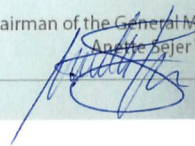


Annual Report 2021



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

The Annual General Meeting adopted the annual report on
31/5-2022
Chairman of the General Meeting
Anette Lejer Thane



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Company details

Company

Envases Europe A/S

Hedenstedvej 14

8723 Loesning

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

Dan Aggertoft Christensen

Flemming Jakobsen, Employee representative

Claus Due, Employee representative

Executive Management

Dan Aggertoft Christensen, Chief Executive Officer

Knud Christensen, Chief Financial Officer

Mikkel Noergaard 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 2021.

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 2021 and of their financial performance and cash flow for the financial year 1 January to 31 December 2021.

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, 17 May 2022

Executive Management


Dan Aggertoft Christensen


Knud Christensen



Mikkel Noergaard Dall

Board of Directors

Laura Josefina Zapata y Oscoz
Chairman


Dan Aggertoft Christensen

Isaias Zapata Moran
Vice-chairman


Flemming Jakobsen
Employee representative

Claus Due
Employee representative

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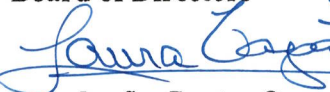
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Loesning, 17 May 2022


Executive Management


Dan Aggertoft Christensen
Knud Christensen
Mikkel Noergaard Dall

Board of Directors


Laura Josefina Zapata y Oscoz
Chairman
Isaias Zapata Moran
Vice-chairman
Dan Aggertoft Christensen

Flemming Jakobsen
Employee representative


Claus Duc
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 01.01.2021 - 31.12.2021, 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 31.12.2021, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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, 17 May 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

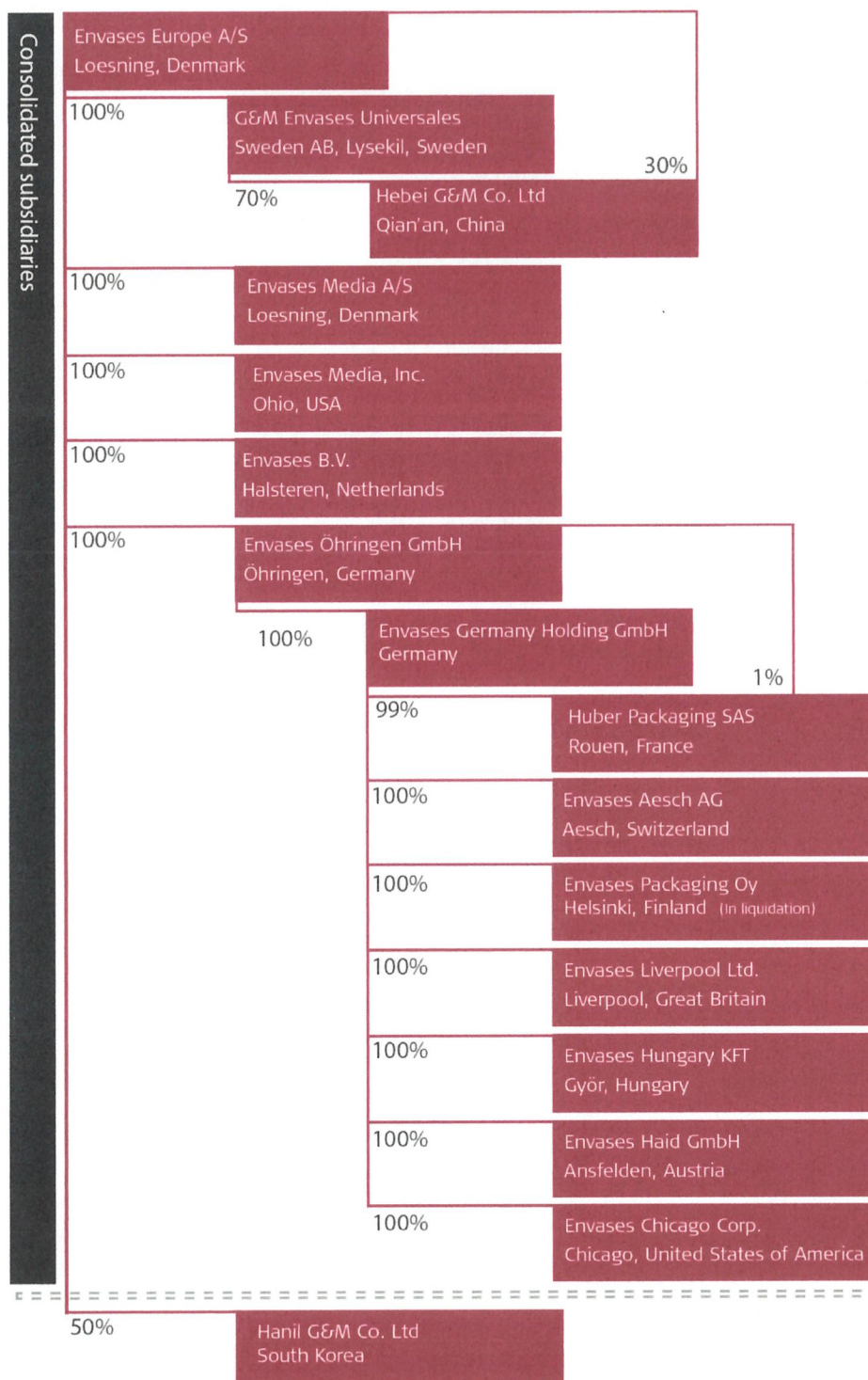


Henrik Vedel
State-Authorised
Public Accountant
Identification No (MNE) mne10052



Mikael Møller
State-Authorised
Public Accountant
Identification No (MNE) mne 47835

Group chart as per 31 December 2021



Group financial highlights

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------|-------|-------|-------|-------|
| Income statement in mDKK: | | | | | |
| Revenue | 3.703 | 2.125 | 2.063 | 1.778 | 1.857 |
| Gross profit | 669 | 305 | 268 | 246 | 288 |
| Income before interests | 433 | 109 | 73 | 86 | 106 |
| Net financial income | -22 | -22 | -23 | 0 | -7 |
| Income for the year | 360 | 93 | 71 | 102 | 108 |
| Balance sheet in mDKK: | | | | | |
| Balance sheet total | 3.809 | 2.417 | 2.375 | 1.517 | 1.494 |
| Equity | 1.543 | 1.163 | 1.080 | 1.011 | 906 |
| Cash flow in mDKK: | | | | | |
| Acquisition etc of property, plant and equipment | 410 | 90 | 78 | 82 | 104 |
| Employees: | | | | | |
| Average number of employees | 1.868 | 1.113 | 1.125 | 992 | 1.038 |
| Key ratios: | | | | | |
| Gross margin | 18% | 14% | 13% | 14% | 16% |
| Net profit ratio | 12% | 5% | 4% | 5% | 6% |
| Return on invested capital including goodwill | 22% | 8% | 7% | 10% | 12% |
| Solvency ratio | 41% | 48% | 45% | 67% | 61% |
| Return on equity | 27% | 8% | 7% | 11% | 13% |

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.

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 and German market being the base market, and the Group employs 1.868 staff in total (of which 989 is employed in the former Huber Packaging Group). 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.

Development in activities and finances

The Envases Europe Group's revenue for 2021 comes to DKK 3,703m against DKK 2,125m for 2020, and income for the year is DKK 360m against last year's DKK 93m.

The main reason for the increase in both revenue and income is the acquisition of Huber Packaging Group GmbH on February 4th 2021. The acquisition was described in last years annual report. The increase in group revenue comes to 74 % and group income is increased by DKK 267m.

In connection with the purchase of the Huber Packaing Group GmbH we performed a full re-evaluation of the assets acquired with the conclusion that total net assets value was larger than the purchase value. The valuation has been verifered by external experts. The total difference is DKK 206m which has been added to the income in 2021.

Group revenue in 2021 without Huber Packaging Group comes to DKK 2,237m. Compared to last year this is an increase of 5% in revenue. At the start of the year we expected a net income of DKK 105-130m and we did not foresee an income of the re-evaluation of the Huber Packaging Group assets. We realized an income without the re-evaluation of DKK 154m and we are satisfied with the development.

The reason for the increase in both revenue and net income is a faster recovery than expected in the paint/chemical industry from the Covid-19 pandemic, and a stable to increasing activity in our other product lines. In 2021 the Covid-19 pandemic caused increases in purchasing prices in the industry, but we were successful in adding these priceincreases to the marked.

Purchase of Beverage business from Trivium

With effect from 1 December 2021, the Group has acquired 100% of Trivium's activities within 5 litre beverage cans. The production will be added to our current production in Germany. The effect of the purchase has been limited in 2021.

Management commentary

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 recognized at the estimated sales price at 31.12.2021, and provisions are made for estimated selling costs. Moreover, provisions have been made for other estimated costs until expected liquidation of the Company.

As in previous years the subsidiary Hebei G&M Ltd. is considered a discontinuing activity.

Investments

Investments for the year total DKK 410m (including additions in right to use assets) and total ongoing investments are DKK 230m 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.

Movements in commodity prices can affect earnings and cash flow. It is Envases Europe's policy to ensure that significant risk related to raw materials are reduced through a combination of fixed price agreements with suppliers, active price adjustment and in some cases financial hedging.

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. These activities are not deemed to be entitled to capitalisation.

Data ethics policy statement, cf. section §99 d of the Danish Financial Statements Act

Envases Europe A/S has not defined a separate "Data ethics Policy". Envases Europe A/S have defined a policy for "General Data Protection Regulation" (GDPR) which defines rules on how data is managed and protected. Any violation of the policy or other internal procedures may be reported by employees through the group's whistleblower system. No reports were filed in 2021.

Management commentary

Corporate social responsibility and gender distribution in management

Envases Europe A/S' CSR policies are described in our separate Corporate Social Responsibility Report for 2021, which is available at https://www.envases.mx/media/11091/csr_report_2021_final.pdf. The report also include Envases Europe A/S' report on gender distribution in the company's management. This CSR Report is to comply with section 99a+b of the Danish Financial Statements Act.

Outlook

The Covid-19 pandemic is still having an impact on business, but the current status is our plants in general are running with normal activities.

We expect the effect of synergies from the purchase of Huber Packaging Group in 2021 and the add on investment of the Trivium 5 litre can business together with larger investments within rationalisation will add to our profit margin in 2022.

We have been forced to accept large price increases on our rawmaterials and other costs from 2022. We are bringing the increase to our customers but the impact of this in the mid and longterm is highly uncertain. We evaluate that we in general terms can secure our volume in the level between 90-105% of what we had in 2021.

Mainly due to the price increase our group revenue is expected to grow to 4,100-4,600m with an expected net profit in the range of DKK 300-350m mainly driven by investments in new equipment and the accuired business.

The war in Ukraine will have an impact of our business in 2022. We have stopped all direct sales to Russia, but we foresee that the indirect impact of energy supply and rawmaterial supply could have a large impact on our business. Until the end of first quarter 2022 we have followed our budgeted plan and we are following the situation carefully and will setup emergency plans to the extend it is possible to secure production.

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.

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.

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.

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.

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 |

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.

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.

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 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.

Income statement for the financial year 1 January to 31 December

| Note | Parent | | Group | |
|--|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| 1 Revenue | 1.767.586 | 1.708.572 | 3.702.587 | 2.124.576 |
| Production costs | -1.497.505 | -1.501.605 | -3.034.067 | -1.819.203 |
| Gross profit | 270.081 | 206.967 | 668.520 | 305.373 |
| Sales and distribution costs | -87.786 | -71.421 | -238.936 | -103.567 |
| Administrative expenses | -64.795 | -57.745 | -203.505 | -94.392 |
| 2 Other income | 216.173 | 9.929 | 206.836 | 1.622 |
| Income before interests | 333.673 | 87.730 | 432.915 | 109.036 |
| 3 Income from investments in subsidiaries | 70.434 | 10.210 | 0 | 0 |
| Income from investments in associates | 23.677 | 36.792 | 23.677 | 36.792 |
| 4 Financial income | 9.717 | 666 | 10.944 | 4.161 |
| 5 Financial expenses | -31.239 | -24.388 | -32.988 | -26.349 |
| Income before tax | 406.262 | 111.010 | 434.548 | 123.640 |
| 6 Tax on profit/loss for the year | -42.734 | -17.200 | -71.020 | -29.830 |
| Income for the year - continuing activities | 363.528 | 93.810 | 363.528 | 93.810 |
| 7 Income after tax on discontinuing activities | -3.449 | -1.067 | -3.449 | -1.067 |
| 8 Income for the year | 360.079 | 92.743 | 360.079 | 92.743 |

Balance sheet at 31 December

Assets

| Note | Parent | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| Acquired intangible assets | 777 | 1.944 | 1.796 | 1.944 |
| Intellectual property | 0 | 0 | 13.183 | 0 |
| Customer relationship, brand name etc. | 0 | 0 | 96.221 | 11.846 |
| Goodwill | 0 | 0 | 127.797 | 145.839 |
| 9 Intangible assets | 777 | 1.944 | 238.997 | 159.629 |
| Land and buildings | 432 | 491 | 555.584 | 48.968 |
| Plant and machinery | 251.804 | 308.510 | 391.775 | 343.653 |
| Other fixtures and fittings, tools and equipment | 100.042 | 80.301 | 119.766 | 85.552 |
| Right to use assets | 537.610 | 546.834 | 542.411 | 549.279 |
| Fixed assets under construction and prepayments | 126.764 | 51.531 | 229.876 | 58.097 |
| 10 Tangible assets | 1.016.652 | 987.667 | 1.839.412 | 1.085.549 |
| Investments in subsidiaries | 1.075.003 | 562.736 | 0 | 0 |
| Investments in associates | 81.487 | 201.060 | 81.487 | 201.060 |
| Receivables from related parties | 2.092 | 2.790 | 37.413 | 52.631 |
| Other long term receivables | 31.339 | 28.763 | 32.341 | 28.763 |
| 11 Fixed asset investments | 1.189.921 | 795.349 | 151.241 | 282.454 |
| Deferred tax asset | 0 | 0 | 3.267 | 0 |
| Fixed assets | 2.207.350 | 1.784.960 | 2.232.917 | 1.527.632 |
| 12 Inventories | 307.512 | 310.610 | 665.091 | 398.027 |
| Trade receivables | 264.412 | 231.162 | 512.358 | 280.589 |
| Receivables from related parties | 532.664 | 14.287 | 57.114 | 22.613 |
| 13 Other receivables | 33.005 | 53.557 | 78.811 | 56.372 |
| Prepayments | 2.654 | 25.398 | 4.408 | 25.463 |
| Receivables | 832.735 | 324.404 | 652.691 | 385.037 |
| Cash | 14.141 | 2.042 | 247.985 | 93.555 |
| 7 Assets on discontinuing activities | 0 | 0 | 10.592 | 12.269 |
| Current assets | 1.154.388 | 637.056 | 1.576.359 | 888.888 |
| Assets | 3.361.738 | 2.422.016 | 3.809.276 | 2.416.520 |

Balance sheet at 31 December

Equity and liabilities

| Note | Parent | | Group | |
|--|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | 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 | 456.280 | 446.342 | 65.308 | 184.881 |
| Reserve for currency translation | 0 | 0 | 12.239 | -4.725 |
| Retained earnings | 912.028 | 541.277 | 1.290.761 | 807.463 |
| Equity | 1.543.308 | 1.162.619 | 1.543.308 | 1.162.619 |
| Provision for pensions | 0 | 0 | 100.381 | 26.290 |
| 14 Deferred tax liabilities | 26.218 | 43.590 | 128.079 | 49.854 |
| Other provisions | 0 | 0 | 938 | 786 |
| Provisions | 26.218 | 43.590 | 229.398 | 76.930 |
| Right to use asset liability | 519.080 | 527.258 | 523.837 | 528.335 |
| Credit institutions | 405.102 | 56.177 | 432.984 | 56.177 |
| Other payables | 41.477 | 41.766 | 41.477 | 41.766 |
| Deferred income | 4.723 | 0 | 6.286 | 1.446 |
| 15 Long-term liabilities other than provisions | 970.382 | 625.201 | 1.004.584 | 627.724 |
| Current portion of long-term liabilities to credit institutions and right to use asset liability | 87.013 | 70.113 | 122.184 | 71.510 |
| Bank loans and overdrafts | 194.200 | 100.468 | 194.200 | 100.468 |
| Trade payables | 188.202 | 162.335 | 434.733 | 182.506 |
| Debt to related parties | 244.186 | 104.208 | 0 | 0 |
| Income tax payable | 12.983 | 5.397 | 46.377 | 8.181 |
| 13 Other payables | 95.246 | 148.085 | 230.077 | 183.147 |
| Short-term liabilities | 821.830 | 590.606 | 1.027.571 | 545.812 |
| 7 Liabilities on discontinuing activities | 0 | 0 | 4.415 | 3.435 |
| Liabilities other than provisions | 1.792.212 | 1.215.807 | 2.036.570 | 1.176.971 |
| Equity and liabilities | 3.361.738 | 2.422.016 | 3.809.276 | 2.416.520 |
| 16 Staff costs | | | | |
| 17 Assets charged and provided securities | | | | |
| 18 Other commitments | | | | |
| 19 Contingent liabilities | | | | |
| 20 Fee to auditors appointed by the Company in general meeting | | | | |
| 21 Events after balance sheet date | | | | |
| 22 Transactions with related parties | | | | |
| 23 Definition of financial key ratios | | | | |

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 | Net revaluation of investments in subsidiaries and associates | Retained earnings | Total |
|--|------------------|--|----------------------|------------------|
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| Equity at 1 January 2020 | 175.000 | 399.891 | 504.973 | 1.079.864 |
| Exchange adjustments of subsidiaries and associates | | -10.021 | | -10.021 |
| Dividends received | | -20.132 | 20.132 | 0 |
| Net revaluation for the year | | 33 | | 33 |
| Retained earnings for the year | | 76.571 | 16.172 | 92.743 |
| Equity at 31 December 2020 | 175.000 | 446.342 | 541.277 | 1.162.619 |
| Equity at 1 January 2021 | 175.000 | 446.342 | 541.277 | 1.162.619 |
| Exchange adjustments of subsidiaries and associates | | 15.124 | | 15.124 |
| Fair value adjustments of hedging instruments | | 34 | 4.081 | 4.115 |
| Dividends received | | -141.560 | 141.560 | 0 |
| Net revaluation for the year | | 1.371 | | 1.371 |
| Retained earnings for the year | | 134.969 | 225.110 | 360.079 |
| Equity at 31 December 2021 | 175.000 | 456.280 | 912.028 | 1.543.308 |

Statement of changes in equity

Group

| | Share capital | Net revaluation of investments in subsidiaries and associates | Reserve for currency translation | Retained earnings | Total |
|--|------------------|--|--|----------------------|------------------|
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| Equity at 1 January 2020 | 175.000 | 173.331 | 0 | 731.533 | 1.079.864 |
| Exchange adjustments of subsidiaries and associates | | -5.296 | -4.725 | | -10.021 |
| Dividends received | | -20.132 | | 20.132 | 0 |
| Net revaluation for the year | | 186 | | -153 | 33 |
| Retained earnings for the year | | 36.792 | | 55.951 | 92.743 |
| Equity at 31 December 2020 | 175.000 | 184.881 | -4.725 | 807.463 | 1.162.619 |
| Equity at 1 January 2021 | 175.000 | 184.881 | -4.725 | 807.463 | 1.162.619 |
| Exchange adjustments of subsidiaries and associates | | -1.840 | 16.964 | | 15.124 |
| Fair value adjustments of hedging instruments | | | | 4.115 | 4.115 |
| Dividends received | | -141.560 | | 141.560 | 0 |
| Net revaluation for the year | | 150 | | 1.221 | 1.371 |
| Retained earnings for the year | | 23.677 | | 336.402 | 360.079 |
| Equity at 31 December 2021 | 175.000 | 65.308 | 12.239 | 1.290.761 | 1.543.308 |

Group cash flow statement

| Note | Group | |
|---|-----------------|-----------------|
| | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 |
| Income for the year | 360.078 | 92.743 |
| 24 Adjustments | 88.701 | 234.930 |
| 25 Working capital changes | -39.870 | 9.162 |
| Cash flow from income before interests | 408.909 | 336.835 |
| Financial income received | 10.943 | 4.161 |
| Financial expenses paid | -32.987 | -26.349 |
| Income taxes paid | -80.113 | -38.558 |
| Cash flow from operating activities | 306.752 | 276.089 |
| Purchase of shares in subsidiaries | -228.934 | 0 |
| Dividends received from associates | 141.560 | 20.132 |
| Acquisition etc. of other long term receivables | -2.584 | -442 |
| Acquisition etc. of intangible assets | -80.340 | 0 |
| Acquisition etc. of property, plant and machinery etc. | -242.538 | -100.059 |
| Sale of property, plant and machinery etc. | 1.194 | 58 |
| Cash flows from investing activities | -411.642 | -80.311 |
| Net long-term financing | 300.566 | -60.435 |
| Net payment on liabilities on right to use assets | -40.247 | -44.589 |
| Change in long term deferred income | 0 | 1.446 |
| Installments on long-term liabilities | -50.463 | -50.000 |
| Changes in due to related parties | -19.283 | -70.188 |
| Cash flows from financing activities | 190.573 | -223.766 |
| Increase/decrease in cash and cash equivalents | 85.683 | -27.988 |
| Cash and equivalents acquired at purchase of subsidiaries | 51.679 | 0 |
| Cash and equivalents at 1 January | 76.527 | 104.515 |
| 26 Cash and equivalents at 31 December | 213.889 | 76.527 |

Notes

| | Parent | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| 1 Revenue | | | | |
| The Company's primary segments are geografic markets. | | | | |
| Scandinavia | 1.020.017 | 957.415 | 1.092.889 | 1.050.985 |
| EU contries (excluding Denmark and Sweden) | 352.964 | 751.157 | 1.959.920 | 1.073.591 |
| Other world | 394.605 | | 649.778 | |
| | 1.767.586 | 1.708.572 | 3.702.587 | 2.124.576 |
| 2 Other income | | | | |
| Rent and commision | 416 | 1.291 | 416 | 1.291 |
| Group badwill | 205.601 | 0 | 205.601 | 0 |
| Other income | 10.156 | 8.638 | 819 | 331 |
| | 216.173 | 9.929 | 206.836 | 1.622 |
| 3 Income from investments in subsidiaries | | | | |
| Income from investments in subsidiaries | 112.121 | 39.726 | 0 | 0 |
| Depreciation on goodwill and re-evaluations on aquired subsidiaries | -41.687 | -29.516 | 0 | 0 |
| | 70.434 | 10.210 | 0 | 0 |

Notes

| | Parent | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| 4 Financial income | | | | |
| Financial income from group enterprises | 3.265 | 274 | 3.550 | 3.396 |
| Foreign exchange adjustments | 6.114 | 0 | 6.980 | 206 |
| Other financial income | 338 | 392 | 414 | 559 |
| | 9.717 | 666 | 10.944 | 4.161 |
| 5 Financial expenses | | | | |
| Financial expenses | 6.370 | 3.176 | 9.258 | 3.663 |
| Financial expenses on right to use assets | 17.675 | 17.953 | 16.852 | 17.969 |
| Financial expenses to group enterprises | 2.392 | 2.239 | 0 | 0 |
| Foreign exchange adjustments | 4.802 | 1.020 | 5.274 | 3.588 |
| Other financial expenses | 0 | 0 | 1.604 | 1.129 |
| | 31.239 | 24.388 | 32.988 | 26.349 |
| 6 Tax on profit/loss for the year | | | | |
| Current tax | 35.228 | 27.844 | 69.184 | 39.982 |
| Change in deferred tax | -8.430 | -12.420 | -14.081 | -12.048 |
| Tax on received dividend | 18.408 | 0 | 18.408 | 0 |
| Adjustment concerning tax in previous years | -2.472 | 1.776 | -2.491 | 1.896 |
| | 42.734 | 17.200 | 71.020 | 29.830 |

Notes

7 Discontinuing activities

Income statement

| | Group | |
|---|---------------|---------------|
| | 2021 | 2020 |
| | 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 | -3.449 | -1.067 |
| Income before interests and tax | -3.449 | -1.067 |
| Financial items | 0 | 0 |
| Tax | 0 | 0 |
| Income after tax on discontinuing activities | -3.449 | -1.067 |

Balance sheet

Assets

| | | |
|---|---------------|---------------|
| Intangible assets | 3.718 | 3.350 |
| Tangible assets | 5.548 | 6.389 |
| Fixed assets | 9.266 | 9.739 |
| Inventories | 0 | 0 |
| Receivables | 0 | 0 |
| Cash | 1.326 | 2.530 |
| Current assets | 1.326 | 2.530 |
| Assets on discontinuing activities | 10.592 | 12.269 |

Liabilities

| | | |
|--|--------------|--------------|
| Trade payables | 0 | 21 |
| Other payables | 4.415 | 3.414 |
| Liabilities on discontinuing activities | 4.415 | 3.435 |

Debt to consolidated enterprises

63.049 63.087

Net equity discontinuing activities

-56.872 -54.253

Net investment

6.177 8.834

Notes

8 Proposed distribution of income for the year

Parent

| | 2021 DKK 1.000 |
|--|-------------------|
| Transfer to reserve for net revaluation of subsidiaries and associates | 134.969 |
| Retained earnings | 225.110 |
| | 360.079 |

Group

| | |
|--|----------------|
| Transfer to reserve for net revaluation of subsidiaries and associates | 23.677 |
| Retained earnings | 336.402 |
| | 360.079 |

9 Intangible assets

Parent

| | Acquired intangible assets DKK 1.000 |
|---|---|
| Cost at 1 January | 40.398 |
| Additions | 0 |
| Cost at 31 December | 40.398 |
| Depreciation and impairment losses at 1 January | 38.454 |
| Depreciation for the year | 1.167 |
| Depreciation and impairment losses at 31 December | 39.621 |
| Carrying amount at 31 December | 777 |

Amortisation and depreciation are recognised as follows in the income statement

Production costs

| 2021 DKK 1.000 | 2020 DKK 1.000 |
|-------------------|-------------------|
| 1.167 | 1.167 |
| 1.167 | 1.167 |

Notes

9 Intangible assets - continued

| Group | Acquired intangible assets | Intellectual property | Customer relationship, brand name etc. | Goodwill |
|--|----------------------------------|--------------------------|---|-----------------------|
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| Cost at 1 January | 40.398 | 0 | 32.838 | 244.427 |
| Additions from aquisition of subsidiaries | 72.968 | 0 | 63.438 | 0 |
| Foreign exchange adjustments | 0 | 0 | 4 | 0 |
| Additions | 26 | 13.386 | 66.928 | 0 |
| Cost at 31 December | <u>113.392</u> | <u>13.386</u> | <u>163.208</u> | <u>244.427</u> |
| Depreciation and impairment losses at 1 January | 38.454 | 0 | 20.992 | 98.588 |
| Additions from aquisition of subsidiaries | 69.780 | 0 | 27.761 | 0 |
| Depreciation for the year | 3.362 | 203 | 18.234 | 18.042 |
| Depreciation and impairment losses at 31 December | <u>111.596</u> | <u>203</u> | <u>66.987</u> | <u>116.630</u> |
| Carrying amount at 31 December | <u>1.796</u> | <u>13.183</u> | <u>96.221</u> | <u>127.797</u> |

Amortisation and depreciation are recognised as follows
in the income statement

| | 2021 | 2020 |
|------------------------------|----------------------|----------------------|
| | DKK 1.000 | DKK 1.000 |
| Production costs | 19.411 | 30.160 |
| Sales and distribution costs | 18.234 | 0 |
| Administrative expenses | 2.196 | 0 |
| | <u>39.841</u> | <u>30.160</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 | 1.867.606 | 197.834 | 646.948 | 51.531 |
| Additions | 0 | 5.733 | 7.211 | 70.455 | 113.262 |
| Transfers | 0 | 14.416 | 23.613 | 0 | -38.029 |
| Disposals | 0 | -10.608 | -1.740 | -41.390 | 0 |
| Cost at 31 December | 1.846 | 1.877.147 | 226.918 | 676.013 | 126.764 |
| Depreciation and impairment losses at 1 January | 1.355 | 1.559.096 | 117.533 | 100.114 | 0 |
| Depreciation for the year | 59 | 75.747 | 10.691 | 47.537 | 0 |
| Reversals relating to disposals | 0 | -9.500 | -1.348 | -9.248 | 0 |
| Depreciation and impairment losses at 31 December | 1.414 | 1.625.343 | 126.876 | 138.403 | 0 |
| Carrying amount at 31 December | 432 | 251.804 | 100.042 | 537.610 | 126.764 |

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

| | 2021 | 2020 |
|------------------------------|----------------|----------------|
| | DKK 1.000 | DKK 1.000 |
| Production costs | 127.625 | 134.148 |
| Sales and distribution costs | 498 | 39 |
| Administrative expenses | 4.516 | 6.276 |
| | 132.639 | 140.463 |

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 | 91.986 | 2.201.531 | 230.637 | 651.090 | 58.097 |
| Additions from aquisition of subsidiaries | 731.400 | 901.939 | 254.236 | 5.253 | 21.357 |
| Foreign exchange adjustments | 5.506 | 8.842 | 158 | 136 | 47 |
| Additions | 3.905 | 21.488 | 14.686 | 70.817 | 207.712 |
| Transfers | 427 | 32.177 | 24.218 | 0 | -56.822 |
| Disposals | -5.351 | -39.910 | -3.337 | -41.575 | -515 |
| Cost at 31 December | 827.873 | 3.126.067 | 520.598 | 685.721 | 229.876 |
| Depreciation and impairment losses at 1 January | 43.018 | 1.857.878 | 145.085 | 101.811 | 0 |
| Additions from aquisition of subsidiaries | 222.432 | 804.583 | 241.881 | 0 | 0 |
| Foreign exchange adjustments | 929 | 6.363 | 140 | 49 | 0 |
| Depreciation for the year | 11.261 | 103.873 | 16.764 | 51.050 | 0 |
| Reversals relating to disposals | -5.351 | -38.405 | -3.038 | -9.600 | 0 |
| Depreciation and impairment losses at 31 December | 272.289 | 2.734.292 | 400.832 | 143.310 | 0 |
| Carrying amount at 31 December | 555.584 | 391.775 | 119.766 | 542.411 | 229.876 |

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

| | 2021 | 2020 |
|------------------------------|----------------|----------------|
| | DKK 1.000 | DKK 1.000 |
| Production costs | 168.110 | 144.492 |
| Sales and distribution costs | 753 | 58 |
| Administrative expenses | 10.035 | 6.967 |
| | 178.898 | 151.517 |

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 | 361.622 | 16.179 | 28.763 |
| Additions | 139.140 | 0 | 2.576 |
| Cost at 31 December | 500.762 | 16.179 | 31.339 |
| Net revaluation at 1 January | 201.114 | 184.881 | 0 |
| Re-evaluations on acquired subsidiaries | 285.303 | 0 | 0 |
| | 486.417 | 184.881 | 0 |
| Foreign exchange adjustments | 16.964 | -1.840 | 0 |
| Net share of profit/loss for the year | 108.672 | 23.677 | 0 |
| Dividends received | 0 | -141.560 | 0 |
| Depreciation on goodwill and re-evaluations on acquired subsidiaries | -41.687 | 0 | 0 |
| Net revaluation for the year | 1.255 | 150 | 0 |
| Net adjustments of investments having a negative equity value | 2.620 | 0 | 0 |
| Net revaluation at 31 December | 574.241 | 65.308 | 0 |
| Carrying amount at 31 December | 1.075.003 | 81.487 | 31.339 |

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 | 28.763 |
| Additions from aquisition of subsidiaries | | 1.002 |
| Additions | 0 | 2.576 |
| Cost at 31 December | 16.179 | 32.341 |
| Net revaluation at 1 January | 184.881 | 0 |
| Foreign exchange adjustments | -1.840 | 0 |
| Net share of profit/loss for the year | 23.677 | 0 |
| Dividens received | -141.560 | 0 |
| Net revaluation for the year | 150 | 0 |
| Net revaluation at 31 December | 65.308 | 0 |
| Carrying amount at 31 December | 81.487 | 32.341 |

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 8.810 | TSEK 108.288 | TSEK 3.706 | 100% |
| Envases Media A/S Løsning, Denmark | TDKK 6.585 | TDKK 72.069 | TDKK 1.000 | 100% |
| Envases Media Inc. Ohio, USA | TUSD 1.466 | TUSD 13.288 | TUSD 3.000 | 100% |
| Hebei G&M Co. Ltd Qian'an, China | TRMB -3.664 | TRMB -36.636 | TRMB 90.338 | 30% |
| Envases BV Halsteren, Netherlands | TEUR 2.236 | TEUR 16.178 | TEUR 477 | 100% |
| Envases Öhringen GmbH Öhringen, Germany | TEUR 2.202 | TEUR 11.866 | TEUR 30.618 | 100% |
| <u>Associates</u> | | | | |
| Hanil G&M Co. Ltd. Seoul, Korea | MKRW 6.047 | MKRW 67.361 | MKRW 5.000 | 50% |
| Group | | | | |
| <u>Associates</u> | | | | |
| Hanil G&M Co. Ltd. Seoul, Korea | MKRW 6.047 | MKRW 67.361 | MKRW 5.000 | 50% |

Notes

| | Parent | | Group | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| 12 Inventories | | | | |
| Raw materials and consumables | 114.609 | 119.839 | 276.611 | 156.622 |
| Goods in progress | 147.003 | 142.686 | 272.988 | 180.302 |
| Finished goods | 45.900 | 48.085 | 115.492 | 61.103 |
| | 307.512 | 310.610 | 665.091 | 398.027 |

13 Other receivables / Other payables

Envases Europe has entered into financial contracts which are recognized at fair value in the following line items in the balance sheet.

Other receivables:

Foreign exchange contracts:

Sale of NOK, ending 01.01.2022 - 30.04.2022

Aluminium Swap contracts, due dates in 2022

In other receivables

| Parent | Group |
|--------------|--------------|
| 2021 | 2021 |
| DKK 1.000 | DKK 1.000 |
| | |
| 56 | 99 |
| 5.232 | 5.232 |
| 5.288 | 5.331 |

Other payables

Foreign exchange contracts:

Sale of USD, ending 01.01.2022 - 30.06.2022

In other payables

| | |
|------------|------------|
| 562 | 562 |
| 562 | 562 |

Notes

| | Parent | | Group | |
|---|---------------|---------------|----------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| 14 Deferred tax liabilities | | | | |
| Intangible assets | 0 | 2.606 | 8.510 | 2.606 |
| Tangible assets | 15.691 | 29.080 | 109.492 | 28.793 |
| Inventories | 15.768 | 16.865 | 18.154 | 18.482 |
| Other items | -5.241 | -4.961 | -11.344 | -27 |
| | 26.218 | 43.590 | 124.812 | 49.854 |
| Deffered tax asset | 0 | 0 | -3.267 | 0 |
| Deferred tax liabilities | 26.218 | 43.590 | 128.079 | 49.854 |
| | 26.218 | 43.590 | 124.812 | 49.854 |
| Deferred tax at 1 January 2021 | 43.590 | | 49.854 | |
| Defered tax identified at acquisition of subsidiaries | 0 | | 80.263 | |
| Change in deferred tax in income statement | -8.430 | | -6.823 | |
| Change in deferred tax in Equity | 1.151 | | 1.624 | |
| Adjustment of deferred tax in previous years | -10.093 | | -106 | |
| Deferred tax at 31 December 2021 | 26.218 | | 124.812 | |
| 15 Long-term liabilities other than provisions | | | | |
| Other payables consist of holiday payable obligations. | | | | |
| <i>Long-term liabilities due after more than 5 years:</i> | | | | |
| Right to use asset liability | 352.886 | | 382.478 | |
| Other payables (holiday payable obligation) | 35.746 | | 35.746 | |

Notes

| | Parent 2021 DKK 1.000 | Group 2021 DKK 1.000 |
|---|-----------------------------|----------------------------|
| 16 Staff costs | | |
| Wages and salaries | 367.190 | 747.254 |
| Pension costs | 33.572 | 50.868 |
| Other social security costs | 14.270 | 87.094 |
| | 415.032 | 885.216 |
| Staff costs are recognised as follows in the income statement: | | |
| Production costs | 372.639 | 764.577 |
| Sales- and distribution costs | 25.656 | 62.265 |
| Administrative expenses | 16.737 | 58.374 |
| | 415.032 | 885.216 |
| From this wages and salaries for executive management and board of directors make: | | |
| Executive Management | 8.967 | 8.967 |
| Board of directors | 200 | 200 |
| | 9.167 | 9.167 |
| Average number of employees | 787 | 1.868 |
| 17 Assets charged and provided securities | | |
| The group has no assets charged or provided any securities. | | |
| 18 Other commitments | | |
| Renting and lease payments due in 1 year | 152 | 7.782 |
| Renting and lease payments due in 2-5 years | 216 | 1.141 |
| Renting and lease payments due after 5 years | 0 | 0 |
| | 368 | 8.923 |

Notes

| | Parent | | Group | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 | DKK 1.000 | DKK 1.000 |
| 19 Contingent liabilities | | | | |
| Guarantees for subsidiaries | 6.862 | 6.369 | 0 | 0 |
| Other contingent liabilities | 13.070 | 14.801 | 13.370 | 15.103 |
| | 19.932 | 21.170 | 13.370 | 15.103 |

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.

20 Fee to auditors appointed by the Company in general meeting

| | | | | |
|-----------------------------|--------------|------------|--------------|--------------|
| Statutory audit services | 943 | 714 | 2.554 | 1.177 |
| Other assurance engagements | 83 | 51 | 87 | 51 |
| Tax services | 0 | 71 | 28 | 129 |
| Other services | 0 | 0 | 0 | 44 |
| | 1.026 | 836 | 2.669 | 1.401 |

21 Events after balance sheet date

After the balance sheet date, the Group has reviewed contracts and analyzed employee relations as a result current market situation with rising commodity prices, shortage of labor, etc. The group has initiated necessary activities, etc., and has on this basis assessed that the company's operations are not expected to be adversely affected due to the current market situation.

Also as mentioned in the management commentary, the war in Ukraine will have an impact of our business in 2022. We have stopped all direct sales to Russia, but we foresee that the indirect impact of energy supply and rawmaterial supply could have a large impact on our business. Until the end of first quarter 2022 we have followed our budgeted plan and we are following the situation carefully and will setup emergency plans to the extend it is possible to secure production.

Notes

22 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.

23 Definition of financial highlights

Key ratios 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

24 Adjustments

| | Group | |
|---|---------------|----------------|
| | 2021 | 2020 |
| | DKK 1.000 | DKK 1.000 |
| Depreciation and losses on tangible and intangible assets | 222.789 | 181.340 |
| Gain/losses on sale of tangible and intangible assets | -1.059 | 336 |
| Changes in provision for pensions | -8.344 | 1.016 |
| Changes in other provisions | 152 | 41.943 |
| Income from investments in subsidiaries | -23.677 | -36.792 |
| Financial income received | -10.943 | -4.161 |
| Financial expenses paid | 32.987 | 26.349 |
| Taxes on profit/loss for the year | 71.020 | 29.830 |
| Group badwill | -205.601 | 0 |
| Other adjustments | 11.377 | -4.931 |
| | 88.701 | 234.930 |

25 Working capital changes

| | | |
|---|----------------|--------------|
| Changes in inventories | -65.175 | 24.907 |
| Changes in trade receivables | -101.235 | -52.145 |
| Changes in other receivables and prepayments | 18.932 | -44.920 |
| Changes in trade payables | 96.242 | 26.937 |
| Changes in other payables and deferred income | 11.366 | 54.383 |
| | -39.870 | 9.162 |

26 Cash and equivalents

| | | |
|----------------------------------|----------------|---------------|
| Cash | 212.555 | 73.997 |
| Cash in discontinuing activities | 1.326 | 2.530 |
| | 213.881 | 76.527 |