Tetra Pak Processing Systems A/S

Søren Nymarks Vej 13, DK-8270 Højbjerg

CVR no. 41 85 21 19

Annual report 2021

Approved at the Company's annual general meeting on 31 May 2022

Chair of the meeting:

....
Steen Ruge Thomsen

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Tetra Pak Processing Systems 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 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.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Højbjerg, 15 March 2022
Executive Board:

Steen Ruge Thomsen

Board of Directors:

Lars Peter Lindstrøm Chair	Rolf Brandhøj Overgaard	Monica Pedersen
Steen Ruge Thomsen	Kresten Mogensen Hjortsballe	Elsebeth Christina Andersen elected by the employees
Christoffer Lykke Andersen elected by the employees	Niels Glahn Sabroe elected by the employees	Kenneth Tilsted Christensen elected by the employees

Independent auditor's report

To the shareholders of Tetra Pak Processing Systems A/S

Opinion

We have audited the financial statements of Tetra Pak Processing Systems A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

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 as to 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 the 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 internal control.

Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 15 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim R. Mortensen
State Authorised Public Accountant
mne18513

Management's review

Company details

Name	Tetra Pak Processing Systems A/S
Address, Postal code, City	Søren Nymarks Vej 13, DK-8270 Højbjerg
CVR no.	41 85 21 19
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Lars Peter Lindstrøm, Chair Rolf Brandhøj Overgaard Monica Pedersen Steen Ruge Thomsen Kresten Mogensen Hjortsballe Elsebeth Christina Andersen, elected by the employees Christoffer Lykke Andersen, elected by the employees Niels Glahn Sabroe, elected by the employees Kenneth Tilsted Christensen, elected by the employees
Executive Board	Steen Ruge Thomsen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark
Bankers	SEB Bank

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	1,125,847	1,231,636	1,212,646	842,152	822,722
Operating profit/loss	55,189	78,166	50,264	30,382	23,844
Net financials	-3,531	-4,538	-6,073	-6,428	-4,989
Profit for the year	**54,280**	**58,230**	**34,295**	**21,490**	**-50,248**
Non-current assets	63,107	67,810	69,852	40,904	50,802
Current assets	525,900	468,713	526,776	366,943	426,967
Total assets	**589,007**	**536,523**	**596,628**	**407,847**	**477,769**
Equity	**160,012**	**163,962**	**105,732**	**48,838**	**27,348**
Cash flows from operating activities	-27,641	180,115	40,611	86,021	72,703
Amount relating to investments in property, plant and equipment	-10,001	-12,027	0	0	0
Total cash flows	**-3,060**	**-1,072**	**550**	**505**	**4,066**
Financial ratios					
Operating margin	5.1%	6.4%	4.1%	3.7 %	2.9 %
Gross margin	19.9%	19.3%	20.5%	24.3%	21.6%
Return on assets	9.8%	13.8%	10.0%	6.9%	4.2%
Return on equity	33.5%	43.2%	44.4%	56.4%	-92.2%
Average number of full-time employees	**406**	**427**	**421**	**319**	**299**

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss: Profit/loss before financial items adjusted for other operating income and other operating expenses

Operating margin: $$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$$

Gross margin: $$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Return on assets: $$\frac{\text{Profit/loss from operating activites} \times 100}{\text{Average assets}}$$

Return on equity: $$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

IFRS 15 and 16 has been implemented by using the modified retrosective method, with date of initial application og January 1, 2019. The figures for 2017 - 2018 in the financial highligts are therefore not adjusted for the effect of implementation of IFRS 15 and 16.

In 2019, the company was merged with a sistercompany. The figures for 2017 - 2018 are not comparable since the company has applied the book value method in connection with the merger.

Management's review

Business review

The Company's business activities are production, design and sale of production lines, machinery, equipment and spare parts for the ice cream industry, high shear mixers, high-tech filtrations systems and membranes for Food and Beverage industry.

Financial review

The income statement for 2021 shows a profit of DKK 54,280 thousand against a profit of DKK 58,230 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 160,012 thousand. The financial performance is in line with our expectations stated in the annual report for 2020 and is considered satisfactory.

Knowledge resources

The company's business area places particularly high demands on the knowledge resources relating to employees and business processes, in order to be able to retain the competitive power, it is decisive that the company can recruit and retain employees, both with a high educational level and employees with technical experience. This has been succeeded to a wide extent by means of an active and attractive staff policy.

Statutory CSR report

Statutory reporting on social responsibility statement, cf. FSA §99a

Human Rights and Anti-Corruption

The Tetra Pak Group is a signatory to the UN Global Compact, which entails that Tetra Pak Processing Systems A/S naturally is committed to implement and promote the principles in our business practice, e.g. by respecting the human rights and having a zero tolerance in relation to corruption and bribery. The most material risk to the company is connected to our suppliers, with whom we actively engage to ensure the compliance with both our Code of Business Conduct as well as national legislation and internationally recognized conventions. During 2021, we have continued follow-up activities with suppliers as well as promoted the ethical standards of our Code of Conduct among both suppliers and employees. No breaches to the Code of Conduct have been reported in 2021.

We will continue to have this as our focus for the coming years.

Environment and Climate

TPPS A/S most material risks related to negative impacts on environmental and climate issues are within water & energy consumption and waste

Part of the Tetra Pak Group’s 2030 Strategy is based on a commitment to a low-carbon circular economy. This is of course also the objective of Tetra Pak Processing System A/S and we strive for a sustainable future by adhering completely to the Group’s environmental strategy. The main environmental and climate focus for Tetra Pak Processing Systems A/S during 2021 has been to provide Processing Solutions to our customer’s, enabling their operations towards minimal water and energy consumption and minimum waste.

For 2021 we have launched number of improvements on our Processing Solutions equipment, within the areas of minimizing waste, water and energy consumption.

We will continue to have this as our focus for the coming years.

Management's review

Social and Employee matters

The biggest asset of Tetra Pak Processing Systems A/S is our people, and our purpose is to be a modern and attractive employer that takes care of our employees and nourishes talent. To that end, we are driving actions to ensure a diverse workforce and an inclusive culture, where all employees can thrive.

The main risk to our employees is potential accidents when dealing with chemicals and heavy machinery. To mitigate this risk, we actively work on safeguarding our employees by promoting Occupational Health & Safety (OHS) and wellbeing, as well as rolling out initiatives aimed at ensuring fewer accidents. In 2021, the organization wide Culture Change program was continued, which focuses on improved awareness of the above risk. Furthermore, all employees have been reminded and debriefed regarding our OHS policy and all new employees must undertake basic OHS trainings.

Our objective of protecting our employees is now more important than ever in the current COVID-19 pandemic. In this context, extraordinary measures have been needed to ensure that we can continue this progress. This includes adapting our facilities to the circumstances by following the authorities' guidelines and providing our employees with the appropriate protective equipment. These efforts have contributed to safeguard the health of our employees and, consequently, keep the infections to a minimum.

We will continue to have this as our focus for the coming years.

Account of the gender composition of Management, cf. §99b

The Board has set a target for the underrepresented gender on the Board at 20% or 1 out of 5 members elected by the general meeting. The ambition was to reach this target before the end of 2025. In 2021, new board members were elected, and there are now 1 women in the board out of 5 members (excluding elected by the employees), why the target figure has been reached.

For management executives other than the Board, females represent 22% and males 78%. The gender ratio is considered equivalent to the total gender composition in the Company. Tetra Pak Processing Systems A/S follow the Group's consolidated statement regarding diversity:

"Our desired future state: …, we created a 'desired future state', which describes a respectful and inclusive work environment, company-wide engagement and dialogue around diversity and its value, and an organization whose diversity reflects our business and consumers.

We have put in place a detailed baseline that will allow us to monitor our progress as we implement our action plan. Our work will focus on increasing flexible working arrangements, manager training, training around career development and increasing the focus on diversity and inclusion in our talent review and recruiting process. We will also improve how we communicate around these issues both internally and externally."

Data ethics

The purpose of our data ethics guidelines, are to guide our users on data ethics considerations when collecting, sharing and using data. We strive to pay special attention to the data ethics issues such that our activities are in compliance with regulation. The policy is aimed at customers, current and potential partners, as well as employees. It is essential that these parties and the outside world trust our way of using data. In case we use third party data, it is expected by the third party that data ethical considerations, and if possible, a data ethic policy are integrated.

We strive to ensure that employees are well-informed about data ethics and that they handle data correctly. We will continuously support the understanding of the importance of data ethics

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Management's review

Outlook

The activities of Tetra Pak Processing Systems A/S for 2022 are expected to be above 2021.

As a consequences of the increased geopolitical uncertainty and rising commodity prices, etc. there is increased uncertainty about setting expectations for 2022.

Sales Volume is expected to increase. We expect an impact of the operations to be from minus 5 to plus 5 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
2	**Revenue**	1,125,847	1,231,636
13,3	Production costs	-902,140	-993,749
	Gross profit	223,707	237,887
13,3	Distribution costs	-122,354	-108,979
13,3	Administrative expenses	-46,165	-50,741
	Operating profit	55,188	78,167
	Other operating income	1,815	1,232
	Other operating expenses	0	-303
	Profit before net financials	57,003	79,096
4	Financial income	3	2,755
5	Financial expenses	-3,534	-7,293
	Profit before tax	53,472	74,558
6	Tax for the year	808	-16,328
	Profit for the year	54,280	58,230

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Non-current assets		
7	**Property, plant and equipment**		
	Land and buildings	16,468	15,806
	Rights-of-use-assets buildings	16,821	20,654
	Rights-of-use-assets other fixtures	2,823	2,410
	Plant and machinery	12,513	15,349
	Other fixtures and fittings, tools and equipment	13,094	11,959
	Leasehold improvements	152	202
	Property, plant and equipment in progress	1,236	1,430
		63,107	67,810
	Total non-current assets	63,107	67,810
	Current assets		
	Inventories		
	Raw materials and consumables	100,594	90,714
	Work in progress	148,210	89,906
	Finished goods and goods for resale	26,566	25,966
	Prepayments for goods	7,963	12,226
		283,333	218,812
	Receivables		
	Trade receivables	35,291	34,149
8	Work in progress for third parties	44,347	28,026
	Receivables from group entities	112,165	147,058
	Other receivables	48,866	35,945
	Deferred income	908	673
		241,577	245,851
	Cash	990	4,050
	Total current assets	525,900	468,713
	TOTAL ASSETS	589,007	536,523

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	12,000	12,000
	Retained earnings	93,732	93,732
	Dividend proposed for the year	54,280	58,230
	Total equity	160,012	163,962
	Liabilities		
	Non-current liabilities		
10	Deferred tax	5,067	4,468
11	Other provisions	156	286
	Lease liabilities	12,430	16,555
	Other payables	0	33,583
	Total non-current liabilities	17,653	54,892
	Current liabilities		
	Lease liabilities	6,935	6,364
	Prepayments received from customers	1,456	355
8	Prepayments on work in progress	11,530	12,348
	Trade payables	116,719	118,122
	Payables to group entities	148,840	30,495
	Income taxes payable	4,983	23,996
	Other payables	93,264	92,348
	Other provisions	27,615	33,641
	Total current liabilities	411,342	317,669
	Total liabilities	428,995	372,561
	TOTAL EQUITY AND LIABILITIES	589,007	536,523

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15 Collateral
16 Related parties
17 Fee to the auditors appointed by the Company in general meeting
18 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2020	12,000	93,732	0	105,732
18	Transfer, see "Appropriation of profit"	0	0	58,230	58,230
	Equity at 1 January 2021	12,000	93,732	58,230	163,962
18	Transfer, see "Appropriation of profit"	0	0	54,280	54,280
	Dividend distributed	0	0	-58,230	-58,230
	Equity at 31 December 2021	12,000	93,732	54,280	160,012

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2021	2020
	Profit for the year	54,280	58,230
19	Adjustments	13,059	44,840
	Cash generated from operations (operating activities)	67,339	103,070
20	Changes in working capital	-81,429	100,308
	Cash generated from operations (operating activities)	-14,090	203,378
	Interest received, etc.	3	2,755
	Interest paid, etc.	-3,534	-7,293
	Income taxes paid	-10,020	-18,725
	Cash flows from operating activities	-27,641	180,115
	Additions of property, plant and equipment	-10,001	-12,027
	Disposals of property, plant and equipment	4,487	1,257
	Cash flows to investing activities	-5,514	-10,770
	Dividends distributed	-58,230	0
	Contracting of other long-term liabilities	0	-1,501
	Repayments, borrowings from group entities	100,000	-179,780
	Lease	-9,829	-7,029
	Change in cash pool, group entities	31,737	-3,036
	Other cash flows from financing activities	-33,583	20,929
	Cash flows from financing activities	30,095	-170,417
	Net cash flow	-3,060	-1,072
	Cash and cash equivalents at 1 January	4,050	5,122
21	**Cash and cash equivalents at 31 December**	990	4,050

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Tetra Pak Processing Systems A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. Some financial items has been reclassified. The comparable figures have been adjusted.

There are few accounts which have been reclassified. Comparitive figures have been adjusted as well.

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

Reporting currency

The financial statements are presented in Danish thousand kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from contracts with customers comprises sales of products and income from construction contracts:

- Revenue from the sale of products is recognised at the point in time when the control of products is transferred to the customer, which is generally upon delivery.

- Income from construction contracts involving a high degree of customization is recognized as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of contract work performed during the year (percentage-of-completion method).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products. Amounts disclosed as net revenue exclude discounts, VAT and other duties.

The Group considers whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration. No element of financing is deemed present, as payment is generally received as cash - on delivery or up to 60-90 days of credit.

Variable consideration:
The Group pays various discounts depending on the nature of the customer and business. Customer discounts comprise off-invoice discounts, volume- and activity-related discounts, including specific promotion prices offered.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments. Volume- and activity-related discounts is a broad term covering incentives for customers to sustain business with the Group over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets, or progressive discounts offered in step with increasing sales to a customer.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also include research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	10 years years
Land and buildings	25 years years
Plant and machinery	5-20 years years
Other fixtures and fittings, tools and equipment	3-5 years years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. The items comprise interest income and expenses, e.g. from group entities and associates, financial expenses relating to finance leases, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income.

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Lease assets are "right-of-use-assets" arising from lease agreements. Lease assets are initially measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs.

The lease assets are depreciated on a straight-line basis over the shorter period of the assets useful life and the lease term in the contract. The lease assets can be adjusted due to modifications to the lease agreement or reassessment of the lease term.

The depreciation periods are as follows:

▸ Property	1-6 years
▸ Cars and trucks	1-3 years

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a term of 12 month or less, while low value assets comprise assets with a value below EUR 5 thousand.

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost price.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Receivables

Receivables are measured at amortised cost less write-down of expected losses, based on an individual assesment.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group companies' income taxes vis à vis the tax authorities as the group companies pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as receivables or payables to group entities.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at amortized cost, which is essentially equivalent to the net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Prepayments received from customers

Prepayments from customers are recognised in liabilities.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital, received/paid interests and corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt including lease liabilities and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and bank deposits.

Segment information

Segment information is given for revenue broken down by type of products. The segmentation is in accordance with the entity's internal financial management.

	DKK'000	2021	2020
2	**Segment information**		
	Breakdown of revenue by business segment:		
	Sales of goods/machinery	554,566	702,019
	Sales of customized machines	173,144	152,337
	Aftersales, services & consumables	398,183	377,281
		1,125,893	1,231,637
3	**Amortisation/depreciation of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	0	397
	Depreciation of property, plant and equipment	18,307	14,976
		18,307	15,373

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

	2021	2020
Production costs	4,967	4,171
Distribution costs	6,096	5,119
Administrative expenses	7,244	6,083
	18,307	15,373

	DKK'000	2021	2020
4	**Financial income**		
	Interest receivable, group entities	2	71
	Exchange gain	0	1,441
	Other financial income	1	1,243
		3	2,755
5	**Financial expenses**		
	Interest expenses, group entities	2,292	3,187
	Interests leasing	180	90
	Exchange losses	547	814
	Other financial expenses	515	3,202
		3,534	7,293

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
6 Tax for the year		
Income tax for the year	10,592	24,876
Deferred tax adjustments in the year	598	-9,012
Tax adjustments, prior years	-11,998	464
	-808	16,328

7 Property, plant and equipment

DKK'000	Land and buildings	Rights-of-use-assets buildings	Rights-of-use-assets other fixtures	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2021	72,279	30,052	4,673	46,980	35,463	835	1,430	191,712
Additions in the year	2,719	4,078	2,197	2,039	5,118	0	125	16,276
Disposals in the year	0	0	-1,589	-26,397	-764	0	0	-28,750
Transfer from other accounts	-927	0	0	6	1,240	0	-319	0
Cost at 31 December 2021	74,071	34,130	5,281	22,628	41,057	835	1,236	179,238
Impairment losses and depreciation at 1 January 2021	56,473	9,398	2,263	31,631	23,504	633	0	123,902
Depreciation in the year	1,130	7,911	1,784	2,479	4,953	50	0	18,307
Reversal of depreciation and impairment of disposals	0	0	-1,589	-23,995	-494	0	0	-26,078
Impairment losses and depreciation at 31 December 2021	57,603	17,309	2,458	10,115	27,963	683	0	116,131
Carrying amount at 31 December 2021	16,468	16,821	2,823	12,513	13,094	152	1,236	63,107
Depreciated over	25 years	1-6 years	1-3 years	5-20 years	3-5 years	5 years		

DKK'000	2021	2020
8 Work in progress for third parties		
Selling price of work performed	127,607	124,122
Net value of work in progress for third parties	-94,790	-108,444
	32,817	15,678
recognised as follows:		
Work in progress for third parties (assets)	44,347	28,026
Work in progress for third parties (liabilities)	-11,530	-12,348
	32,817	15,678

9 Share capital

Analysis of the share capital:

	2021	2020
12,000 A shares of DKK 1,000.00 nominal value each	12,000	12,000
	12,000	12,000

Analysis of changes in the share capital over the past 5 years:

DKK'000	2021	2020	2019	2018	2017
Opening balance	12,000	12,000	11,000	11,000	11,000
Capital increase	0	0	1,000	0	0
	12,000	12,000	12,000	11,000	11,000

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2021	2020
10	**Deferred tax**		
	Deferred tax at 1 January	4,468	13,480
	Deferred tax adjustment for the year	599	-9,012
	Deferred tax at 31 December	5,067	4,468

The provision for deferred tax primarily relates to timing differences in respect of inventory, intangible assets and property, plant and equipment.

11 **Other provisions**

Other provisions comprise provision for warranty commitments applicable to sale of goods totalling DKK 27,771 thousand (2020: 33,927 thousand). The obligation is expected to be settled over the warranty period; 27,615 thousand (2020: 33,641 thousand) in the next year and 156 thousand (2020: 286 thousand) in years 1-4.

12 **Derivative financial instruments**

Future currency risk

The company's buisness area Danice uses forward exchange contracts to hedge recognised and non-recognised transactions from external sales and purchases (contracts) in USD.

The contracts values in USD amounts to 0 mio. (2020: USD 0,3 mio.)

The market value of the contracts are 0 mio. USD (2020: USD 0 mio.)

Interest rate risks

The Company does not hedges interest rate risks.

	DKK'000	2021	2020
13	**Staff costs**		
	Wages/salaries	252,338	259,857
	Pensions	20,211	22,724
	Other social security costs	10,684	8,239
		283,233	290,820
	Average number of full-time employees	406	427

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

14 **Contractual obligations and contingencies, etc.**

Other contingent liabilities

As management company, the Company is taxed on a joint basis with other Danish Group entities. The Company is jointly and severally liable with other jointlyt taxed group entities for payment of income taxes and withholding taxes.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Collateral

The company's bank has provided a gurantee of a total of t.DKK 1,672 (2020: t.DKK 2,479), which can be attributed primarely to work in progress.

16 Related parties

Tetra Pak Processing Systems A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Tetra Laval International SA	Pully, Switzerland	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Tetra Laval International SA	Pully, Switzerland	Avenue Général-Guisan 70, 1009 Pully, Switzerland

Related party transactions

Tetra Pak Processing Systems A/S was engaged in the below related party transactions:

DKK'000	2021	2020
Sale of goods and services to affiliated companies	953,195	996,303
Acquisition of goods and services from affiliated companies	204,218	124,001
Sale of services (administrative fee and allocated costs) to affiliated companies	77,561	64,141
Acquisition of services (administrative fee and allocated costs) from affiliated companies	8,222	51
Royalty income from affiliated companies	2,552	2,361
Interest income from affiliated companies	2	71
Interest expenses to affiliated companies	2,292	3,187
Receivables from affiliated companies	112,165	147,958
Payables to affiliated companies	148,140	30,495
Dividends to parent	58,230	0

Ownership

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

Name	Domicile
Tetra Laval International SA	Avenue Général-Guisan 70, 1009 Pully, Switzerland

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2021	2020
17	**Fee to the auditors appointed by the Company in general meeting**		
	Statutory audit	299	299
	Assurance engagements	14	6
	Tax assistance	113	167
	Other assistance	467	413
		893	885
18	**Appropriation of profit**		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	54,280	58,230
		54,280	58,230
19	**Adjustments**		
	Amortisation/depreciation and impairment losses	18,307	15,373
	Gain/loss on the sale of non-current assets	-1,815	-929
	Provisions	-6,156	9,530
	Financial income	-3	-2,755
	Financial expenses	3,534	7,293
	Tax for the year	-808	16,328
		13,059	44,840
20	**Changes in working capital**		
	Change in inventories	-64,521	26,465
	Change in receivables	20,594	34,076
	Change in trade and other payables	-20,363	39,675
	Change in work in progress	-17,139	92
		-81,429	100,308
21	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	990	4,050
		990	4,050

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Steen Ruge Thomsen
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Monica Pedersen
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Kim R. Mortensen
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Steen Ruge Thomsen
Dirigent
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Serienummer: PID:9208-2002-2-684834204450
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