín Oficial del Registro Mercantil]), shall be entitled to subscribe for the number of shares proportional to the par value of those they own. Pre-emptive subscription rights shall be transferable under the same conditions as the shares from which they are derived in accordance with the provisions of article 306.2 of the Capital Company Act. The period for exercising the pre-emptive subscription right (hereinafter referred to as the "Pre-emptive Subscription Period") shall be one (1) month from the day following the publication of the announcement of the offer to subscribe the New Shares in the BORME. In order to exercise the pre-emptive subscription rights, the holders of said rights should contact the Vice-Secretary of the Board of Directors of the Company indicating their willingness to exercise them. Unexercised pre-emptive subscription rights will automatically expire at the end of the Pre-emptive Subscription Period. In compliance with the strategic plan that is being undertaken, those New Shares that are not subscribed in exercise of the pre-emptive subscription right by the current shareholders of the Company will be offered by the Board of Directors for subscription to third party investors under the terms described in the following section.*
- 3. Discretionary Allocation Period: If, after the conclusion of the Pre-emptive Subscription Period and the determination of the number of New Shares subscribed in exercise of the pre-emptive subscription right, New Shares remain to be subscribed and allotted (the "Surplus Shares"), a period of discretionary allocation will commence, which will have a maximum duration of ten (10) calendar days from the date of such*

communication (the “Discretionary Allocation Period”), and the Board of Directors may terminate the Discretionary Allocation Period at any time. During the Discretionary Allocation Period, the Board of Directors may decide to distribute shares to third parties. Thus, during the Discretionary Allocation Period, investors may submit requests for subscription of Surplus Shares for allocation which, as indicated in the preceding paragraph, shall be decided by the Board of Directors. The subscription requests made during the Discretionary Allocation Period will be firm and irrevocable. The Company will notify the final allocation of said shares to the investors awarded, indicating the number of New Shares that have been allocated to them during the Discretionary Allocation Period.

- 4. Disbursement: The full payment of the issue price of each new share subscribed in exercise of the pre-emptive subscription right during the Pre-emptive Subscription Period, including its par value and the issue premium, shall be made by means of monetary contributions. This payment shall be made by depositing the corresponding amount in the Company's bank account and within 48 hours from the date on which the shareholder is notified of the approval of the subscription exercise. In turn, the full disbursement of the issue price of the shares assigned in the Discretionary Allocation Period, including their par value and the issue premium, shall be made by means of monetary contributions and must also be made in the Company's bank account and within 48 hours from the communication made by the Vice-Secretary to investors confirming acceptance of the subscription.*
- 5. Potential for incomplete Capital Increase subscription: Likewise, and in accordance with the provisions of article 311.1 of the Capital Company Act, the incomplete subscription of this Capital Increase is permitted, in the event that, at the end of the Discretionary Allocation Period, there are still shares to be subscribed, in which case the share capital will be increased by the amount corresponding to the number of shares effectively subscribed and paid out, and the Capital Increase will be null and void for the remaining amount.*
- 6. Representation of New Shares: The New Shares will be represented by book entries in accordance with the provisions of the Company's Articles of Association, the accounting record of which will be attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its investee entities.*
- 7. New Share Rights: The New Shares will be ordinary shares and will belong to the same class and series as the ordinary shares of the Company currently in circulation and will confer on their holders the same rights and obligations as these.*

8. Capital Increase Execution Date: *It shall be for the Board of Directors to determine the date on which the Capital Increase resolution referred to in this report must be implemented in the amount reached within a maximum period of two (2) months from the date of the resolution of the Extraordinary General Meeting and in accordance with the conditions indicated in the preceding paragraphs. It will also be a power of the Board of Directors to set the terms of the Capital Increase in everything not expected in the agreement of the Shareholders' General Meeting. In any case, once the Board of Directors has exercised the power of execution conferred by the General Meeting, this power shall be deemed to be exhausted, and therefore it may not be used by the Board of Directors for the adoption or execution of other resolutions to increase the Company's share capital.*

9. Delegation of powers to execute the Capital Increase: *As part of the Capital Increase resolution submitted for the approval of the Extraordinary Shareholders' General Meeting and based on the provisions of article 297.1 a) of the Capital Company Act, it is proposed that all the members of the Board of Directors be expressly and as broadly empowered as is required by law, so that any of them, indistinctly, with express power of substitution in any of its members and in any other person that the Board of Directors may empower, may:*

- i. Determine the conditions of the Capital Increase in all matters not provided for in the resolution of the Shareholders' General Meeting and in accordance with its terms and conditions, including the power to terminate the Discretionary Allocation Period within the maximum period of ten (10) calendar days established and therefore deciding when the Capital Increase should be carried out;*
- ii. Carry out as many acts as may be necessary to formalise the subscription and payment of the Capital Increase, as well as many others as may be required to comply with this agreement, including the determination of the date on which this agreement must take effect, as well as the term for the effective disbursement and subscription of the Capital Increase, the adoption of any other agreements that may correspond for the execution of the increase and the modification of article 5 of the Articles of Association relating to the share capital, in order to reflect this circumstance;*
- iii. Write and publish as many ads as necessary or appropriate;*
- iv. Award Surplus Shares;*

- v. *Declare the share capital object of the capital increase subscribed and paid out, expressly stating the incomplete subscription of the Capital Increase in accordance with article 311.1 of the Capital Company Act and declare the Capital Increase closed for the corresponding amount, once the New Shares have been paid out and granting such public or private documents as may be appropriate for the total or partial execution of the Capital Increase, as well as for that, without prejudice to any other existing power of attorney to notarise the corporate resolutions, any of them appears before a Notary and grants the corresponding deed of Capital Increase and modification of the article of Capital of the Articles of Association of the Company and, if applicable, to correct and clarify this agreement in the terms that are necessary to achieve its full registration in the Commercial Registry, as well as to carry out as many actions as are necessary or appropriate for the successful outcome of the Capital Increase;*
- vi. *To draft, execute and present any additional or complementary documentation or information that may be necessary before the competent authorities;*
- vii. *Negotiate and sign any contracts that may be necessary in relation to the placement of the Capital Increase and for its successful completion;*
- viii. *Declare the Capital Increase closed and executed;*
- ix. *By virtue of this authorisation, the Board of Directors is also empowered to request admission to trading on official or unofficial, organised or non-organised secondary markets, national or foreign, of both the pre-emptive subscription rights of the Company's shareholders and the shares issued by virtue of this authorisation, and to take the necessary steps to obtain such admission to trading before the competent bodies of the different securities markets; in particular, the Board of Directors will take the necessary steps to represent the new shares, since they will be represented by book entries, the accounting record of which will be attributed to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) and its investee entities.*

- x. In general, to execute as many documents, both public and private, and to carry out as many actions as may be necessary or advisable to execute and formalise the Capital Increase before any public or private, Spanish or foreign entities and bodies, including those of declaration, supplement or correct defects or omissions that could prevent or hinder the full effectiveness of the foregoing agreements;*

- xi. To interpret, correct, supplement, execute and develop the foregoing agreements, including the adoption of the same to the verbal or written classification of the Commercial Registrar or any other authorities, officials and institutions competent for them, as well as for compliance with any requirements that may be legally required for their effectiveness.”*

In Hospitalet de Llobregat on the 5 April 2019.

The Board of Directors of QUADPACK INDUSTRIES S.A.