

# *Elopak Denmark A/S*

Hovmarken 8, DK-8520 Lystrup

## Annual Report for 1 January - 31 December 2022

CVR No 29 93 84 90

The Annual Report was  
presented and adopted at  
the Annual General Meeting  
of the Company on 26/4  
2023

Ivar Jevne  
Chairman of the General  
Meeting



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# Management's Statement and Auditor's Report

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Elopak Denmark A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations and cash flows for 2022.

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 adopted at the Annual General Meeting.

Lystrup, 26 April 2023

### **Executive Board**

Mogens Juul

### **Board of Directors**

Ivar Jevne  
Chairman

Steffen Thestrup Emanuelsen

Trond Torvanger Dybvik

Stephen Dirk Naumann

Tommy Thøgersen

## Independent Auditor's Report

To the Shareholders of Elopak Denmark A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Elopak Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis of 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' 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.

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

### Management's Responsibilities for the Financial Statements

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

## Independent Auditor's Report

misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope

## Independent Auditor's Report

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 26 April 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Michael Nielsson  
State Authorised Public Accountant  
Mne15151

Thyge Belter  
State Authorised Public Accountant  
mne30222

# Management's Review

## Company Information

### **The Company**

Elopak Denmark A/S  
Hovmarken 8  
DK-8520 Lystrup

CVR No: 29 93 84 90

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

### **Board of Directors**

Ivar Jevne, Chairman  
Steffen Thestrup Emanuelsen  
Trond Torvanger Dybvik  
Stephen Dirk Naumann  
Tommy Thøgersen

### **Executive Board**

Mogens Juul

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## Management's Review

### Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	399.350	351.307	348.961	380.589	1.160.451
Gross profit/loss	77.572	74.839	75.635	127.671	166.928
Operating profit/loss	30.662	25.746	25.826	30.195	29.502
Profit/loss before financial income and expenses	30.257	25.234	25.813	28.316	29.603
Net financials	-12.247	-12.576	-17.052	-22.095	-12.518
Net profit/loss for the year	42.037	-15.452	6.830	4.824	16.595
<b>Balance sheet</b>					
Balance sheet total	378.180	431.804	465.656	508.101	565.960
Equity	143.015	100.978	120.230	113.400	158.576
<b>Cash flows</b>					
Investment in property, plant & equipment	-32.715	-23.680	-21.916	-28.151	-41.195
Number of employees	299	291	308	326	320
<b>Ratios</b>					
Gross margin	19,4%	21,3%	21,7%	33,5%	14,4%
Profit margin	7,6%	7,2%	7,4%	7,4%	2,6%
Return on assets	8,0%	5,8%	5,5%	5,6%	5,2%
Solvency ratio	37,8%	23,4%	25,8%	22,3%	28,0%

The ratios have been prepared in accordance with the definitions in the accounting policies section.



## Management's Review

### Key activities

Elopak Denmark A/S operates as an integrated part of the Elopak group (Norway) within the packaging industry. The main activity is the production of carton based packaging for beverages (cartons for milk and juices mainly). The sourcing of key raw materials mainly happens through the Group's Procurement Organization, which also handles the majority of Waste Disposal. Apart from the production of beverage cartons the company also provides sales and technical services to Group entities, which manage the commercial and technical customer support.

### Development in the year

The Company's income statement for 2022 shows a profit of DKK 42.037k, and the Company's balance sheet at 31 December 2022 shows equity of DKK 143,015k.

Profit for the year of DKK 42,037k is affected positively with DKK 27.786k related to tax adjustments prior years. The remaining part of the result DKK 14.251k is considered satisfactory in view of the current market conditions and the Company's risk profile in 2022.

Following 2 years of COVID-19 restrictions and resulting supply-chain constraints the year 2022 was a relatively stable year with good demand for the company's products and satisfactory productivity in the production facility.

The development for the year meets the expectations.

### *Non-financial issues*

In terms of volume, demand for the Company's products has grown by 10% in 2022. The expectation to 2023 is that volumes will remain at 2022 levels.

Increasing inflation is expected to drive cost increase in 2023.

### Intellectual capital resources

The Company had an average of 299 employees in the financial year compared to 291 last year. The Company undertakes supplementary training of its employees on a current basis.

### Impact on the external environment (CSR) cf. Section 99 a of the Danish Financial Statements Act

Please refer to section "Key Activities" within this Management Review for a brief description of the company's business model.

Elopak Denmark A/S is committed to comply with all national and international laws regulating work environment, human rights and protection of the environment, climate and natural resources.

#### 1) Environment

The company assesses that the biggest environmental risks related to its activities are related to the production of the raw carton board used in the production and in the use/disposal of the cartons after use. The company has a high focus on reducing the quantity of wasted material throughout the production process

## Management's Review

and has agreements in place with vendors, who can sustainably re-process any waste material.

Elopak Denmark A/S actively supports the initiatives in Denmark to segregate and collect separately the used cartons for subsequent processing and reuse. During 2022 16% of operations using LPG were converted to green electricity. Plans are in place for another 57% of operations to be electrified within 2-3 years. A comprehensive mapping of CO2 emissions was done in 2022 and plans are in place to obtain the ISO 14001 certification no later than 2025.

Elopak Denmark A/S has no unsettled issues in relation to the act on environmental protection.

### 2) Social and personnel

Through the Elopak Group's procurement organization the company ensures to have Code of Conduct agreements in place with all major suppliers in order to ensure good working conditions throughout the supply chain.

Avoidance of work-related accidents is a key priority for the company and a zero-accident target is being pursued through an active safety and work environment organization lead by a designated safety officer. Work safety activities are being monitored through an annual Group audit and monthly reporting.

Through the Elopak Group employees have access to an anonymized Whistleblower portal. No incidents were reported during 2022.

An ambition and long-term plan is in place aiming to bring the company's safety culture towards a "stage 4" on the Bradley curve by developing the safety culture even further. The company will continue demanding that main suppliers sign our Code of Conduct and will on collaboration with the Elopak Group's quality department ensure that supplier assessments are conducted.

### 3) Human rights

Elopak is committed to comply with all Danish and international regulations regarding human rights and labour rights.

Elopak Denmark A/S acknowledges its social responsibility not only in relation to its own employees, but also in relation to the employees of suppliers. Elopak Denmark A/S supports and respects internationally recognized human rights as formulated in the UN Universal Declaration of Human Rights as well as the core conventions of the International Labour Organization (ILO).

The risk of human rights violations is most significant in Elopak Denmark A/S's supply chain. To minimize such risk, Elopak asks suppliers to sign the Company's Code of Conduct. This Code of Conduct contains basic requirements and expectations of suppliers in relation to human and labour rights. Also in 2022 all new major suppliers of raw materials signed the Elopak Group's Code of Conduct.

The company believes it's current efforts within the area of human rights are satisfactory and will continue implementing current policies and procedures.

## Management's Review

### 4) Anti-corruption

Elopak Denmark A/S does not tolerate any type of corruption or bribery.

As Elopak Denmark A/S works across borders and cultures, there is a risk that our employees may be exposed to situations involving corruption or bribery. Through the year Elopak Denmark A/S continued its practice of introducing all new employees to the Company's business ethics, including the policy on gifts and entertainment.

The company believes it's current efforts within the area of anti-corruption are satisfactory and will continue implementing current policies and procedures.

No breaches of business ethics and no corruption were reported in 2022.

### **Report on gender composition cf. Section 99 b of the Danish Financial Statements Act**

Elopak continuously works on ensuring equal opportunity and avoiding discrimination at all levels of the organization. We want to fill management positions with the most qualified candidates at the same time as upskilling suitable candidates of the underrepresented gender.

#### Board of Directors

The share of the underrepresented gender is unchanged in 2022, as the Board of Directors elected at the annual general meeting consists of three men like 2021.

The target of the Company's Board of Directors being represented by at least one woman by the end of 2022 has thus not been met. The target has not been met since all three members of the Board of Directors have been reelected at the annual general meeting.

#### Other senior management

The share of the underrepresented gender in other senior management positions decreased in 2022, as the senior management group at year-end consisted of four men and one woman while it last year consisted of two men and one woman - the senior management team had two vacancies at year-end 2021 which were filled during 2022.

It is Company policy to increase the share of the underrepresented gender of the remaining day-to-day management through a variety of measures, including the establishment of relevant middle management groups and internal guidelines specifying that, generally, candidates from both genders should be included when new managers are being recruited.

#### Day-to-day management

In 2022, the share of the underrepresented gender in the remaining day-to-day management group remained unchanged at 25% and thus meeting the target as the middle management group at the factory in 2022 consisted of 9 men and 3 women like last year. The target has been revised upward to reflect this.

## Management's Review

### Gender composition in summary

Underrepresented gender's share of total in %	Actual					Target	
	2022	2021	2020	2019	2018	2022	new
Board of Directors, elected by General Assembly	0%	0%	0%	0%	20%	25%	25%
Other Senior Management	20%	33%	25%	33%	33%	25%	25%
Remaining Day-to-day management	25%	25%	25%	25%	18%	25%	30%

It is the company's ambition to reach the new targets no later than 2026.

### **Data ethics cf. Section 99 d of the Danish Financial Statements Act**

The company has not developed a policy for data ethics. Such a policy is judged to be of less relevance, since:

- The company exclusively works with internal data.
- The company does not apply any artificial intelligence nor algorithms in decision making.
- The company does not collect or store any customer or user data. (the company has only group-internal customers)
- Personal data on employees and job applicants are not processed in any other way, that required for basic administrative purposes (such as payroll).

## Management's Review

### ESG indicators

#### SAFETY AND ENERGY

<b>SAFETY KPIs</b>		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
LTIFR (lost time injury rate)		0	1,8	1,68	0	1,61
TRIFR (total reportable injury rate)		0	5,41	5,03	4,76	4,82
<b>ENERGY CONSUMPTION</b>		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Electricity (green)	Enhed MwH	20.647	19.311	20.033	19.743	20.242
Water Consumption	M3	28.506	26.542	25.268	n/a	n/a
LPG (liquid petroleum gas)	Tons	422	398	406	436	0
Heating oil	L	0	0	61.504	133.387	n/a
District Heating	MwH	4.058	5.182	3.270	3.168	1.622

(A lost time injury (LTI) is an injury sustained on the job by an employee that results in the loss of productive work time. Total recordable injuries (TRI) is a measure that encompasses all fatalities, lost time injuries, cases restricted for work, cases of substitute work due to injury, and medical treatment cases by medical professionals. LTIFT and TRIFT are these same two numbers expressed per 1 million working hours)

#### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

#### Outlook

In 2023 the production and sales of the Company's packaging product is expected to remain unchanged.

The Company's profit for the coming year is expected to be around DKK 10 million, reflecting the Company's risk profile as a production unit of the Elopak Group.

# Financial Statements

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>Revenue</b>	1	<b>399.350</b>	<b>351.307</b>
Cost of sales	2	<u>-321.778</u>	<u>-276.468</u>
<b>Gross profit/loss</b>		<b>77.572</b>	<b>74.839</b>
Distribution expenses	2	-9.528	-10.263
Administrative expenses	2	<u>-37.382</u>	<u>-38.830</u>
<b>Operating profit/loss</b>		<b>30.662</b>	<b>25.746</b>
Other operating income		70	0
Other operating expenses		<u>-475</u>	<u>-512</u>
<b>Profit/loss before financial income and expenses</b>		<b>30.257</b>	<b>25.234</b>
Financial income	3	111	74
Financial expenses	4	<u>-12.359</u>	<u>-12.649</u>
<b>Profit/loss before tax</b>		<b>18.010</b>	<b>12.659</b>
Tax on profit for the year and adjustments	5	<u>24.027</u>	<u>-28.111</u>
<b>Net profit/loss for the year</b>	10	<b><u>42.037</u></b>	<b><u>-15.452</u></b>

## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Land and buildings		136.794	147.523
Plant and machinery		164.592	178.181
Other fixtures and fittings, tools and equipment		11.660	14.227
Leasehold improvements		14.832	14.381
Property, plant and equipment in progress		<u>11.701</u>	<u>13.986</u>
<b>Property, plant and equipment</b>	<b>6</b>	<b><u>339.579</u></b>	<b><u>368.298</u></b>
Deposits		<u>0</u>	<u>53</u>
<b>Fixed asset investments</b>	<b>7</b>	<b><u>0</u></b>	<b><u>53</u></b>
<b>Fixed assets</b>		<b><u>339.579</u></b>	<b><u>368.351</u></b>
<b>Inventories</b>	<b>8</b>	<b><u>16.370</u></b>	<b><u>15.695</u></b>
Trade receivables		7	3
Receivables from group enterprises		14.344	39.251
Other receivables		5.599	6.509
Tax receivable		336	0
Prepayments	9	<u>1.554</u>	<u>1.608</u>
<b>Receivables</b>		<b><u>21.840</u></b>	<b><u>47.370</u></b>
<b>Cash at bank and in hand</b>		<b><u>391</u></b>	<b><u>388</u></b>
<b>Currents assets</b>		<b><u>38.601</u></b>	<b><u>63.453</u></b>
<b>Assets</b>		<b><u>378.180</u></b>	<b><u>431.804</u></b>

## Balance Sheet 31 December

### Liabilities and equity

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Share capital		1.134	1.134
Retained earnings		101.881	99.844
Proposed dividend for the year		40.000	0
<b>Equity</b>	<b>10</b>	<b><u>143.015</u></b>	<b><u>100.978</u></b>
Provision for deferred tax	11	<u>9.723</u>	<u>13.251</u>
<b>Provisions</b>		<b><u>9.723</u></b>	<b><u>13.251</u></b>
Lease obligations		140.042	147.870
Other payables		<u>18.326</u>	<u>17.884</u>
<b>Long term debt</b>	<b>12</b>	<b><u>158.368</u></b>	<b><u>165.754</u></b>
Lease obligations	12	17.360	17.359
Trade payables		20.611	20.663
Payables to group enterprises		0	53.295
Corporation tax		0	26.576
Other payables	12	<u>29.102</u>	<u>33.928</u>
<b>Short term debt</b>		<b><u>67.074</u></b>	<b><u>151.821</u></b>
<b>Debt</b>		<b><u>225.441</u></b>	<b><u>317.576</u></b>
<b>Liabilities and equity</b>		<b><u>378.180</u></b>	<b><u>431.804</u></b>



## Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.134	99.844	0	100.978
Net profit/loss for the year	<u>0</u>	<u>2.037</u>	40.000	<u>42.037</u>
<b>Equity at 31 December</b>	<b><u>1.134</u></b>	<b><u>101.881</u></b>	<b><u>40.000</u></b>	<b><u>143.015</u></b>

## Cash Flow Statement 1 January - 31 December

<u>Note</u>	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Profit/loss before financial income and expenses	30.257	25.234
Depreciation, amortisation and impairment losses, including losses and gains on sales	61.520	59.765
Change in group receivables	35.198	-3.263
Change in trade and other receivables	1.012	-1.059
Change in inventory	-675	-4.850
Change in trade payables, etc	<u>-4.436</u>	<u>-4.444</u>
<b>Change in working capital</b>	<b><u>31.100</u></b>	<b><u>-13.617</u></b>
<b>Cash flows from operating activities before financial income and expenses</b>	<b>122.877</b>	<b>71.382</b>
Financial income	111	74
Financial expenses	-12.359	-12.649
<b>Cash flows from ordinary activities</b>	<b>110.630</b>	<b>58.807</b>
Corporation tax paid	<u>-6.412</u>	<u>-8.795</u>
<b>Cash flows from operating activities</b>	<b><u>104.218</u></b>	<b><u>50.012</u></b>
Purchase of property, plant and equipment	-32.715	-23.680
Sale of property, plant and equipment	<u>0</u>	<u>0</u>
<b>Cash flows from investing activities</b>	<b><u>-32.715</u></b>	<b><u>-23.680</u></b>
Reduction of lease obligations	-7.913	-6.351
Repayment of payables to group enterprises	0	-80.000
This years change in cash pool accounts	-63.587	63.916
Dividend paid	<u>0</u>	<u>-3.800</u>
<b>Cash flows from financing activities</b>	<b><u>-71.500</u></b>	<b><u>-26.234</u></b>
<b>Change in cash and cash equivalents</b>	<b>3</b>	<b>97</b>
Cash and cash equivalents at 1 January	<u>388</u>	<u>291</u>
<b>Cash and cash equivalents at 31 December</b>	<b><u>391</u></b>	<b><u>388</u></b>
Cash and cash equivalents are specified as follows:		
Cash at bank and in hand	<u>391</u>	<u>388</u>
<b>Cash and cash equivalents at 31 December</b>	<b><u>391</u></b>	<b><u>388</u></b>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Europe	<u>399.350</u>	<u>351.307</u>
	<b><u>399.350</u></b>	<b><u>351.307</u></b>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2 Staff</b>		
Wages and Salaries	171.945	160.533
Pensions	16.963	16.101
Other social security expenses	<u>3.304</u>	<u>3.557</u>
	<b><u>192.212</u></b>	<b><u>180.192</u></b>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	162.605	146.151
Distribution expenses	7.031	7.810
Administrative expenses	<u>22.576</u>	<u>26.231</u>
	<b><u>192.212</u></b>	<b><u>180.192</u></b>
<b>Average number of employees</b>	<b><u>299</u></b>	<b><u>291</u></b>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
<b>3 Financial income</b>		
Other financial income	<u>111</u>	<u>74</u>
	<b><u>111</u></b>	<b><u>74</u></b>
	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>4 Financial expenses</b>		
Interest paid to group enterprises	1.803	3.397
Other financial expenses	<u>10.555</u>	<u>9.253</u>
	<b><u>12.359</u></b>	<b><u>12.649</u></b>
<b>5 Tax on profit/loss for the year</b>		
Tax adjustment prior years	-27.786	25.973
Current tax for the year	7.287	4.982
Deferred tax for the year	<u>-3.527</u>	<u>-2.845</u>
	<b><u>-24.027</u></b>	<b><u>28.111</u></b>

## Notes to the Financial Statements

### 6 Property, plant and equipment

	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>	<u>Property, plant and equipment in progress</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	178.916	597.992	28.319	37.932	13.986	857.145
Additions for the year	0	797	242	0	31.762	32.801
Transfers	0	30.158	1.640	2.250	-34.047	0
Disposals during the year	<u>0</u>	<u>-9.126</u>	<u>-1.826</u>	<u>-1.243</u>	<u>0</u>	<u>-12.196</u>
Cost at 31 December	<u>178.916</u>	<u>619.820</u>	<u>28.374</u>	<u>38.938</u>	<u>11.701</u>	<u>877.750</u>
Impairment losses and depreciation at 1 January	31.393	419.811	14.092	23.551	0	488.847
Depreciation for the year	10.729	44.104	4.448	1.764	0	61.045
Reversed depreciation on disposals	<u>0</u>	<u>-8.686</u>	<u>-1.826</u>	<u>-1.209</u>	<u>0</u>	<u>-11.721</u>
Impairment losses and depreciation at 31 December	<u>42.122</u>	<u>455.229</u>	<u>16.714</u>	<u>24.106</u>	<u>0</u>	<u>538.171</u>
<b>Carrying amount at 31 December</b>	<b><u>136.794</u></b>	<b><u>164.592</u></b>	<b><u>11.660</u></b>	<b><u>14.832</u></b>	<b><u>11.701</u></b>	<b><u>339.579</u></b>
Including right of use assets	<u>136.794</u>	<u>2.286</u>	<u>487</u>			<u>139.567</u>

### 7 Fixed asset investments

<u>Deposits</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Cost at 1 January	53	53
Disposals for the year	<u>-53</u>	<u>0</u>
Cost at 31 December	<u>0</u>	<u>53</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>53</u></b>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>8 Inventories</b>		
Raw materials and consumables	<u>16.370</u>	<u>15.695</u>
	<b><u>16.370</u></b>	<b><u>15.695</u></b>
<b>9 Prepayments</b>		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.		
<b>10 Distribution of profit</b>		
Proposed dividend for the year	40.000	0
Retained earnings	<u>2.037</u>	<u>-15.452</u>
	<b><u>42.037</u></b>	<b><u>-15.452</u></b>
<b>11 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	13.251	16.095
Amounts recognised in the income statement for the year	<u>-3.527</u>	<u>-2.845</u>
<b>Provision for deferred tax at 31 December</b>	<b><u>9.723</u></b>	<b><u>13.251</u></b>
Property, plant and equipment	13.667	16.352
Other payables	-19	-18
Leasing	-3.925	-3.083
Tax loss carry forward	<u>0</u>	<u>0</u>
	<b><u>9.723</u></b>	<b><u>13.251</u></b>

## Notes to the Financial Statements

### 12 Long term debt

Payments due within 1 year are recognised in short term debt. Other debt is recognised in long term debt.

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>Lease obligations</b>		
After 5 years	74.295	81.941
Between 1 and 5 years	<u>65.747</u>	<u>65.929</u>
Long term part	140.042	147.870
Within 1 year	<u>17.360</u>	<u>17.359</u>
	<b><u>157.402</u></b>	<b><u>165.229</u></b>
<b>Other payables</b>		
Between 1 and 5 years	<u>18.327</u>	<u>17.885</u>
Long term part	18.327	17.885
Other short term payables	<u>29.102</u>	<u>33.928</u>
	<b><u>47.429</u></b>	<b><u>51.813</u></b>

### 13 Contingent assets, liabilities and other financial obligations

#### Other contingent assets and liabilities

The company is part of a tax case that is not expected to incur tax costs in addition to what has been expensed in previous financial years.

## Notes to the Financial Statements

### 14 Related parties

#### Basis

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#### Controlling interest

Elopak ASA	Immediate parent company
Ferd Holding AS	Ultimate parent company

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

#### Consolidated Financial Statements

The company is included in the consolidated report for the parent company Elopak AS and the ultimate parent company Ferd Holding AS

<u>Name</u>	<u>Place of registered office</u>
Ferd Holding AS	Norge
Elopak AS	Norge

The consolidated report for Ferd Holding AS can be requested at the following address: [www.ferd.no](http://www.ferd.no)

The consolidated report for Elopak ASA can be requested at the following address:

Elopak ASA  
Hoffsvejen 1A  
0275 Oslo

### 15 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Notes to the Financial Statements

### **16 Accounting Policies**

The Annual Report of Elopak Denmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

#### **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.

#### **Leases**

Leasing contracts are recognized in the balance sheet at the value of the calculated leasing obligation. Lease obligations are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.



### 16 Accounting Policies (continued)

#### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Income Statement

#### Revenue

The company has chosen IFRS 15 as an interpretative contribution for recognition of revenue.

Revenue from contracts with customers is recognized based on the transfer of control, which according to IFRS 15 takes place at the time when control of the delivered product is transferred to the customer.

The control is considered transferred when:

- there is a binding sales agreement,
- delivery has taken place before the end of the financial year,
- the sales price has been determined, and
- the payment has been received or can be expected to be received with reasonable certainty.

Revenue is measured at the consideration received and is recognized exclusive of VAT and net of discounts relating to sales.

#### Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc., as well as operation, administration and management of factories.

## Notes to the Financial Statements

### 16 Accounting Policies (continued)

#### Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortization of goodwill is also included to the extent that goodwill relates to distribution activities.

#### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortization of goodwill is also included to the extent that goodwill relates to administrative activities.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

#### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

## Balance Sheet

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognized in cost over the period of construction. All indirectly attributable borrowing expenses are recognized in the income statement.

## Notes to the Financial Statements

### 16 Accounting Policies (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5-30	years
Other fixtures and fittings, tools and equipment	3-7	years
Leasehold improvements	5-10	years

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Fixed asset investments

Fixed asset investments consist of deposits.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

The net realizable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

#### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Notes to the Financial Statements

### 16 Accounting Policies (continued)

#### Equity

##### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

##### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

##### Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayments under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

##### Financial debts

Debts are measured at amortized cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

##### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt including items included in cash and cash equivalents.

## Notes to the Financial Statements

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Profit margin

$$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$