

EURO POOL SYSTEM DENMARK ApS

CVR no. 36423404

**H.C. Andersens Boulevard 38, 3. th
1553 Copenhagen V
Denmark**

**Annual report
for the period ended 31 December 2021**

**Adopted at the Company's Annual General Meeting
on 19 July 2022**

Chairman Rikke Louise Steenberg

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Company details

Company	EURO POOL SYSTEM DENMARK ApS
Registration No.:	36423404
Registered address	C/O TMF Group - TMF Denmark A/S H.C. Andersens Boulevard 38, 3. th Denmark
Telephone no.:	+45 58 59 59 18
Website:	www.europoolsystem.com/
Fiscal Year:	7. Fiscal Year
Direktion:	Kurt Jäger. Director Gert Johan Scheringa

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Statement by the Executive Board

The Directors have today discussed and approved the annual report of Euro Pool System Denmark ApS (the Company) for the financial period ending 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the result for the year and and balance sheet as at 31 December 2021.

Further, in our opinion, the Management's review gives a fair view of the matters discussed in the Management's review.

We recommend that the annual report is approved at the annual general meeting.

Copenhagen, 19 July 2022

Management:

Kurt Jäger. Director

Gert Johan Scheringa

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Independent Auditor's Report

To the shareholder of Euro Pool System Denmark ApS

Opinion

We have audited the financial statements of Euro Pool System Denmark ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 19 July 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen
State Authorised Public Accountant
Identification No (MNE) mne16541

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Management Review

The main activity

The Company's activities are to provide reusable packaging in the European fresh supply chain.

Development in the Company's activities and financial matters

The income statement of the Company for the period 01 January 2021 to 31 December 2021 shows a profit of DKK 2.911,896 before taxes, and the balance sheet of the Company at 31 December 2021 shows a balance sheet total of DKK 204,048,809 and an equity of DKK 12.241.126.

The corona pandemic presents us all with unprecedented challenges and therefore requires prudent and responsible action to our customers as well as to our employees, suppliers and service providers.

Euro Pool System has taken advanced hygiene, disinfection, quality and safety measures to avoid the risk of contagion caused by the SARS-CoV2 virus. The employees of Euro Pool System work from home during the pandemic. The operational team and the SHEQ department of Euro Pool System regularly monitor the operational maintenance plan in times of crisis in order to ensure the permanent inbound of used reusable trays and the outbound of washed reusable trays to our customers.

Events after the balance sheet date

Legal demerger Euro Pool System International B.V.

Per 1 January 2022 the Euro Pool System business activities (including the trays) of Euro Pool System International B.V. ("EPSIN") are demerged into a newly incorporated Dutch private limited liability company (EPS Europe B.V.). The shares in this newly incorporated entity are wholly owned by EPSIN. As a result of this demerger, the ownership of Euro Pool System Denmark ApS is transferred to EPS Europe B.V.

Current situation in Ukraine

On February 24th, 2022 Russia attacked the Ukraine. Although Euro Pool Group has no businesses in Russia or Ukraine, the war in Ukraine is expected to have an impact on the group's business operations. The world market prices for fuel and energy already showed sharp increases leading to higher transport and throughput cost. Next to this, capital expenditure for trays is expected to end up higher in 2022. At this moment it is uncertain if the full impact of these cost increases can be compensated by adjustments in the rental prices.

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Accounting Policies

The annual report has been prepared in accordance with Danish financial statements legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B entities.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and Measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign Currency Translations

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

Income Statement

Gross profit/loss

Gross profit or loss comprises revenue, other operating income, cost of goods and external expenses. EPS Europe B.V. is the owner of the tray asset pool in the group. Transfer pricing within Euro Pool Group is based on the Entrepreneurial versus Limited Risk model. EPS Europe B.V. is the entrepreneur with respect to the tray business, whereas their subsidiaries are limited risk distributors. Euro Pool System Denmark ApS is remunerated based on the functions performed and risks borne, in particular concerning the sales, marketing and logistic activities. The remuneration consists of a commission for revenue and costs. The commission for revenues is 3.00% (2020: 3.00%), the mark-up for costs is 7.00% (2020: 7.00%), expenses related to services outsourced to and provided by third party service providers are considered as disbursement. As such these costs are recharged to EPS Europe B.V. without a mark-up. This results in operating margins that are within the benchmark study for comparable types of companies in the sector and consistent with the OECD Transfer Pricing Guidelines.

Revenue

Sales is the gross inflow of economic benefits during the period arising in the course of the ordinary activities.

Sales are derived from rendering of services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a) the amount of revenue can be measured reliably;
- b) it is probable that the economic benefits associated with the transaction will flow to the enterprise;
- c) the stage of completion of the transaction, costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured excl. VAT and less customer discounts.

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Accounting Policies

Other operating income

Other operating income includes financial statement items of a secondary nature in relation to the primary activity of the enterprise, including profit on sale of fixed assets.

Staff Costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation

Depreciation relating to fixed assets comprise depreciation for the financial year.

Other financial income and other financial expenses

Financial income and expenses comprise interest, realised and unrealised exchange gains and losses as well as interest surcharge and interest reimbursements under the Danish Tax Prepayment Scheme.

Tax on profit or loss for the year income taxes

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax.

The Company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

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Accounting Policies

Balance Sheet

Assets

Fixed Assets

Fixed assets are measured at cost less accumulated depreciation. The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives.

Profit/loss on sale or retirement has been included in the income statement under other operating income and other operating expenses.

Depreciation horizon;

- Properties and buildings - 20-22 years
- Fixture and fittings, tools and equipment - 1-7 years
- Leasehold improvements - 1-3 years

Impairment on Fixed Assets

The carrying amount of fixed assets is reviewed annually for indication of impairment for loss, apart from what is expressed by usual depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the anticipated cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as depreciation.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down for bad debt according to an individual assessment.

Deferred Taxes

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in bank deposits.

Liabilities

Other provisions

Other provisions comprise restructuring provisions which are recognised when the Company has a legal or constructive obligation.

Other liabilities other than provisions

Other liabilities other than provisions have been measured at amortised cost which corresponds to nominal value.

Current tax payable

Current tax payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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Income Statement

	Notes	Period ended	
		12/31/2021 DKK	12/31/2020 DKK
Gross result		18,098,108	13,105,098
Depreciation		(10,061,030)	(1,879,638)
Staff Costs	1	(3,992,438)	(3,519,890)
Operational result		4,044,640	7,705,570
Other financial expenses		(1,132,744)	(118,927)
Operational result before taxes		2,911,896	7,586,643
Tax on profit/loss	2	(638,462)	(1,654,973)
Profit for the year		2,273,434	5,931,670
Proposed dividends for the year		-	-
Retained earnings		2,273,434	5,931,670

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Balance sheet

	Notes	As at	
		12/31/2021 DKK	12/31/2020 DKK
ASSETS			
Non-current assets			
Fixed Assets			
Properties and buildings		865,781	792,454
Fixture and fittings, tools and equipment		66,990,793	50,840,528
Leasehold improvements		1,796,269	1,637,815
		69,652,843	53,270,797
Deferred tax assets		1,853,195	2,155
Non-current Assets total		71,506,038	53,272,952
CURRENT ASSETS			
Trade Debtors		58,524,056	59,710,961
Receivables from group enterprises		-	6,905,006
Inventories		1,307,747	-
Other receivables	3	21,422,877	3,802,956
		81,254,680	70,418,923
Cash and Cash equivalents		51,288,091	48,359,090
TOTAL CURRENT ASSETS		132,542,771	118,778,013
TOTAL ASSETS		204,048,809	172,050,965

	Notes	As at	
		12/31/2021 DKK	12/31/2020 DKK
EQUITY			
Share capital paid	4	50,000	50,000
Retained earnings		12,191,126	9,917,692
SHAREHOLDERS EQUITY		12,241,126	9,967,692
PROVISIONS			
Other Provisions		1,450,239	1,018,479
Total Provisions		1,450,239	1,018,479
LONGTERM LIABILITIES			
Other payables		-	391,870
Total Longterm liabilities		-	391,870
CURRENT LIABILITIES			
Trade Creditors		123,033,242	101,891,481
Payables to group enterprises		22,920,333	-
Income Tax payable		1,694,317	1,375,805
Other payables	5	42,709,552	57,405,637
Total current liabilities		190,357,444	160,672,923
Total liabilities incl. Provisions		191,807,683	162,083,273
TOTAL EQUITY AND LIABILITIES		204,048,809	172,050,965

Notes;

6 - Contingent Liabilities

7 - Ownership

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Notes**1 Staff Costs**

	2021	2020
	DKK	DKK
Gross salaries	(3,359,860)	(3,127,685)
Company pension contributions	(303,425)	(236,665)
	<u>(3,992,438)</u>	<u>(3,519,890)</u>

The average number of employees in 2021 totalling to 5 (2020:5)

2 Tax on profit/loss

	2021	2020
	DKK	DKK
Corporate tax liability	(2,328,245)	(1,507,805)
Changes in deferred tax	1,689,783	(161,257)
Corporate taxes previous year	-	14,089
	<u>(638,462)</u>	<u>(1,654,973)</u>

3 Other receivables

	2021	2020
	DKK	DKK
Other receivables	19,407,917	3,700,833
Deposits	142,141	102,123
Receivable from tax office	1,872,818	-
	<u>21,422,877</u>	<u>3,802,956</u>

4 EQUITY

	2021	2020
	DKK	DKK
Share capital at 31 December	50,000	50,000
Retained earnings beginning of period	9,917,692	3,986,022
Transfer from profit/loss for the year	2,273,434	5,931,670
Retained earnings at 31 December	<u>12,191,126</u>	<u>9,917,692</u>
Equity at 31 December	<u>12,241,126</u>	<u>9,967,692</u>

The share capital consist of 50 shares of DKK 1.000,00. The shares have not been divided into classes.

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Notes**5 Other payables**

	2021	2020
	DKK	DKK
Transport Invoice to be received	(3,058,196)	(1,089,253)
VAT Payables	-	(58,257)
Payroll related debts	(281,301)	(536,065)
Other Liabilities	(1,549,262)	-
Holiday accrual	(838,265)	(371,924)
Deposit obligation	(3,302,159)	339,346
Retailer refunds	(33,680,369)	(55,689,484)
	<hr/>	<hr/>
	<u>(42,709,552)</u>	<u>(57,405,637)</u>

6 Contingent liabilities

Collateral blocked account (Mortgage) - DKK 100.000

7 Ownership

The following shareholders are subject to section 55 of Danish Public Companies Act:

Euro Pool System International B.V., The Netherlands

Since 1 January 2022, EPS Europe B.V. is the new shareholder. Euro pool System International is the shareholder of EPS Europe B.V.