

# *Elopak Denmark A/S*

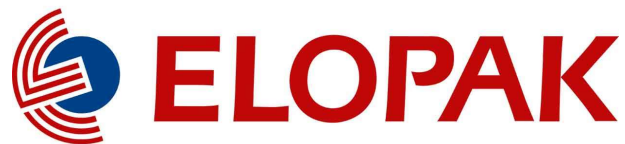
Hovmarken 8, DK-8520 Lystrup

## Annual Report for 1 January - 31 December 2021

CVR No 29 93 84 90

The Annual Report was  
presented and adopted at  
the Annual General Meeting  
of the Company on 25/5  
2022

Ivar Jevne  
Chairman of the General  
Meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	12
Balance Sheet 31 December	13
Statement of Changes in Equity	14
Cash Flow Statement 1 January - 31 December	16
Notes to the Financial Statements	17

## 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 2021.

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

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

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

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

Lystrup, 25 May 2022

### 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 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 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 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 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 and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 25 May 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Michael Nielsson  
State Authorised Public Accountant  
mne15151

Thyge Belter  
State Authorised Public Accountant  
mne30222

## 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

## Financial Highlights

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	351.307	348.961	380.589	1.160.451	1.125.484
Gross profit/loss	74.839	75.635	127.671	166.928	156.873
Operating profit/loss	25.746	25.826	30.195	29.502	-36.198
Profit/loss before financial income and expenses	25.234	25.813	28.316	29.603	-35.604
Net financials	-12.576	-17.052	-22.095	-12.518	-14.206
Net profit/loss for the year	-15.452	6.830	4.824	16.595	-81.597
<b>Balance sheet</b>					
Balance sheet total	431.804	465.656	508.101	565.960	671.882
Equity	100.978	120.230	113.400	158.576	188.272
<b>Cash flows</b>					
Investment in property, plant & equipment	-23.680	-21.916	-28.151	-41.195	-13.751
Number of employees	291	308	326	320	328
<b>Ratios</b>					
Gross margin	21,3%	21,7%	33,5%	14,4%	13,9%
Profit margin	7,2%	7,4%	7,4%	2,6%	-3,2%
Return on assets	5,8%	5,5%	5,6%	5,2%	-5,3%
Solvency ratio	23,4%	25,8%	22,3%	28,0%	28,0%

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



# Management's Review

## Key activities

The Company's main activities comprise the production of Gable Top (Pure-Pak®) and Roll Fed packaging. The Company's products are primarily sold through the Elopak Group's other companies.

## Development in the year

The Company's income statement for 2021 shows a loss of DKK 15,452k, and the Company's balance sheet at 31 December 2021 shows equity of DKK 100,978k.

The loss for the year of DKK 15,152k is affected by an extraordinary tax provision of 25.245k DKK related to prior years. This provision has been made on the basis of a draft adjustment to the taxable income for 2016-2018 received from the tax authorities in April 2022. The company disagrees in and will contest the draft assessment, but has provided for the full risk of a resulting tax payment in this financial statement.

Without this element the net profit would have been DKK 10.093k DKK, which is considered satisfactory in view of the current market conditions and the Company's risk profile in 2021.

## Non-financial issues

In terms of volume, demand for the Company's products has dropped by approximately 5% in 2021. The expectation to 2022 is that volumes will increase at least back to 2020 levels.

The over-heated global raw material supply situation challenged the operations during 2021 and must be expected to continue doing so during 2022.

## Intellectual capital resources

The Company had an average of 291 employees in the financial year compared to 308 last year. The Company undertakes supplementary training of its employees on a current basis.

## Impact on the external environment

It is Elopak Denmark A/S's policy to be environmentally conscious and at the cutting edge of the expectations of customers and of the surrounding world, and as a minimum comply with regulatory requirements.

Elopak assesses that the most significant risks of negative impact on the external environment relate to safety and the environment in connection with the production and use of the Company's products.

Through motivation and employee involvement, environment-improving measures are being implemented broadly in the Company on a current basis. Throughout 2021, Elopak Denmark A/S has had continued focus on safety, and efforts are made on a current basis to improve safety and reduce the number of accidents.

The Company expects to continue its increased focus on safety, hygiene and job satisfaction in the entire organisation. As a member of the Elopak Group, Elopak Denmark A/S endeavours to meet the Elopak Group's environmental targets with focus on the reduction of CO2 emission.

## **Management's Review**

Elopak Denmark A/S meets the requirements of the Danish act on environmental protection relating to particularly polluting enterprises and prepares green accounts in accordance with applicable guidelines. Elopak Denmark A/S has no unsettled issues in relation to the act on environmental protection.

### **Research and development**

As in previous years, Elopak increased the level of innovation on the Pure-Pak® system. The Company expects a further innovation increase. The Company does not perform actual research and development work as this is carried out by the Group.

### **Statement of corporate social responsibility**

Elopak Denmark A/S develops and produces paper-based packaging solutions for liquid foods. The Company's products are primarily sold through the Elopak Group's other companies. Moreover, complete liquid filling machines are being sold and serviced in Denmark. As part of the Elopak Group, Elopak Denmark A/S is subject to the same overall guidelines in relation to corporate social responsibility, e.g. as regards job satisfaction, working environment, climate, the environment and human rights. The guidelines form a natural part of the Group's targets and contribute to ensuring responsible and ethically correct performance of the Group's activities.

#### *Corporate social responsibility*

Elopak Denmark A/S's overall goal relating to the creation of value for society is to offer the consumers safe and sustainable packaging. In order to reach this goal, Elopak has adopted a socially responsible policy of reducing waste in the production and using sustainable energy and socially responsible raw material providers. Consumer transparency plays an important role in the implementation of the adopted policy, and this is achieved via the possibility of buying certified packaging.

#### *Human 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 recognised human rights as formulated in the UN Universal Declaration of Human Rights as well as the core conventions of the International Labour Organisation (ILO).

The risk of human rights violations is most significant in Elopak Denmark A/S's supply chain. To minimise 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 2021, all new major suppliers of raw materials signed the Elopak Group's Code of Conduct.

# Management's Review

## *Environmental impact*

Elopak Denmark A/S has assessed the most significant risk of a negative impact on the climate to be related to CO2 emissions. Elopak's efforts in terms of environmental and climate impact are planned at group level. The Group's overall environmental and climate policy concerns the reduction of CO2, the use of sustainable energy and assumption of social responsibility when purchasing raw materials. The Elopak Group acts on these policies and has, for example, committed to using renewable energy through RE100.

In 2021, the results of the Group's environmental and climate policy are evident from a measurable decline in CO2 emissions per carton produced as well as increased sales of Elopak Denmark A/S's sustainable FSC-certified packaging.

## *Social and employee matters*

Elopak puts emphasis on creating good working conditions and a healthy working environment for the Company's employees. Elopak assesses the most significant risks in this area to be related to the safety of employees in production and health in general in the workplace. Measures taken and results achieved in relation to this policy are stated in the section "Impact on the external environment". In 2021, the measures have resulted in maintaining employee satisfaction and reducing the risk of work-related accidents.

## *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.

In 2021, 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. No breaches of business ethics and no corruption were reported in 2021.

## **Report on gender composition**

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

# Management's Review

## *Board of Directors*

The share of the underrepresented gender is unchanged in 2021, as the Board of Directors elected at the annual general meeting consists of three men like 2020.

The target of the Company's Board of Directors being represented by at least one woman by the end of 2021 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 increased in 2021, as the senior management group at year-end consisted of two men and one woman while it last year consisted of three men and one woman. The senior management team had two vacancies at year-end.

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.

In 2021, the target of increasing the share of the underrepresented gender in the remaining day-to-day management group was not met, as the middle management group at the factory in 2021 consisted of 9 men and 3 women compared to previously 15 men and 5 women.

The company has revised it's target setting for representation of the underrepresented gender in the management as follows:

	<u>Old target</u>	<u>New target</u>
Board of directors	33%	25%
Other senior management	n/a	25%
Remaining day-to-day management	25%	25%

# Management's Review

## Data ethics

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

- The company exclusively work 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).

Further also refer to page 59 of Elopak ASA, Norway's annual report (page 59) regarding data and cyber security.

## Subsequent events

The Danish Tax Authorities are conducting an ordinary review of 2016-2018 tax filing and has in April 2022 drafted an upward adjustment of taxable income for the period of 116m DKK. Though the Company disagrees in the assessment and will dispute it, a full provision towards the resulting tax risk has been made.

## Outlook

Total sales of the Company's packaging are expected to increase in 2022.

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

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Revenue</b>	1	<b>351.307</b>	<b>348.961</b>
Cost of sales	2	<u>-276.468</u>	<u>-273.326</u>
<b>Gross profit/loss</b>		<b>74.839</b>	<b>75.635</b>
Distribution expenses	2	-10.263	-10.018
Administrative expenses	2	<u>-38.830</u>	<u>-39.791</u>
<b>Operating profit/loss</b>		<b>25.746</b>	<b>25.826</b>
Other operating income		0	0
Other operating expenses		<u>-512</u>	<u>-13</u>
<b>Profit/loss before financial income and expenses</b>		<b>25.234</b>	<b>25.813</b>
Financial income	3	74	53
Financial expenses	4	<u>-12.649</u>	<u>-17.105</u>
<b>Profit/loss before tax</b>		<b>12.659</b>	<b>8.761</b>
Tax on profit for the year and adjustments	5	<u>-28.111</u>	<u>-1.931</u>
<b>Net profit/loss for the year</b>	10	<u><b>-15.452</b></u>	<u><b>6.830</b></u>

## Balance Sheet 31 December

### Assets

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Land and buildings		147.523	154.233
Plant and machinery		178.181	207.661
Other fixtures and fittings, tools and equipment		14.227	9.943
Leasehold improvements		14.381	13.016
Property, plant and equipment in progress		<u>13.986</u>	<u>15.945</u>
<b>Property, plant and equipment</b>	6	<b><u>368.298</u></b>	<b><u>400.798</u></b>
Deposits		<u>53</u>	<u>53</u>
<b>Fixed asset investments</b>	7	<b><u>53</u></b>	<b><u>53</u></b>
<b>Fixed assets</b>		<b><u>368.351</u></b>	<b><u>400.851</u></b>
<b>Inventories</b>	8	<b><u>15.695</u></b>	<b><u>10.845</u></b>
Trade receivables		3	461
Receivables from group enterprises		39.251	46.609
Other receivables		6.509	5.148
Prepayments	9	<u>1.608</u>	<u>1.451</u>
<b>Receivables</b>		<b><u>47.370</u></b>	<b><u>53.669</u></b>
<b>Cash at bank and in hand</b>		<b><u>388</u></b>	<b><u>291</u></b>
<b>Currents assets</b>		<b><u>63.453</u></b>	<b><u>64.805</u></b>
<b>Assets</b>		<b><u>431.804</u></b>	<b><u>465.656</u></b>

## Balance Sheet 31 December

### Liabilities and equity

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Share capital		1.134	1.134
Retained earnings		99.844	115.296
Proposed dividend for the year		<u>0</u>	<u>3.800</u>
<b>Equity</b>	10	<b><u>100.978</u></b>	<b><u>120.230</u></b>
Provision for deferred tax	11	<u>13.251</u>	<u>16.095</u>
<b>Provisions</b>		<b><u>13.251</u></b>	<b><u>16.095</u></b>
Lease obligations		147.870	159.636
Other payables		<u>17.884</u>	<u>17.629</u>
<b>Long-term debt</b>	12	<b><u>165.754</u></b>	<b><u>177.265</u></b>
Lease obligations	12	17.359	8.359
Trade payables		20.663	22.390
Payables to group enterprises		53.295	80.000
Corporation tax		26.576	4.416
Other payables	12	<u>33.928</u>	<u>36.901</u>
<b>Short-term debt</b>		<b><u>151.821</u></b>	<b><u>152.066</u></b>
<b>Debt</b>		<b><u>317.576</u></b>	<b><u>329.331</u></b>
<b>Liabilities and equity</b>		<b><u>431.804</u></b>	<b><u>465.656</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	115.296	3.800	120.230
Paid out dividend			-3.800	-3.800
Net profit/loss for the year	<u>0</u>	<u>-15.452</u>		<u>-15.452</u>
<b>Equity at 31 December</b>	<b><u>1.134</u></b>	<b><u>99.844</u></b>	<b><u>0</u></b>	<b><u>100.978</u></b>

## Cash Flow Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		TDKK	TDKK
Profit/loss before financial income and expenses		25.234	25.813
Depreciation, amortisation and impairment losses, including losses and gains on sales		59.765	59.466
Change in group receivables		-3.263	-1.348
Change in trade and other receivables		-1.059	6.325
Change in inventory		-4.850	0
Change in trade payables, etc		<u>-4.444</u>	<u>20.331</u>
<b>Change in working capital</b>		<b><u>-13.617</u></b>	<b><u>25.308</u></b>
<b>Cash flows from operating activities before financial income and expenses</b>		<b>71.382</b>	<b>110.587</b>
Financial income		74	53
Financial expenses		-12.649	-17.105
<b>Cash flows from ordinary activities</b>		<b>58.807</b>	<b>93.535</b>
Corporation tax paid		<u>-8.795</u>	<u>0</u>
<b>Cash flows from operating activities</b>		<b><u>50.012</u></b>	<b><u>93.535</u></b>
Purchase of property, plant and equipment		-23.680	-21.916
Sale of property, plant and equipment		<u>0</u>	<u>48</u>
<b>Cash flows from investing activities</b>		<b><u>-23.680</u></b>	<b><u>-21.868</u></b>
Reduction of lease obligations		-6.351	-7.383
Repayment of payables to group enterprises		-80.000	0
This years change in cash-pool accounts		63.916	-64.154
Dividend paid		<u>-3.800</u>	<u>0</u>
<b>Cash flows from financing activities</b>		<b><u>-26.234</u></b>	<b><u>-71.537</u></b>
<b>Change in cash and cash equivalents</b>		<b>97</b>	<b>130</b>
Cash and cash equivalents at 1 January		<u>291</u>	<u>161</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>388</u></b>	<b><u>291</u></b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>388</u>	<u>291</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>388</u></b>	<b><u>291</u></b>

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Europe	<u>351.307</u>	<u>348.961</u>
	<b><u>351.307</u></b>	<b><u>348.961</u></b>
	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
<b>2 Staff</b>		
Wages and Salaries	160.533	170.650
Pensions	16.101	17.095
Other social security expenses	<u>3.557</u>	<u>3.078</u>
	<b><u>180.192</u></b>	<b><u>190.823</u></b>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	146.151	155.585
Distribution expenses	7.810	7.708
Administrative expenses	<u>26.231</u>	<u>27.530</u>
	<b><u>180.192</u></b>	<b><u>190.823</u></b>
<b>Average number of employees</b>	<b><u>291</u></b>	<b><u>308</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>74</u>	<u>53</u>
	<b><u>74</u></b>	<b><u>53</u></b>

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
<b>4 Financial expenses</b>		
Interest paid to group enterprises	3.397	6.484
Other financial expenses	<u>9.253</u>	<u>10.621</u>
	<b><u>12.649</u></b>	<b><u>17.105</u></b>
<b>5 Tax on profit/loss for the year</b>		
Tax adjustment prior years	25.973	0
Current tax for the year	4.982	4.416
Deferred tax for the year	<u>-2.845</u>	<u>-2.485</u>
	<b><u>28.111</u></b>	<b><u>1.931</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	175.147	604.627	21.087	37.217	15.945	854.023
Additions for the year	3.769	1.789	378	0	21.328	27.264
Reclassification	0	11.534	8.253	3.498	-23.287	-2
Disposals during the year	<u>0</u>	<u>-19.958</u>	<u>-1.399</u>	<u>-2.783</u>	<u>0</u>	<u>-24.141</u>
Cost at 31 December	<u>178.916</u>	<u>597.992</u>	<u>28.319</u>	<u>37.932</u>	<u>13.986</u>	<u>857.145</u>
Impairment losses and depreciation at 1 January	20.914	396.966	11.144	24.201	0	453.225
Depreciation for the year	10.479	42.226	4.072	2.119		58.896
Reversed depreciation on disposals	<u>0</u>	<u>-19.381</u>	<u>-1.124</u>	<u>-2.769</u>	<u>0</u>	<u>-23.274</u>
Impairment losses and depreciation at 31 December	<u>31.393</u>	<u>419.811</u>	<u>14.092</u>	<u>23.551</u>	<u>0</u>	<u>488.847</u>
<b>Carrying amount at 31 December</b>	<b><u>147.523</u></b>	<b><u>178.181</u></b>	<b><u>14.227</u></b>	<b><u>14.381</u></b>	<b><u>13.986</u></b>	<b><u>368.298</u></b>

(\*) Adjustment from changing terms or valuation of lease contracts.

## 7 Fixed asset investments

	<u>Deposits</u>
	TDKK
Cost at 1 January	53
Disposals for the year	<u>0</u>
Cost at 31 December	<u>53</u>

## Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TDKK	TDKK
<b>8 Inventories</b>		
Raw materials and consumables	<u>15.695</u>	<u>10.845</u>
	<b><u>15.695</u></b>	<b><u>10.845</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	0	3.800
Retained earnings	<u>-15.452</u>	<u>3.030</u>
	<b><u>-15.452</u></b>	<b><u>6.830</u></b>
<b>11 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	16.095	18.580
Amounts recognised in the income statement for the year	<u>-2.845</u>	<u>-2.485</u>
<b>Provision for deferred tax at 31 December</b>	<b><u>13.251</u></b>	<b><u>16.095</u></b>
Property, plant and equipment	16.352	18.410
Other payables	-18	-155
Leasing	-3.083	-2.159
Tax loss carry-forward	<u>0</u>	<u>-1</u>
	<b><u>13.251</u></b>	<b><u>16.095</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>2021</u>	<u>2020</u>
	TDKK	TDKK
<b>Lease obligations</b>		
After 5 years	81.941	126.754
Between 1 and 5 years	<u>65.929</u>	<u>32.882</u>
Long-term part	147.870	159.636
Within 1 year	<u>17.359</u>	<u>8.359</u>
	<b><u>165.229</u></b>	<b><u>167.995</u></b>
<b>Other payables</b>		
Between 1 and 5 years	<u>17.885</u>	<u>17.629</u>
Long-term part	17.885	17.629
Other short-term payables	<u>33.928</u>	<u>36.901</u>
	<b><u>51.813</u></b>	<b><u>54.530</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

---

#### 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

The Danish Tax Authorities are conducting an ordinary review of 2016-2018 tax filing and has in April 2022 drafted an upward adjustment of taxable income for the period of 116m DKK. Though the Company disagrees in the assessment and will dispute it, as full provision towards the resulting tax risk has been made.



## Notes to the Financial Statements

### 16 Accounting Policies

The Annual Report of Elopak Denmark A/S for 2021 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 2021 are presented in TDKK.

#### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised 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 recognised 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 recognised 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 capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

# Notes to the Financial Statements

## 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 recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised 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 recognised 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 recognised 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. Amortisation 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. Amortisation 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 recognised 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 recognised in the income statement, whereas the tax attributable to equity transactions is recognised 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 recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

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 amortisation 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 realisable value.

The net realisable 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 realisable 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 amortised cost and net realisable 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 realised, 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 crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

#### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised 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 repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

#### **Financial debts**

Debts are measured at amortised 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, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt e

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

cluding items included in cash and cash equivalents.

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