
CapHold Westpack ApS

Sletten 21, DK-7500 Holstebro

Annual Report for 1 May 2020 - 30 April 2021

CVR No 38 44 20 74

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/6 2021

Jesper Berg Folke
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CapHold Westpack ApS for the financial year 1 May 2020 - 30 April 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 April 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

Holstebro, 17 June 2021

Executive Board

Martin Jørgensen

Board of Directors

Jan Sindesen
Chairman

Martin Jørgensen
Deputy Chairman

Morten Dalsgaard Nielsen

Jens Thøger Hansen

Søren Skou Mogensen

Independent Auditor's Report

To the Shareholders of CapHold Westpack ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 April 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 May 2020 - 30 April 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of CapHold Westpack ApS for the financial year 1 May 2020 - 30 April 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company

Independent Auditor's Report

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 Group's and 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 Group or 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 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 Company's and the Group'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 Group's and 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

Independent Auditor's Report

may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Holstebro, 17 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

H. C. Krogh
State Authorised Public Accountant
mne9693

Daniel Mogensen
State Authorised Public Accountant
mne45831

Company Information

The Company

CapHold Westpack ApS
Sletten 21
DK-7500 Holstebro

CVR No: 38 44 20 74
Financial period: 1 May - 30 April
Municipality of reg. office: Holstebro

Board of Directors

Jan Sindesen, Chairman
Martin Jørgensen, Deputy Chairman
Morten Dalsgaard Nielsen
Jens Thøger Hansen
Søren Skou Mogensen

Executive Board

Martin Jørgensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Hjaltetvej 16
DK-7500 Holstebro

Financial Highlights

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

	Group			
	2020/21 TDKK (12 mdr.)	2019/20 TDKK (12 mdr.)	2018/19 TDKK (12 mdr.)	2017/18 TDKK (14 mdr.)
Key figures				
Profit/loss				
Gross profit/loss	75.191	63.634	63.457	64.488
EBITDA	42.519	32.737	32.453	32.033
Operating profit/loss	29.798	21.290	21.975	21.436
Profit/loss before financial income and expenses	29.101	21.330	22.134	21.491
Net financials	-3.632	-1.015	-1.607	-2.852
Net profit/loss for the year	18.299	14.311	14.518	12.820
Balance sheet				
Balance sheet total	217.598	226.110	229.005	219.817
Equity	109.755	141.518	127.313	112.727
Cash flows				
Cash flows from:				
- operating activities	41.133	26.183	14.347	30.220
- investing activities	-11.962	-8.466	-4.315	-195.933
- financing activities	-29.935	-16.084	-16.716	169.936
Change in cash and cash equivalents for the year	-764	1.633	-6.684	4.223
Number of employees	143	128	113	96
Ratios				
Return on assets	13,4%	9,4%	9,7%	9,8%
Solvency ratio	50,4%	62,6%	55,6%	51,3%
Return on equity	14,6%	10,6%	12,1%	15,6%

Management's Review

Key activities

The Group's principal activities are to develop, market and sell quality packaging and accessories for the jewellery, watch and glasses trade.

Development in the year

The income statement of the Group for 2020/21 shows a profit of TDKK 18,299, and at 30 April 2021 the balance sheet of the Group shows equity of TDKK 109,755.

The past year and follow-up on development expectations from last year

The result for the year exceeded the target described in the annual report for 2019/20.

Foreign exchange risks

It is company policy to cover special risks relating to currency as well as possible. Currency risks are covered via currency forwards.

Targets and expectations for the year ahead

For 2021/22 increasing activity is expected resulting in growth in both revenue and profit in the range of 0-10%. Expectations take into account current developments in Covid-19.

External environment

During the year, the Company has on a current basis invested in reducing the environmental impact and has through these investments achieved minor energy consumption savings. The Company will keep its focus on this.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

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

Income Statement 1 May - 30 April

	Note	Group		Parent company	
		2020/21	2019/20	2020/21	2019/20
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		75.191	63.634	0	0
Distribution expenses	1	-18.510	-16.429	0	0
Administrative expenses	1	-26.883	-25.915	-21	-21
Operating profit/loss		29.798	21.290	-21	-21
Other operating income		57	40	0	0
Other operating expenses		-754	0	0	0
Profit/loss before financial income and expenses		29.101	21.330	-21	-21
Income from investments in subsidiaries	2	0	0	19.209	15.318
Financial income		325	491	0	0
Financial expenses	3	-3.957	-1.506	-1.146	-1.269
Profit/loss before tax		25.469	20.315	18.042	14.028
Tax on profit/loss for the year	4	-7.170	-6.004	257	283
Net profit/loss for the year		18.299	14.311	18.299	14.311

Balance Sheet 30 April

Assets

	Note	Group		Parent company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Software		2.195	1.632	0	0
Goodwill		115.999	123.287	0	0
Prepayment		0	738	0	0
Intangible assets	5	118.194	125.657	0	0
Plant and machinery		12.790	8.225	0	0
Other fixtures and fittings, tools and equipment		2.551	2.859	0	0
Leasehold improvements		305	0	0	0
Prepayments for property, plant and equipment		2.280	125	0	0
Property, plant and equipment	6	17.926	11.209	0	0
Investments in subsidiaries	7	0	0	166.890	173.444
Fixed asset investments		0	0	166.890	173.444
Fixed assets		136.120	136.866	166.890	173.444
Inventories	8	57.380	54.822	0	0
Trade receivables		13.624	22.092	0	0
Receivables from group enterprises		965	719	0	800
Other receivables		823	831	0	0
Deferred tax asset	11	0	0	0	13
Corporation tax		0	0	270	290
Prepayments	9	1.967	1.567	0	0
Receivables		17.379	25.209	270	1.103
Cash at bank and in hand		6.719	9.213	79	64
Currents assets		81.478	89.244	349	1.167
Assets		217.598	226.110	167.239	174.611

Balance Sheet 30 April

Liabilities and equity

	Note	Group		Parent company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital		1.000	1.000	1.000	1.000
Exchange adjustments		-107	0	0	0
Retained earnings		108.862	140.518	108.755	140.518
Equity		109.755	141.518	109.755	141.518
Provision for deferred tax	11	1.946	1.730	0	0
Provisions		1.946	1.730	0	0
Credit institutions		37.058	16.500	37.058	16.500
Lease obligations		981	1.217	0	0
Long-term debt	12	38.039	17.717	37.058	16.500
Credit institutions	12	24.760	26.489	16.500	16.500
Lease obligations	12	236	231	0	0
Prepayments received from customers		4.910	2.491	0	0
Trade payables		14.925	13.742	20	22
Payables to group enterprises		0	0	3.800	0
Corporation tax		6.952	5.388	0	0
Other payables		16.075	16.804	106	71
Short-term debt		67.858	65.145	20.426	16.593
Debt		105.897	82.862	57.484	33.093
Liabilities and equity		217.598	226.110	167.239	174.611
Distribution of profit	10				
Contingent assets, liabilities and other financial obligations	15				
Related parties	16				
Accounting Policies	17				

Statement of Changes in Equity

Group

	Share capital	Exchange adjustments	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 May	1.000	0	140.518	141.518
Exchange adjustments	0	-107	0	-107
Extraordinary dividend paid	0	0	-50.000	-50.000
Fair value adjustment of hedging instruments, beginning of year	0	0	68	68
Fair value adjustment of hedging instruments, end of year	0	0	-11	-11
Tax on adjustment of hedging instruments for the year	0	0	-12	-12
Net profit/loss for the year	0	0	18.299	18.299
Equity at 30 April	1.000	-107	108.862	109.755

Parent company

Equity at 1 May	1.000	0	140.518	141.518
Extraordinary dividend paid	0	0	-50.000	-50.000
Exchange adjustments relating to foreign entities	0	0	-107	-107
Fair value adjustment of hedging instruments, beginning of year	0	0	68	68
Fair value adjustment of hedging instruments, end of year	0	0	-11	-11
Tax on adjustment of hedging instruments for the year	0	0	-12	-12
Net profit/loss for the year	0	0	18.299	18.299
Equity at 30 April	1.000	0	108.755	109.755

Cash Flow Statement 1 May - 30 April

	Note	Group	
		2020/21 TDKK	2019/20 TDKK
Net profit/loss for the year		18.299	14.311
Adjustments	13	23.404	18.369
Change in working capital	14	8.418	667
Cash flows from operating activities before financial income and expenses		50.121	33.347
Financial income		324	494
Financial expenses		-3.909	-1.834
Cash flows from ordinary activities		46.536	32.007
Corporation tax paid		-5.403	-5.824
Cash flows from operating activities		41.133	26.183
Purchase of intangible assets		-819	-1.263
Purchase of property, plant and equipment		-11.218	-7.584
Sale of intangible assets		0	106
Sale of property, plant and equipment		75	275
Cash flows from investing activities		-11.962	-8.466
Repayment of loans from credit institutions		-20.708	-16.500
Reduction of lease obligations		-231	-339
Raising of loans from credit institutions		41.250	0
Lease obligations incurred		0	1.506
Change in group enterprises		-246	-751
Dividend paid		-50.000	0
Cash flows from financing activities		-29.935	-16.084
Change in cash and cash equivalents		-764	1.633
Cash and cash equivalents at 1 May		-777	-2.410
Cash and cash equivalents at 30 April		-1.541	-777
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		6.719	9.213
Overdraft facility		-8.260	-9.990
Cash and cash equivalents at 30 April		-1.541	-777

Notes to the Financial Statements

	Group		Parent company	
	2020/21	2019/20	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK
1 Staff				
Wages and Salaries	54.381	48.957	0	0
Pensions	3.423	2.972	0	0
Other social security expenses	1.082	1.072	0	0
Other staff expenses	3.170	2.142	0	0
	62.056	55.143	0	0
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:				
Cost of sales	38.894	30.455	0	0
Distribution expenses	12.277	11.672	0	0
Administrative expenses	10.885	13.016	0	0
	62.056	55.143	0	0
Including remuneration to the Supervisory Board of:				
Supervisory Board	175	175	0	0
	175	175	0	0
Average number of employees	143	128	0	0

Notes to the Financial Statements

	Parent company			
	<u>2020/21</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK	TDKK	TDKK
2 Income from investments in subsidiaries				
Share of profits of subsidiaries	26.497	22.606		
Amortisation of goodwill	-7.288	-7.288		
	19.209	15.318		
	Group		Parent company	
	<u>2020/21</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK	TDKK	TDKK
3 Financial expenses				
Other financial expenses	1.537	1.455	1.146	1.269
Exchange adjustments, expenses	2.420	51	0	0
	3.957	1.506	1.146	1.269
4 Tax on profit/loss for the year				
Current tax for the year	6.954	5.380	-270	-290
Deferred tax for the year	216	624	13	7
	7.170	6.004	-257	-283

Notes to the Financial Statements

5 Intangible assets

Group	Software	Goodwill	Prepayment	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 May	3.135	145.758	738	149.631
Additions for the year	819	0	0	819
Transfers for the year	738	0	-738	0
Cost at 30 April	<u>4.692</u>	<u>145.758</u>	<u>0</u>	<u>150.450</u>
Impairment losses and amortisation at 1 May	1.503	22.471	0	23.974
Amortisation for the year	<u>994</u>	<u>7.288</u>	<u>0</u>	<u>8.282</u>
Impairment losses and amortisation at 30 April	<u>2.497</u>	<u>29.759</u>	<u>0</u>	<u>32.256</u>
Carrying amount at 30 April	<u>2.195</u>	<u>115.999</u>	<u>0</u>	<u>118.194</u>
Amortised over	<u>3 years</u>	<u>20 years</u>		

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 May	32.384	6.652	22	124	39.182
Exchange adjustment	0	-12	-1	0	-13
Additions for the year	8.037	539	362	2.280	11.218
Disposals for the year	-522	0	0	-124	-646
Cost at 30 April	<u>39.899</u>	<u>7.179</u>	<u>383</u>	<u>2.280</u>	<u>49.741</u>
Impairment losses and depreciation at 1 May	24.159	3.793	22	0	27.974
Exchange adjustment	0	-10	-1	0	-11
Depreciation for the year	3.472	845	57	0	4.374
Impairment and depreciation of sold assets for the year	-522	0	0	0	-522
Impairment losses and depreciation at 30 April	<u>27.109</u>	<u>4.628</u>	<u>78</u>	<u>0</u>	<u>31.815</u>
Carrying amount at 30 April	<u>12.790</u>	<u>2.551</u>	<u>305</u>	<u>2.280</u>	<u>17.926</u>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>			
Including assets under finance leases amounting to	<u>1.054</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.054</u>

Notes to the Financial Statements

	Parent company	
	2021	2020
	TDKK	TDKK
7 Investments in subsidiaries		
Cost at 1 May	192.154	192.154
Cost at 30 April	192.154	192.154
Value adjustments at 1 May	-18.710	-12.420
Exchange adjustment	-107	-55
Net profit/loss for the year	26.497	22.606
Dividend to the Parent Company	-25.700	-21.500
Fair value adjustment of hedging instruments for the year	44	-53
Amortisation of goodwill	-7.288	-7.288
Value adjustments at 30 April	-25.264	-18.710
Carrying amount at 30 April	166.890	173.444
Remaining positive difference included in the above carrying amount at 30 April	115.999	123.287

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Westpack A/S	Danmark	DKK 1.000.000	100%
Westpack Limited	Hong Kong	HKD 1	100%
Westpack Trading Ltd	Kina	RMB 1.000.000	100%

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
8 Inventories				
Raw materials and consumables	6.966	7.300	0	0
Work in progress	3.334	3.696	0	0
Finished goods and goods for resale	46.383	42.194	0	0
Prepayments for goods	697	1.632	0	0
	57.380	54.822	0	0

Notes to the Financial Statements

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

	Group		Parent company	
	<u>2020/21</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK	TDKK	TDKK
10 Distribution of profit				
Extraordinary dividend paid	50.000	0	50.000	0
Retained earnings	<u>-31.701</u>	<u>14.311</u>	<u>-31.701</u>	<u>14.311</u>
	<u>18.299</u>	<u>14.311</u>	<u>18.299</u>	<u>14.311</u>
11 Provision for deferred tax				
Provision for deferred tax at 1 May	1.730	1.106	-13	-20
Amounts recognised in the income statement for the year	<u>216</u>	<u>624</u>	<u>13</u>	<u>7</u>
Provision for deferred tax at 30 April	<u>1.946</u>	<u>1.730</u>	<u>0</u>	<u>-13</u>

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:

	Group		Parent company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Credit institutions				
Between 1 and 5 years	37.058	16.500	37.058	16.500
Long-term part	<u>37.058</u>	<u>16.500</u>	<u>37.058</u>	<u>16.500</u>
Within 1 year	16.500	16.500	16.500	16.500
Other short-term debt to credit institutions	8.260	9.989	0	0
Short-term part	<u>24.760</u>	<u>26.489</u>	<u>16.500</u>	<u>16.500</u>
	<u>61.818</u>	<u>42.989</u>	<u>53.558</u>	<u>33.000</u>
Lease obligations				
Between 1 and 5 years	981	1.217	0	0
Long-term part	<u>981</u>	<u>1.217</u>	<u>0</u>	<u>0</u>
Within 1 year	236	231	0	0
	<u>1.217</u>	<u>1.448</u>	<u>0</u>	<u>0</u>

13 Cash flow statement - adjustments

	Group	
	2020/21 TDKK	2019/20 TDKK
Financial income	-325	-491
Financial expenses	3.957	1.506
Depreciation, amortisation and impairment losses, including losses and gains on sales	12.709	11.405
Tax on profit/loss for the year	7.170	6.004
Other adjustments	-107	-55
	<u>23.404</u>	<u>18.369</u>

Notes to the Financial Statements

	Group	
	2020/21	2019/20
	TDKK	TDKK
14 Cash flow statement - change in working capital		
Change in inventories	-2.562	-1.581
Change in receivables	8.077	-470
Change in trade payables, etc	2.847	2.787
Fair value adjustments of hedging instruments	56	-69
	8.418	667

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
15 Contingent assets, liabilities and other financial obligations				

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	263	138	0	0
Between 1 and 5 years	491	262	0	0
	754	400	0	0

Rental obligations, period of non-terminability 160 month (146 month).	71.431	51.135	0	0
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TopCap Westpack ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

16 Related parties

Basis

Controlling interest

Capidea Kapital II K/S, Store Kongensgade 118, 1. th.,
1264 København K. Ultimate parent company

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

TopCap Westpack ApS, Sletten 21, 7500 Holstebro

Consolidated Financial Statements

The company is included in the consolidated report for TopCap Westpack ApS

<u>Name</u>	<u>Place of registered office</u>
TopCap Westpack ApS	Holstebro

Notes to the Financial Statements

17 Accounting Policies

The Annual Report of CapHold Westpack ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020/21 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, CapHold Westpack ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Notes to the Financial Statements

17 Accounting Policies (continued)

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) 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 Group.

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.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

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.

Purchasing costs include purchase of trade goods and operation costs regarding subsidiary in China. Purchasing costs are included in the gross profit.

Cost of sales also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

Notes to the Financial Statements

17 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and cost of sales.

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.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Software and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Software are amortised over 3 years.

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.

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	3-5 years
Other fixtures and fittings, tools and equipment	3-5 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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acqui-

Notes to the Financial Statements

17 Accounting Policies (continued)

tion of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

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.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group'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 Group'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 excluding 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

Notes to the Financial Statements

17 Accounting Policies (continued)

debt as well as payments to and from shareholders.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$