

Annual Report 2019



*The Annual General Meeting adopted the annual report on
31-05-2020*

Chairman of the General Meeting

Kirsten Jensen

Envases Europe A/S
Hedenstedvej 14
8723 Loesning
Central Business Registration No. 67 28 71 18

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Company details

Company

Envases Europe A/S

Hedenstedvej 14

8723 Løsning

Central Business Registration No: 67 28 71 18

Registered in: Hedensted, Denmark

Board of Directors

Laura Josefina Zapata y Oscoz, Chairman

Isaias Zapata Moran, Vice-chairman

Brian Nielsen

Flemming Jakobsen, Employee representative

Joan Rye Christiansen, Employee representative

Executive Management

Brian Nielsen, Chief Executive Officer

Dan Aggertoft Christensen, Chief Production Officer

Knud Christensen, Chief Financial Officer

Mikkel Nørgaard Dall, Chief Commercial Officer

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower

Vaerkmestergade 2

DK-8000 Aarhus C

Consolidation

Envases Europe A/S is included in the consolidated financial statements of Envases Universales de México, S.A.P.I de C.V.

Statement by Management on the annual report

The Board of Directors and the Executive Management have today presented the annual report of Envases Europe A/S for the financial year 1 January to 31 December 2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019 and of their financial performance and cash flow for the financial year 1 January to 31 December 2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Loesning, 4 May 2020

Executive Management

Brian Nielsen

Dan Aggertoft Christensen

Knud Christensen

Mikkel Nørgaard Dall

Board of Directors

Laura Josefina Zapata y Oscoz
Chairman

Isaias Zapata Moran
Vice-chairman

Brian Nielsen

Flemming Jakobsen
Employee representative

Joan Rye Christiansen
Employee representative

Independent auditor's report

To the shareholder of Envases Europe A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Envases Europe A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Aarhus, 4 May 2020

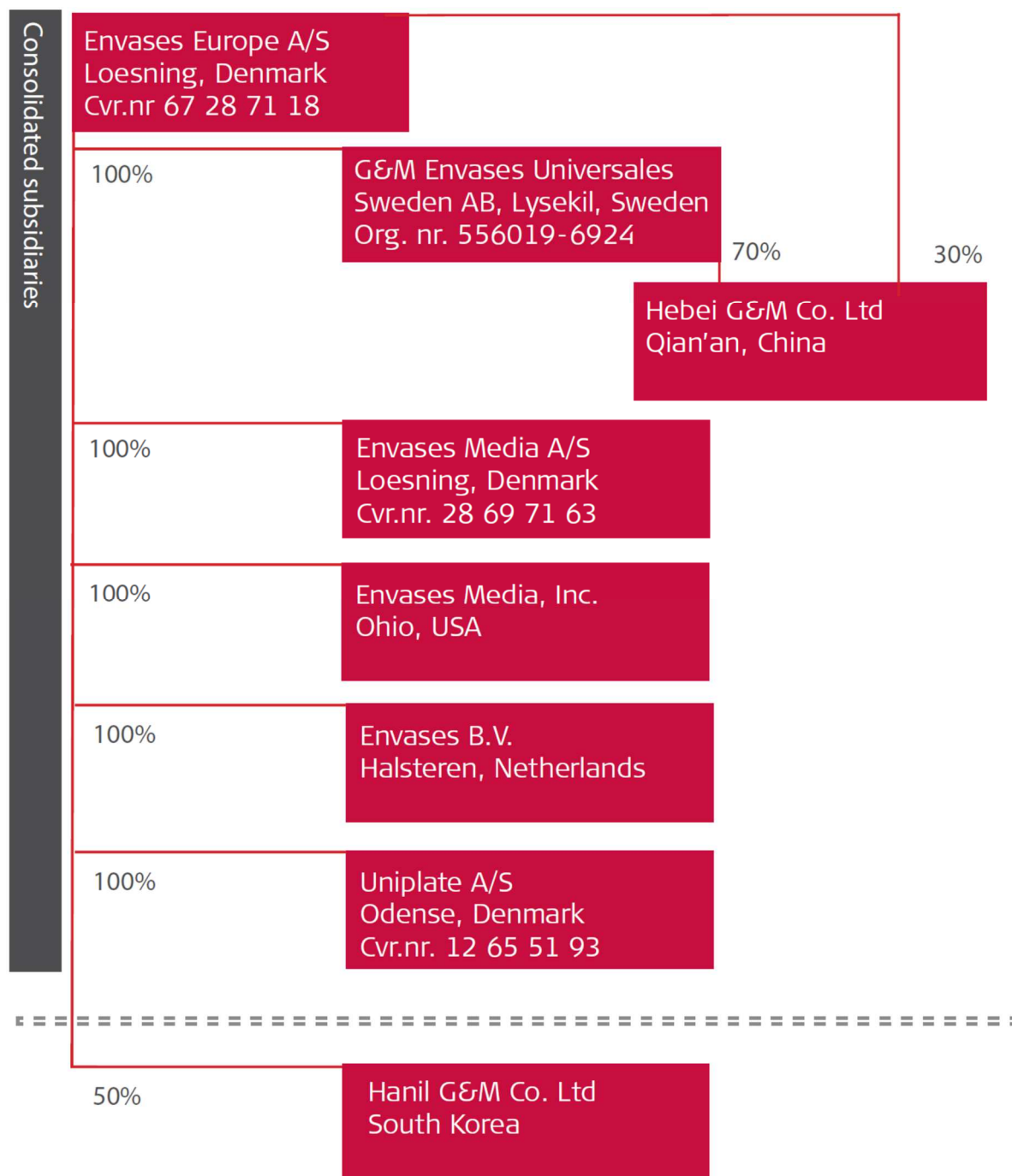
Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Henrik Vedel
State-Authorised
Public Accountant
MNE-nr. mne10052

Management commentary

Group chart as per 31 December 2019



Group financial highlights

	2019	2018	2017	2016	2015
Income statement in mDKK:					
Revenue	2.063	1.778	1.857	1.770	1.776
Gross profit	268	246	288	268	260
Income before interests	73	86	106	92	83
Net financial income	-23	0	-7	-4	-10
Income for the year	71	102	108	96	63
Balance sheet in mDKK:					
Balance sheet total	2.375	1.517	1.494	1.406	1.427
Equity	1.080	1.011	906	794	696
Cash flow in mDKK:					
Acquisition etc of property, plant and equipment	78	82	104	80	70
Employees:					
Average number of employees	1.125	992	1.038	1.021	1.110
Key ratios:					
Gross margin	13	14	16	15	15
Net profit ratio	4	5	6	5	5
Return on invested capital including goodwill	7	10	12	10	8
Solvency ratio	45	67	61	56	49
Return on equity	7	11	13	13	10

Change in accounting policies in 2019 on right to use assets (Leasing assets) is adapted from 2019 and on. Financial highlights have not been restated for earlier periods.

Group internal merger decided in 2018 is adapted from 2017 and on.

Key ratios are defined and calculated in accordance with latest "Recommendations & Ratios" issued by the Danish Finance Society, as specified in note 21.

Management commentary

Primary activities

The Group's primary activity is to manufacture and sell decorated metal packaging. Envases Europe products are mainly used in the production of foodstuffs, food products, beverages, paint and chemicals.

Envases Europe products are marketed globally, with the Danish market being the base market, and the Group employs 1.125 staff in total. We refer to our homepage, www.envases.dk, for further information about our organisation.

A chart of the Group's legal entities is provided on page 6. Please note that the subsidiaries, Envases Media A/S and Envases Media Inc., manufacture and sell metal packaging for the media industry, with production facilities being located in Hjallerup, Denmark, and Bryant, Ohio, USA, respectively.

Development in activities and finances

The Envases Europe Group's revenue for 2019 comes to DKK 2,063m against DKK 1,778m for 2018, and income for the year is DKK 71m against last year's DKK 102m.

The increase in group revenue of 16 % is in the lower range of the expectations and the income before interest is below expectations.

Acquisitions

On February 6th 2019 Envases Europe A/S acquired 100% of the shares in Pack2Pack Halsteren B.V. with business address in Holland. As the Envases Europe group Pack2Pack Halsteren B.V. is also doing business within the metal packaging industry. In January 2020 Pack2Pack Halsteren B.V. was renamed to Envases B.V.

In September 2019 Envases Europe A/S acquired 100% of the shares in Uniplat A/S a Danish entity occupied in the prepress industry. Uniplat A/S is a former supplier of Envases Europe A/S and a merger into Envases Europe is planned during 2020.

The acquisitions has a combined effect in 2019 of 14% increase in group revenue and 13% increase in gross profit.

Closure of subsidiary in China

The Group's subsidiary in China (Hebei G&M Ltd.) has been under closure since 2015. At present the company still owns the production building in China where the Company's activities have been located. The building is recognised at the estimated sales price at 31.12.2019, and provisions are made for estimated selling costs. Moreover, provisions have been made for other estimated costs until expected liquidation of the Company.

As last year the subsidiary Hebei G&M Ltd. is considered a discontinuing activity.

Management commentary

Merger within the group

With effect from 1 January 2019, the Group decided to merge the companies G&M Lysekil AB and GM Sweden Holding AB, with G&M Lysekil AB as the surviving company. The merger was carried out using the uniting-of-interests method, and the merger does not effect the consolidated figures for the Envases Europe group.

Leasing assets

From 2019 and on Envases Europe has changed accounting policy and adapted to IFRS 16 on leasing assets. This means most of our leased or rented assets has been recognized as “right to use assets”, as we have control of the asset during the leasing periods. For Envases Europe this is both buildings, forklifts and cars. When implementing the standard we have identified “right to use assets” at 634 mDKK, which has increased our balance sheet value significantly. The net profit of the Envases Europe group has a negative impact of 8,4 mDKK in 2019. We refer to our accounting policy for a further description of the impact.

Investments

Investments (without acquisition of subsidiaries) for the year total DKK 78m and total ongoing investments are DKK 49m at year-end.

Financial risks

Due to its international activities, the Envases Europe Group is affected by exchange rate fluctuations relating to certain currencies. The Group aims to hedge commercial currency risks, however, the group has not entered into any material derivatives nor applied hedging to a significant extent in 2019.

The Group's interest-bearing net debt is financed by floating rate on loans with short-term maturity and both fixed and floating rates on loans with long-term maturity.

The Group's granting of credit when selling goods involves a risk, which the Group seeks to reduce through effective management and credit insurance.

Intellectual capital resources

Research and development

The Group is focusing on strengthening its position by selling quality products in selected markets. Such efforts will be made continuously, being an important element of the strategy plan adopted.

With a Technology department the Group has access to the resources of the competence centre which carries out research and development activities. In the financial year, costs incurred for these activities amount to DKK 7,3m. These activities are not deemed to be entitled to capitalisation.

Management commentary

Corporate social responsibility

Envases Europe A/S' CSR policies are described in our separate Corporate Social Responsibility Report for 2019, which is available at <https://www.envases.dk/media/10291/csr-report-2019.pdf>. This CSR Report is to comply with section 99a of the Danish Financial Statements Act.

Gender distribution in the Company's Management

Overall, the employment of management as well as staff will always be based on qualifications.

Gender distribution in the supreme governing body

Envases Europe has adopted a policy according to which the Company wants both genders to be represented in the supreme governing body. The aim is that both genders should represent at least 20% of the Company's entire Board of Directors elected at the General Meeting.

The present Board of Directors elected at the General Meeting consists of one woman and two men, and therefore the Company's policy is considered fulfilled.

Gender distribution at other management levels

Envases Europe has adopted a policy according to which the Company wants a composition of management at all levels irrespective of gender.

The gender composition at other management levels at the end of the financial year is unbalanced.

It is the target of Envases Europe to increase the share of the underrepresented gender at other management levels, but when recruiting both internal and external managers, professional qualifications continue to be emphasised without taking gender composition into consideration.

In Envases Europe we support development of our employees. The actions we take are available for both gender and they could be:

- Within our organization employees are offered additional training/education to the position they are currently possessing. This opportunity is open and used by both gender in our organisation.
- At white color level all employees are offered an employee development interview within every two years. Request or need for additional training/education, personal development etc. could be part of this interview.

In Management's opinion, this policy secures a fair gender distribution of the Company's management group.

Management commentary

Outlook

The Covid-19 virus will have an impact of business, but the current status is that our plant in general is running with normal activities.

We evaluate that the activities for food products will be steady or growing unless the inflow of rawmaterial is effected. The market situation for activities in the media industry and for paint/chemical products is different and we have some indications of a lower consumption in 2020.

Overall it is still our expectation that we will have a steady business for 2020 with earnings at the same level as 2019.

Accounting policies

The annual report of Envases Europe A/S and the consolidated financial statements have been prepared in accordance with the requirements of the Danish Financial Statements Act governing reporting class C (large) enterprises.

Change in accounting policies

As a consequence of amendments to the Danish Financial Statements Act, the accounting policies have been changed in the area of right to use assets according to IFRS 16. As a consequence right to use assets and a corresponding liability must be recognized. At initial implementation right to use assets amounts to 634 mDKK for the Envases Europe group. A similar liability is recognized and the implementation it self did not have any effect in equity.

The comparative figures for 2018 have not been restated in the annual report. In group financial highlights, only the figures for 2019 have been restated. Financial highlights have not been restated for earlier periods.

The change in policy has the following effect:

	2019	
	Parent	Group
	DKK 1.000	DKK 1.000
Income for the year, previous accounting policy	79.547	79.566
Ordinary leasing expenses not expensed	57.690	59.142
Depreciation on right to use assets	-49.749	-51.160
Calculated interest on right to use assets liability	-18.630	-18.695
Tax effect	2.352	2.357
Income for the year	71.210	71.210
Equity 1 January	1.010.661	1.010.661
Income for the year, previous accounting policy	79.547	79.566
Net change in income for the year	-8.337	-8.356
Other equity items for 2019	-2.007	-2.007
Equity 31 December	1.079.864	1.079.864

Beside the above, the accounting policies applied for the 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 Group, and the value of the assets can be measured reliably.

Accounting policies

Liabilities are recognised in the balance sheet when the Group 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 Group, and the value of the liabilities 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.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest rate over their term. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the accumulated amortisation of any difference between cost and the nominal amount.

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.

Business combinations

The uniting-of-interests method is applied on mergers where the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The comparative figures are restated.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Loans granted to group enterprises at the time of acquisition are also translated to Danish kroner using the exchange rate at the balance sheet date. Translation differences between the rates at the beginning and end of the year are adjusted directly on equity.

Accounting policies

Consolidated financial statements

The consolidated financial statements include the Parent Envases Europe A/S and the enterprises in which the Parent, directly or indirectly, holds the majority of the voting rights.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Envases Europe A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in the income statement and the balance sheet, respectively.

In the consolidated financial statements the carrying amount of the Parent's investments in the consolidated subsidiaries are offset against its share of the subsidiaries' equity value calculated at the date when the group relation was established.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Value adjustments of derivative financial instruments concluded to hedge the fair value of recognised financial assets or liabilities are added to/deducted from the fair value of the hedged asset/liability.

Value adjustments of derivative financial instruments concluded to hedge estimated future cash flows are recognised in equity until the hedged transaction has been carried out. If the transaction results in an asset or a liability, the accumulated value adjustment will be recognised in cost of the asset or liability, and if the transaction results in income or expenses, the accumulated value adjustment will be recognised in the income statement together with the item hedged.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Accounting policies

Discontinuing activities

Discontinued operations are material business areas or geographical areas in the process of being shut down and where the assets are held for sale.

The profit/loss from discontinued operations is presented in the income statement as a separate item consisting of operating profit/loss after tax for the relevant operation. Assets relating to discontinued operations are presented separately in the balance sheet under current assets. Liabilities directly related to discontinued operations are presented as current liabilities in the balance sheet.

Income statement

Revenue

Revenue from sale of goods for resale and manufactured goods is recognised in the income statement when delivery has been made and risk has been transferred to the buyer before year-end and when the income can be calculated reliably and receipt is expected. Revenue is measured net of VAT, duties and sales discounts.

Production costs

Production costs comprise direct and indirect costs incurred to earn revenue. Production costs include cost of goods sold, wages and salaries to staff engaged in production as well as depreciation of production plant and other costs derived from production.

Production costs also include research and development costs that do not meet the criteria for capitalisation in the balance sheet as well as amortisation of development costs capitalised.

Sales and distribution costs

Sales and distribution costs include costs incurred for salaries to staff engaged in sale and distribution, advertising costs, freight costs and other types of related costs.

Administrative expenses

Administrative expenses include expenses for administrative staff, management and office premises, etc including depreciation and amortisation.

Depreciation and amortisation

Intangible assets and property, plant and equipment are depreciated/amortised straight-line over the expected useful lives of the assets which represent:

Acquired patents and licences	5-20 years
Software licences	0-5 years
Goodwill	10 years
Buildings	25 years
Plant and machinery	3-10 years
Operating equipment, fixtures and fittings	3-10 years

Accounting policies

Depreciation and amortisation as well as profits and losses on current replacement of fixed assets are recognised under production costs, sales and distribution costs as well as administrative expenses.

Other operating income and expenses

Other operating income and expenses comprise items of a secondary nature to the Company's primary activities.

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt, etc as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Interest and other expenses relating to loans for financing the manufacture of intangible assets and property, plant and equipment and which relate to the manufacturing period are not included in cost.

Income taxes

Envases Europe A/S is subject to the rules of national joint taxation with Envases Europe A/S as the administration company. Income taxes are allocated among the jointly taxed Danish companies (full allocation).

Tax for the year in the income statement consists of current tax for the year, adjustment of deferred tax for the year as well as adjustment relating to previous years. Tax for the year is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Deferred tax liabilities are recognised in the balance sheet as provisions. The deferred tax liability is recognised as tax on all temporary differences at the current tax rate. The value of prior years' tax losses is set off against deferred tax provided the tax losses are expected to be set off against future income.

Profit/loss from investments in group enterprises and associates

The Parent's income statement includes the share of group enterprises' and associates profits/losses adjusted for change in non-realised internal profits.

Balance sheet

Goodwill and goodwill on consolidation

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life which is assessed to be 10 years, based on expected earning profile and benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Accounting policies

Development projects, software, acquired rights

The cost of development projects and software comprises salaries, depreciation/amortisation and other expenses that are directly attributable to the Company's development activities or implementation of software.

Clearly defined and identifiable development projects, for which the technical rate of utilisation, adequate resources and a potential future market or a development possibility in the enterprise can be established, and where the intention is to manufacture, market or apply the project, are recognised as intangible assets provided that sufficient certainty exists that the value in use of future earnings can cover manufacturing costs, sales expenses, administrative expenses and development costs.

Development projects which do not meet the criteria for recognition in the balance sheet are recognised as costs in the income statement as incurred.

Capitalised development costs and software are measured at the lower of cost less accumulated amortisation and impairment losses and recoverable amount.

Capitalised development costs and software are amortised from the time of completion on a straight-line basis over the period in which it is expected to generate economic benefits.

Acquired rights are measured at the lower of cost, less accumulated amortisation and impairment losses, and recoverable amount.

Customer relationship, brand name etc.

Customer relationship, brand name etc. are recognised at cost less depreciation and impairment losses.

Costs are amortised from the time of acquisition on a straight-line basis over a period of 3 years in which it is expected to generate economic benefits.

Customer relationship, brand name etc. are measured at the lower of cost, less accumulated amortisation and impairment losses, and recoverable amount.

Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

Cost for self-constructed part of assets comprises direct and indirect costs of materials, components, subsuppliers and labour costs. Interest are expensed and not included in self-constructed assets.

Accounting policies

The carrying amounts and the useful lives of property, plant and equipment are reviewed annually to determine any indications of impairment in addition to those reflected in depreciation. If there is an indication of impairment, an impairment test is performed to determine if the recoverable amount is lower than the carrying amount, and consequently the asset will be written down to such recoverable amount.

The recoverable amount of the asset is determined as the higher of net selling price and value in use. If it is not possible to fix a recoverable amount for the individual asset, all assets must be measured together in the smallest group of assets for which a reliable recoverable amount can be fixed by an overall valuation.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortised positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The profit share in the foreign enterprise is translated into Danish kroner using average exchange rates whereas investments are translated into Danish kroner using the exchange rate at the balance sheet date. Translation differences between exchange rates at the beginning of the year, average exchange rates and exchange rates at the end of the year are adjusted directly on equity.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

Inventories

Inventories consist of goods, consumption materials and spare parts.

Inventories are measured at the lower of cost using the average cost formula and net realisable value.

Goods for resale as well as raw materials and consumables are measured at cost plus landing costs.

Cost of manufactured goods and work in progress consists of cost of materials and direct labour costs with addition of indirect production costs. Indirect production costs comprise indirect materials and labour costs, costs of maintenance, depreciation and impairment losses for machinery, factory buildings and equipment applied for the

Accounting policies

manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

Receivables

Receivables are recognised at nominal value less writedown for bad debt on the basis of an individual assessment.

Pension obligations

Defined contribution plans are covered by insurance. Payments to the insurance are expensed in the financial year.

Defined benefit plans in relation to present and former employees are measured using actuarial methods. Actuarial gain and loss related to the defined benefit plan is recognized in equity. Service cost, calculated interests and other cost related to the financial year are recognised in the income statement.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, installments on interest-bearing debt and payment of dividend.

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

Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. Such transactions have not been conducted in the financial year.

Income statement for the financial year 1 January to 31 December

<u>Note</u>	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
1 Revenue	1.607.530	1.556.031	2.062.763	1.777.695
Production costs	-1.459.274	-1.419.086	-1.794.908	-1.531.406
Gross profit	148.256	136.945	267.855	246.289
Sales and distribution costs	-74.860	-68.353	-109.897	-86.843
Administrative expenses	-54.439	-56.535	-88.700	-76.558
2 Other income	14.686	15.278	3.815	3.185
Income before interests	33.643	27.335	73.073	86.073
3 Income from investments in subsidiaries and associates	61.871	80.101	38.573	32.783
4 Financial income	1.120	3.489	1.650	4.348
5 Financial expenses	-25.374	-5.038	-24.959	-4.434
Income before tax	71.260	105.887	88.337	118.770
6 Tax on profit/loss for the year	1.144	-2.746	-15.933	-15.629
Income for the year - continuing activities	72.404	103.141	72.404	103.141
7 Income after tax on discontinuing activities	-1.194	-1.327	-1.194	-1.327
8 Income for the year	71.210	101.814	71.210	101.814

Balance sheet at 31 December

Assets

<u>Note</u>	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Acquired intangible assets	3.111	0	3.111	0
Customer relationship, brand name etc.	0	0	22.797	0
Goodwill	0	0	163.881	0
9 Intangible assets	3.111	0	189.789	0
Land and buildings	550	609	49.627	6.044
Plant and machinery	353.317	387.082	385.872	398.618
Other fixtures and fittings, tools and equipment	69.387	57.495	73.844	57.513
Right to use assets	587.352	0	589.554	0
Fixed assets under construction and prepayments	44.966	64.232	48.773	64.720
10 Tangible assets	1.055.572	509.418	1.147.670	526.895
Investments in subsidiaries	558.304	201.000	0	0
Investments in associates	189.510	168.993	189.510	168.993
Other long term receivables	28.321	27.853	28.321	27.853
11 Fixed asset investments	776.135	397.846	217.831	196.846
Fixed assets	1.834.818	907.264	1.555.290	723.741
12 Inventories	319.524	333.020	422.934	367.079
Trade receivables	168.657	179.527	228.443	208.815
Receivables from related parties	16.357	16.156	5.056	4.469
Income tax receivable	0	3.455	0	0
Other receivables	7.540	13.373	10.592	14.366
Prepayments	2.149	2.207	2.340	2.250
Receivables	194.703	214.718	246.431	229.900
Cash	18.835	79.492	136.676	181.212
7 Assets on discontinuing activities	0	0	13.741	14.817
Current assets	533.062	627.230	819.782	793.008
Assets	2.367.880	1.534.494	2.375.072	1.516.749

Balance sheet at 31 December

Equity and liabilities

<u>Note</u>	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Share capital	175.000	175.000	175.000	175.000
Net revaluation of investments in subsidiaries and associates	399.891	326.663	173.331	152.814
Retained earnings	504.973	508.998	731.533	682.847
Equity	1.079.864	1.010.661	1.079.864	1.010.661
Provision for pensions	0	0	25.274	19.414
13 Deferred tax liabilities	56.114	50.348	61.698	55.239
Other provisions	0	0	609	0
Provisions	56.114	50.348	87.581	74.653
Right to use asset liability	598.042	0	600.266	0
Credit institutions	87.317	62.500	87.317	62.500
14 Long-term liabilities other than provisions	685.359	62.500	687.583	62.500
Current portion of long-term liabilities to credit institutions	50.000	50.000	50.000	50.000
Bank loans and overdrafts	177.214	36.535	177.214	36.355
Trade payables	118.320	164.432	155.568	172.890
Debt to related parties	100.820	67.616	0	0
Income tax payable	1.156	0	5.025	2.613
Other payables	99.033	92.402	128.696	103.584
Short-term liabilities	546.543	410.985	516.503	365.442
7 Liabilities on discontinuing activities	0	0	3.541	3.493
Liabilities other than provisions	1.231.902	473.485	1.207.627	431.435
Equity and liabilities	2.367.880	1.534.494	2.375.072	1.516.749

15 Staff costs

16 Assets charged and provided securities

17 Other commitments

18 Contingent liabilities

19 Fee to auditors appointed by the Company in general meeting

20 Events after balance sheet date

21 Definition of financial highlights

Statement of changes in equity

The share capital consists of 175,000 shares at DKK 1,000.

There has been no changes in share capital in the past five financial years.

Parent

	Share capital	Reserve for financial instruments	Net revaluation of investments in subsidiaries and associates	Retained earnings	Total
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Equity at 1 January 2018	175.000	0	261.311	469.215	905.526
Exchange adjustments of subsidiaries and associates			39		39
Dividends received			-18.008	18.008	0
Net revaluation for the year			3.282		3.282
Retained earnings for the year			80.039	21.775	101.814
Equity at 31 December 2018	175.000	0	326.663	508.998	1.010.661
Equity at 1 January 2019	175.000	0	326.663	508.998	1.010.661
Exchange adjustments of subsidiaries and associates			-628		-628
Dividends received			-16.970	16.970	0
Net revaluation for the year			-1.379		-1.379
Retained earnings for the year			92.205	-20.995	71.210
Equity at 31 December 2019	175.000	0	399.891	504.973	1.079.864

Statement of changes in equity

Group					
	Share capital	Reserve for financial instruments	Net revaluation of investments in subsidiaries and associates	Retained earnings	Total
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Equity at 1 January 2018	175.000	0	136.423	594.103	905.526
Exchange adjustments of subsidiaries and associates			272	-233	39
Dividends received			-18.008	18.008	0
Net revaluation for the year			1.344	1.938	3.282
Retained earnings for the year			32.783	69.031	101.814
Equity at 31 December 2018	175.000	0	152.814	682.847	1.010.661
Equity at 1 January 2019	175.000	0	152.814	682.847	1.010.661
Exchange adjustments of subsidiaries and associates			-1.056	428	-628
Dividends received			-16.970	16.970	0
Net revaluation for the year			-30	-1.349	-1.379
Retained earnings for the year			38.573	32.637	71.210
Equity at 31 December 2019	175.000	0	173.331	731.533	1.079.864

Group cash flow statement

<u>Note</u>	Group	
	2019	2018
	DKK 1.000	DKK 1.000
Income for the year	71.210	101.814
22 Adjustments	195.139	82.261
23 Working capital changes	-9.839	-27.852
Cash flow from income before interests	256.510	156.223
Financial income received	1.650	4.348
Financial expenses paid	-24.959	-4.434
Income taxes paid	-32.688	-17.542
Cash flow from operating activities	200.513	138.595
Purchase of shares in subsidiaries	-322.809	0
Dividends received from associates	16.971	18.008
Acquisition etc. of other long term receivables	-468	-433
Aquisition of right to use assets	-3.005	0
Acquisition etc. of property, plant and machinery etc.	-74.657	-81.488
Sale of property, plant and machinery etc.	54	1.866
Cash flows from investing activities	-383.914	-62.047
New long-term financing	74.817	0
Net payment on liabilities on right to use assets	-37.442	0
Installments on long-term liabilities other than provisions and changes in due to related parties	-50.588	-47.962
Cash flows from financing activities	-13.213	-47.962
Increase/decrease in cash and cash equivalents	-196.614	28.586
Cash and equivalents aquired at purchase of subsidiaries	10.063	0
Cash and equivalents at 1 January	149.721	121.135
24 Cash and equivalents at 31 December	-36.830	149.721

Notes

	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
1 Revenue				
The Company's primary segments are geografic markets.				
Scandinavia	914.012	924.006	1.018.474	1.033.001
Other world	693.518	632.025	1.044.289	744.694
	1.607.530	1.556.031	2.062.763	1.777.695
2 Other income				
Rent and commision	805	541	879	616
Other income	13.881	14.737	2.936	2.569
	14.686	15.278	3.815	3.185
3 Income from investments in subsidiaries and associates				
Income from investments in subsidiaries	53.676	47.318	0	0
Depreciation on goodwill and re-evaluations on aquired subsidiaries	-30.378	0	0	0
Income from investments in associates	38.573	32.783	38.573	32.783
	61.871	80.101	38.573	32.783

Notes

	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
4 Financial income				
Financial income from group enterprises	98	180	0	0
Foreign exchange adjustments	261	2.515	440	3.341
Other financial income	761	794	1.210	1.007
	1.120	3.489	1.650	4.348
5 Financial expenses				
Financial expenses	4.682	3.507	4.969	3.894
Financial expenses on right to use assets	18.657	0	18.722	0
Financial expenses to group enterprises	2.035	1.531	0	0
Foreign exchange adjustments	0	0	317	30
Other financial expenses	0	0	951	510
	25.374	5.038	24.959	4.434
6 Tax on profit/loss for the year				
Current tax	8.656	4.832	25.885	18.046
Change in deferred tax	-9.896	-1.412	-10.046	-878
Adjustment concerning tax in previous years	96	-674	94	-1.539
	-1.144	2.746	15.933	15.629

Notes

7 Discontinuing activities

Income statement

	Group	
	2019	2018
	DKK 1.000	DKK 1.000
Revenue	0	0
Production costs	0	0
Gross profit	0	0
Sales and distribution costs	0	0
Administrative expenses	-1.194	-1.327
Income before interests and tax	-1.194	-1.327
Financial items	0	0
Tax	0	0
Income after tax on discontinuing activities	-1.194	-1.327

Balance sheet

Assets

Intangible assets	3.451	3.423
Tangible assets	6.582	6.530

Fixed assets

Inventories	0	0
Receivables	0	0
Cash	3.708	4.864

Current assets

Assets on discontinuing activities	13.741	14.817
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Liabilities

Trade payables	0	0
Other payables	3.541	3.493

Liabilities on discontinuing activities

Debt to consolidated enterprises	63.333	63.307
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Net equity discontinuing activities

Net investment	10.200	11.324
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Notes

8 Proposed distribution of income for the year

Parent

Transfer to reserve for net revaluation
of subsidiaries and associates

Retained earnings

2019

DKK 1.000

92.205

-20.995

71.210

Group

Transfer to reserve for net revaluation
of subsidiaries and associates

Retained earnings

38.573

32.637

71.210

9 Intangible assets

Parent

**Acquired
intangible
assets**

DKK 1.000

Cost at 1 January

36.898

Additions

3.500

Cost at 31 December

40.398

Depreciation and impairment losses at 1 January

36.898

Depreciation for the year

389

Depreciation and impairment losses at 31 December

37.287

Carrying amount at 31 December

3.111

Amortisation and depreciation are recognised as follows
in the income statement

Production costs

2019

DKK 1.000

2018

DKK 1.000

389

0

389
0

Notes

9 Intangible assets - continued

Group	Acquired intangible assets	Customer relationship, brand name etc.	Goodwill
	DKK 1.000	DKK 1.000	DKK 1.000
Cost at 1 January	36.898	0	64.008
Transferred to discontinuing activities	0	0	0
Foreign exchange adjustments	0	0	0
Additions	3.500	36.115	180.419
Disposals			
Cost at 31 December	<u>40.398</u>	<u>36.115</u>	<u>244.427</u>
Depreciation and impairment losses at 1 January	36.898	0	64.008
Transferred to discontinuing activities	0	0	0
Foreign exchange adjustments	0	0	0
Depreciation for the year	389	13.318	16.538
Reversals relating to disposals			
Depreciation and impairment losses at 31 December	<u>37.287</u>	<u>13.318</u>	<u>80.546</u>
Carrying amount at 31 December	<u>3.111</u>	<u>22.797</u>	<u>163.881</u>

Amortisation and depreciation are recognised as follows in the income statement

Production costs

2019	2018
DKK 1.000	DKK 1.000
30.245	0
<u>30.245</u>	<u>0</u>

Notes

10 Tangible assets

Parent	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Right to use assets	Fixed assets under construction
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Cost at 1 January	1.846	1.826.799	151.895	0	64.232
Adoption of IFRS 16	0	0	0	634.479	0
Additions	0	21.299	13.232	2.622	29.631
Transfers	0	37.930	10.967	0	-48.897
Disposals	0	-41.290	-408	0	0
Cost at 31 December	<u>1.846</u>	<u>1.844.738</u>	<u>175.686</u>	<u>637.101</u>	<u>44.966</u>
Depreciation and impairment losses at 1 January	1.237	1.439.717	94.400	0	0
Depreciation for the year	59	84.188	12.240	49.749	0
Reversals relating to disposals	0	-32.484	-341	0	0
Depreciation and impairment losses at 31 December	<u>1.296</u>	<u>1.491.421</u>	<u>106.299</u>	<u>49.749</u>	<u>0</u>
Carrying amount at 31 December	<u>550</u>	<u>353.317</u>	<u>69.387</u>	<u>587.352</u>	<u>44.966</u>

Amortisation, depreciation and gain/loss on sales/disposals are recognised as follows in the income statement

	2019	2018
	DKK 1.000	DKK 1.000
Production costs	91.744	90.333
Sales and distribution costs	38	33
Administrative expenses	5.378	6.549
	<u>97.160</u>	<u>96.915</u>

Notes

10 Tangible assets - continued

Group	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Right to use assets	Fixed assets under construction
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
Cost at 1 January	24.857	2.024.172	159.965	0	64.720
Adoption of IFRS 16	0	0	0	634.479	0
Foreign exchange adjustments	-351	-419	-34	0	-7
Additions from aquisition of subsidiaries	24.609	129.105	21.841	3.229	6.030
Additions	41.367	23.581	14.879	3.005	29.907
Transfers	0	40.910	10.967	0	-51.877
Disposals	0	-41.290	-808	0	0
Cost at 31 December	90.482	2.176.059	206.810	640.713	48.773
Depreciation and impairment losses at 1 January	18.813	1.625.554	102.452	0	0
Additions from aquisition of subsidiaries	20.920	107.305	17.541	0	0
Foreign exchange adjustments	-268	-297	-33	0	0
Depreciation for the year	1.390	90.109	13.747	51.159	0
Reversals relating to disposals	0	-32.484	-741	0	0
Depreciation and impairment losses at 31 December	40.855	1.790.187	132.966	51.159	0
Carrying amount at 31 December	49.627	385.872	73.844	589.554	48.773

Amortisation, depreciation and gain/loss on sales/disposals are recognised as follows in the income statement

	2019	2018
	DKK 1.000	DKK 1.000
Production costs	100.164	92.930
Sales and distribution costs	56	52
Administrative expenses	5.569	6.731
	105.789	99.713

Notes

11 Fixed asset investments

Parent

	Investments in subsidiaries	Investments in associates	Other long term receivables
	DKK 1.000	DKK 1.000	DKK 1.000
Cost at 1 January	27.151	16.179	27.853
Merged with parent company	0	0	0
Foreign exchange adjustments			
Additions	334.971	0	468
Cost at 31 December	362.122	16.179	28.321
Net revaluation at 1 January	173.849	152.814	0
Foreign exchange adjustments	428	-1.056	0
Net share of profit/loss for the year	52.482	38.573	0
Dividends received	0	-16.970	0
Depreciation on goodwill and re-evaluations on aquired subsidiaries	-30.378	0	0
Net revaluation for the year	-1.349	-30	0
Net adjustments of investments having a negative equity value	1.150	0	0
Net revaluation at 31 December	196.182	173.331	0
Carrying amount at 31 December	558.304	189.510	28.321

Notes

11 Fixed asset investments - continued

Group

	Investments in associates	Other long term receivables
	DKK 1.000	DKK 1.000
Cost at 1 January	16.179	27.853
Additions	0	468
Cost at 31 December	16.179	28.321
Net revaluation at 1 January	152.814	0
Foreign exchange adjustments	-1.056	0
Net share of profit/loss for the year	38.573	0
Dividends received	-16.970	0
Net revaluation for the year	-30	0
Net revaluation at 31 December	173.331	0
Carrying amount at 31 December	189.510	28.321

Notes

11 Fixed asset investments - continued

Parent	Net profit in last annual report	Equity in last annual report	Share capital	Parent share of voting rights
<u>Subsidiaries</u>				
G&M Envases Universales Sweden AB Lysekil, Sweden	TSEK 16.249	TSEK 90.828	TSEK 3.706	100%
Envases Media A/S Løsning, Denmark	TDKK 15.909	TDKK 54.042	TDKK 1.000	100%
Envases Media Inc. Ohio, USA	TUSD 3.018	TUSD 9.478	TUSD 3.000	100%
Hebei G&M Co. Ltd Qian'an, China	TRMB 6.287	TRMB -57.629	TRMB 90.338	30%
Envases BV Halsteren, Netherlands	TEUR 3.042	TEUR 9.768	TEUR 477	100%
Uniplate A/S Løsning, Denmark	TDKK 1.480	TDKK 2.787	TDKK 500	100%
<u>Associates</u>				
Hanil G&M Co. Ltd. Seoul, Korea	MKRW 5.869	MKRW 54.843	MKRW 5.000	50%
Group				
<u>Associates</u>				
Hanil G&M Co. Ltd. Seoul, Korea	MKRW 5.869	MKRW 54.843	MKRW 5.000	50%

Notes

	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
12 Inventories				
Raw materials and consumables	113.998	138.224	157.262	155.495
Goods in progress	161.144	153.628	206.207	164.538
Finished goods	44.382	41.168	59.465	47.046
	319.524	333.020	422.934	367.079
13 Deferred tax liabilities				
Intangible assets	5.015	0	5.015	0
Tangible assets	34.709	33.456	34.474	33.123
Inventories	18.579	18.935	19.732	18.702
Other items	-2.189	-2.043	2.477	3.414
	56.114	50.348	61.698	55.239
Deferred tax at 1 January 2019	50.348		55.239	
Change in deferred tax in income statement	5.766		7.294	
Change in deferred tax in Equity	0		-745	
Adjustment of deferred tax in previous years	0		-90	
Deferred tax at 31 December 2019	56.114		61.698	
14 Long-term liabilities other than provisions				
Long-term liabilities due after more than 5 years:				
Right to use asset liability	405.561		405.594	

Notes

	Parent 2019 DKK 1.000	Group 2019 DKK 1.000
15 Staff costs		
Wages and salaries	383.755	461.281
Pension costs	33.561	44.086
Other social security costs	11.395	23.450
	428.711	528.817
Staff costs are recognised as follows in the income statement:		
Production costs	389.727	455.801
Sales- and distribution costs	21.853	29.414
Administrative expenses	17.131	43.602
	428.711	528.817
From this wages and salaries for executive management and board of directors make:		
Executive Management	5.469	5.469
Board of directors	675	675
	6.144	6.144
Average number of employees	896	1.125

16 Assets charged and provided securities

The group has no assets charged or provided any securities.

Notes

	Parent		Group	
	2019	2018	2019	2018
	DKK 1.000	DKK 1.000	DKK 1.000	DKK 1.000
17 Other commitments				
Renting and lease payments due in 1 year	1.188	61.329	1.516	62.616
Renting and lease payments due in 2-5 years	0	237.426	228	237.426
Renting and lease payments due after 5 years	0	24.985	0	24.985
	1.188	323.740	1.744	325.027
18 Contingent liabilities				
Guarantees for subsidiaries	6.805	6.802	0	0
Other contingent liabilities	21.191	10.522	21.476	10.805
	27.996	17.324	21.476	10.805

The Company participates in a Danish joint taxation arrangement in which Envases Europe A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and divided for the jointly taxed companies. The total net liability to the Danish tax authorities appears from the financial statements of Envases Europe A/S.

The Envases Europe Group has received a compensation claim from a few customers. Provisions are made for expected claims to the extent found necessary by Management. The outcome of single cases may differ in positive as well as negative directions, and the accounting impact may be significant.

19 Fee to auditors appointed by the Company in general meeting

Statutory audit services	457	738	935	928
Other assurance engagements	12	15	96	15
Tax services	67	70	105	108
Other services	793	126	845	126
	1.329	949	1.981	1.177

Notes

20 Events after balance sheet date

No significant events have occurred after the balance sheet date to this date which would influence the evaluation of the consolidated and parent financial statements. Please refer to management commentary for management view on the Covid-19 effect on Envases Europe.

21 Definition of financial highlights

Financial highlights are defined and calculated in accordance with latest “Recommendations & Ratios” issued by the Danish Society of Financial Analysts.

Ratios Calculation formula

$$\text{Gross margin (\%)} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Net profit ratio (\%)} = \frac{\text{Income before interest} \times 100}{\text{Revenue}}$$

$$\text{Return on invested capital incl goodwill (\%)} = \frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$$

$$\text{Solvency ratio(\%)} = \frac{\text{Equity}}{\text{Total assets}}$$

$$\text{Return on equity (\%)} = \frac{\text{Income for the year} \times 100}{\text{Average equity}}$$

Ratios reflect

Return on invested capital incl goodwill

The return generated by the enterprise on the investors' funds.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of goodwill. The year's impairment losses on goodwill are not added.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of goodwill, and minus other provisions and other long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income tax receivable and payable as well as cash are not included in net working capital.

Notes

22 Adjustments

	Group	
	2019	2018
	DKK 1.000	DKK 1.000
Depreciation and losses on tangible and intangible assets	186.651	98.466
Gain/losses on sale of tangible and intangible assets	672	1.246
Changes in provision for pensions	5.860	-2.488
Changes in other provisions	-6.071	0
Income from investments in subsidiaries	-32.502	-32.783
Financial income received	-1.650	-4.348
Financial expenses paid	24.959	4.434
Taxes on profit/loss for the year	15.933	15.629
Fair value adjustments of hedging instruments	0	0
Other adjustments	1.287	2.105
	195.139	82.261

23 Working capital changes

Changes in inventories	-8.606	21.947
Changes in trade receivables	25.257	9.210
Changes in other receivables and prepayments	3.813	3.774
Changes in trade payables	-45.494	-45.955
Changes in other payables and deferred income	15.191	-16.828
	-9.839	-27.852

24 Cash and equivalents

Cash	136.676	181.212
Cash in discontinuing activities	3.708	4.864
Bank loans and overdrafts	-177.214	-36.355
	-36.830	149.721